



Yuanta Financial Holdings

Corporate Social Responsibility Report

2014

About this Report

This report is focused around six major elements: Yuanta's corporate social responsibility (CSR), corporate governance, customer relationships, employees, the environment, and social engagement. It aims to disclose Yuanta Financial Holdings' perspective on and responses to material issues in these areas in the course of the company's sustainable development.

Within this report, "the company" shall refer to Yuanta Financial Holdings, "the group" to Yuanta Financial Holdings and its subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Finance, Yuanta Futures, Yuanta Funds, Yuanta Investment Consulting, Yuanta Asset Management, and Yuanta Venture Capital), and "the foundation" to the Yuanta Cultural and Educational Foundation.

Reporting Period

The data and contents of this report are based on the 2014 calendar year (January 1, 2014 through December 31, 2014).

Scope and Boundaries of this Report

This report focuses on organizational boundaries as laid out in the consolidated financial statements principles, covering Yuanta Financial Holdings and its nine major subsidiaries. Operating activities within Taiwan shall constitute the scope of disclosure of this report. These include data and information on environmental performance, currently limited to the group's headquarters at No. 66, Dunhua South Road, Section 1, Taipei City. Social engagement information, meanwhile, covers the Yuanta Cultural and Educational Foundation. All financial figures within this report are provided in New Taiwan Dollars (TWD).

Report Writing Principles

This report was compiled in accordance with Global Reporting Initiative (GRI) G4 guidelines, the GRI G4 Financial Services Sector Disclosures, ISO 26000 (Social Responsibility), and the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies.

Report Assurance

The data and information published in this report has been subjected to assurance of inclusiveness, materiality, and responsiveness through the BSI Group's AA1000AS (2008) and GRI G4 guidelines. This report is in accordance with GRI G4 Core option and AA1000 Type 1 scope. The BSI Group's independent assurance opinion statement is included in the appendix to this report.

Report Distribution

Yuanta Financial Holdings regularly publishes annual CSR reports, with both English- and Chinese-language versions available at Yuanta Financial Holdings' CSR website <http://www.yuanta.com/tw/IR02/IR0112/>
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Chapter 1

A Message from the Chairman

The core corporate values of Yuanta Financial Holdings are the setting up of the company as a model of corporate governance, the pursuit of total shareholder return (TSR), and corporate social responsibility (CSR).

TSR is not just about the pursuit of profits, but even more about Yuanta Financial Holdings' three main management approaches: thriving by expansion, leveraging synergies, and controlling risk. Corporate social responsibility is also incorporated into our corporate governance, serving as the cornerstone of our efforts toward sustainable operations.

In recent years, the global economy and industrial development have brought to light a variety of problems, and as international policy and regulations have gradually become clearer, businesses have found themselves confronted by a new and challenging business environment. Any business aspiring to continue extending its global reach and develop in a sustainable fashion will find itself facing energy resource issues, the challenge of climate change, the need for corporate transparency, the need for a responsible supply chain, and a responsibility to help maintain a stable society. Such issues are today generally grouped under the umbrella of "corporate social responsibility."

The Yuanta Financial Holdings 2014 CSR Report is the product of the company's fifth year of efforts to compile and disclose CSR information, and is the first time the report has been verified by an

international third-party agency. Every year, the production of these CSR reports facilitates the group's review of its actions with regard to corporate social responsibility, as well as facilitating ongoing innovation and improvement.

Driven by the company's core business, we have worked to implement environmental, social responsibility, and governance concepts into our business development and operations management while continuing to pursue superlative performance. It is our hope that through interactions with society and the environment, we will be able to create more reciprocity and realize our vision of development that is socially and environmentally sustainable.

Amidst a rapidly changing global financial environment, this company has always strived to maintain stable, healthy operations, actively grasping opportunities for business development. In 2014, as the Taiwanese financial climate and stock market began to recover, we were able to create post-tax profits of NT\$16.472 billion and year-on-year growth of 114% compared with 2013. The company was also recognized in 2014 by internationally renowned finance magazine *The Asset*, awarding us Platinum Awards in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility, and Investor Relations in the Asian banking and finance sector. *Corporate Governance Asia* also recognized our efforts, giving Yuanta Financial Holdings several awards,

including the Outstanding Company on Corporate Governance in Taiwan and Best Investor Relations in Taiwan, while Taiwan's Securities and Futures Institute awarded us an A++ rating in the Information Disclosure Evaluation of Public and OTC Companies for the third consecutive year.

The three pillars of the company's long-term development are securities, banking, and insurance, with development strategies and practice as follows:

Faced with the various changes and risks in the market, Yuanta Securities has never been content simply with its position as Taiwan's securities market leader; we place great emphasis on international business development, working toward regional diversification of core sources of earning and structural improvement of its earning model, the ultimate goal being to stand firm in Taiwan while reaching out into the world. In 2014, our international reach was consolidated through extension into South Korea, the incorporation of fund and product strengths in Taiwan, Hong Kong, and China, and branching out into Southeast Asia. By strengthening the local operations of our subsidiaries and making use of the capital strengths and particular traits of each market, we have linked products to create a pan-Asian trading platform that we hope will offer customers a greater range of investment options, more comprehensive products, and a diversified investment vision. By maximizing value for the Taiwan-based Yuanta Securities, we have been able to further bolster the international, global reach of the company.

Over recent years, Yuanta Bank has enjoyed operational stability and sustained asset growth, achieving profitability on par with our securities subsidiaries and becoming one of the company's two great drivers of profit. In the future, we intend to continue adjusting the core structure of our business, improving capital usage efficiency, fee income levels, and our contribution to trading, while also actively moving to take advantage of the business opportunities presented by mobile payment. Through all of this, we will be able to take another step toward increasing profit contribution. As for our overseas reach, in early 2015 we received authorization to invest in the Philippine Tong Yang Bank; at present, we are awaiting authorization from the Philippine government. Additionally, Yuanta Bank has already applied to the Myanmar government to set up an office in that country. Further into the future, as the group continues its international expansion, we will set our sights on countries including China, Myanmar, Cambodia, and Indonesia, markets we view as having great potential for development, but requiring further evaluation.

In January 2014, we completed the acquisition of New York Life (Taiwan), creating Yuanta Life and adding a third development pillar to the company. Yuanta Life is focused on the business opportunities present in providing insurance and financial management to Taiwan's aging population, and particularly orienting products toward retirement lifestyle, healthcare, and caregiving. Faced with the three demands of scale, profit, and stability, we aim to minimize the cost of liabilities and create stable long-term profits that will increase the company's brand value. Yuanta Life's three main sales channels are financial services, direct sales, and telemarketing. In the initial stages we aim to increase new policy premium income both through expanding the

scale of our assets through banking and insurance and through our plans to increase sales employee numbers.

In the future, we will continue to strive for excellence in securities and banking while also expanding our growing insurance business, gradually transitioning to a three-pillar model of development built around securities, banking, and insurance that emphasizes both liquidity and inventory. By building a diverse range of business channels, we will increase the company's asset scale and operational performance, while also effectively increasing and stabilizing earning levels in our ongoing efforts to realize our vision of becoming Asia-Pacific's top provider of financial services.

Through this CSR report, we hope to illustrate our efforts and achievements in regard to corporate social responsibility. We welcome input from all corners, and will continue to work side-by-side with our stakeholders to uphold our responsibilities as a corporate citizen.

Chairman, Yuanta Financial Holdings
Rong-Jou Wang



Chapter 2

Yuanta CSR

In an effort to effectively promote and implement corporate social responsibility (CSR), in 2010 the Board of Directors of Yuanta Financial Holdings passed the company's Code of Practice for Corporate Social Responsibility, followed by drafting the Rules for Corporate Social Responsibility Policy and Management. In 2011, the company formally established the Center for the Promotion of Corporate Social Responsibility, releasing its inaugural CSR report and setting up a dedicated website. In 2012, in order to proactively disclose CSR-related performance information to domestic and foreign stakeholders, and to increase informational transparency, Yuanta issued its first English-language CSR report, starting a practice that has continued to this day. In 2013, we continued working to promote CSR policies and to disclose information on our official website. In 2014, in line with the company's overall business plan, Yuanta undertook revisions to its organizational charter, division of legal responsibilities, and detailed chart of internal responsibilities. At the same time, the company's Rules for Corporate Social Responsibility Policy and Management were revised to adjust the portfolio of the Center for the Promotion of Corporate Social Responsibility. The same year, we also released our CSR report through the Taiwan Stock Exchange's Market Observation Post System, becoming one of the earliest securities companies to work with this important authority in publishing CSR reports. In the future, the company will continue integrate its years of CSR experience and use that to promote CSR concepts to its subsidiaries, working together to develop the company's CSR policies and core values as we strive to achieve our goal of sustainable operations.

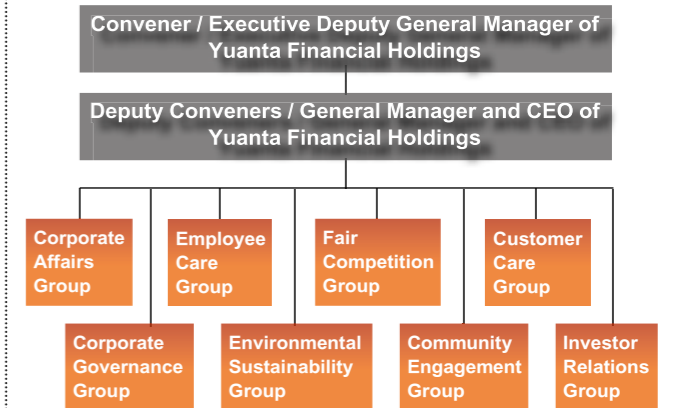
2.1 Corporate Social Responsibility Management

The conveners of the Center for the Promotion of Corporate Social Responsibility are all appointed by the chairman of Yuanta Financial Holdings, and are responsible for supervising and promoting the implementation of CSR-related policies. The CSR policies developed by the company are outlined below. We are committed to the implementation of these policies, and to the continued promotion and realization of the concept of corporate citizenship.

- Strengthening the quality of corporate governance
- Placing an emphasis on employee interests, the cultivation of talent, and the creation of a healthy and safe working environment
- Ongoing commitment to carbon reduction and ensuring environmental sustainability
- Adherence to ethical and honest business practices
- Expanding social engagement and giving back to the community
- Protecting customers' right to privacy and winning their trust long term
- Providing investors with proper, timely, and transparent corporate information

The Center for the Promotion of Corporate Social Responsibility has formed eight functional workgroups based on issues of concern to stakeholders: corporate affairs, governance, employee care, environmental sustainability, fair competition, social engagement, customer care, and investor relations. Each workgroup is tasked with the promotion and implementation of efforts relevant to their particular portfolio. The Center convenes regular meetings every six months, in addition to ad-hoc meetings convened as necessary. At such meetings regular follow-up on issues and implementation quality are addressed. Lastly, every year the Center reports to the board of directors with regard to each of the various CSR mechanisms and their performance, helping further ensure the effective management and implementation of the company's CSR policies and concepts.

Organizational Structure of the Center for the Promotion of Corporate Social Responsibility



Each workgroup, its portfolio, and its primary unit are laid out below:

Corporate Affairs Group	
Portfolio	Primary Unit
<ul style="list-style-type: none"> • Formulating and reviewing CSR policies and management systems • Regularly collecting information on CSR status and implementation effectiveness, along with the operating status of each functional workgroup. • Disclosing CSR information. • Producing CSR reports. 	Executive Management Department
<ul style="list-style-type: none"> • Maintaining CSR information on externally facing corporate website. • Media relations regarding CSR information. 	Investor Relations Department Executive Management Department
Corporate Governance Group	
Portfolio	Primary Unit
<ul style="list-style-type: none"> • Transparency of financial management and financial information disclosure • Promoting corporate governance 	Financial Management Department Comprehensive Planning Department
Employee Care Group	
Portfolio	Primary Unit
<ul style="list-style-type: none"> • Organizing CSR education and training. • Establishing of appropriate human resource management practices and procedures. • Safeguarding employee interests and providing relevant information. • Setting up effective career development training programs. 	Human Resources Department
<ul style="list-style-type: none"> • Establishing channels for communication with employees • Protecting employee work safety 	Comprehensive Planning Department Executive Management Department
Environmental Sustainability Group	
Portfolio	Primary Unit
<ul style="list-style-type: none"> • Development of environmental management systems (including measures related to water conservation, carbon reduction, and greenhouse gas reduction). • Purchasing energy efficient, green office supplies and equipment. • Proper disposal of waste • Reuse and recycling of energy-consuming items 	Executive Management Department

Fair Competition Group

Portfolio	Primary Unit
<ul style="list-style-type: none"> Verifying tax obligations are properly met 	Financial Management Department
<ul style="list-style-type: none"> Promoting anti-corruption efforts (the Legal Compliance Department provides legally compliant teaching materials and instructors; the Human Resources Department is responsible for training issues) 	Legal Compliance Department Human Resources Department
<ul style="list-style-type: none"> Establishing reasonable internal procedures for corporate donations 	Executive Management Department

Community Engagement Group

Portfolio	Primary Unit
<ul style="list-style-type: none"> Promoting cooperation and exchanges with domestic and foreign academic research institutions and individuals. Providing awards and assistance to relevant research and outstanding young students at home and abroad Planning and holding academic seminars, talks, and conferences Organizing various events oriented toward culture, education, and social welfare. Promoting volunteer service program. 	Executive Management Department

Customer Care Group

Portfolio	Primary Unit
<ul style="list-style-type: none"> Handling customer complaints. Protecting customer information. 	Comprehensive Planning Department

Investor Relations Group

Portfolio	Primary Unit
<ul style="list-style-type: none"> Establishing channels for communication with institutional investors. 	Investor Relations Department

2.2 Stakeholder Engagement

In order to properly integrate the internal and external resources of the group and provide the most comprehensive, efficient financial services with the most added value to our customers, Yuanta Financial Holdings aims to become a financial holdings firm with maximum competitive advantage. Our goal is to work to maximize benefits simultaneously for the group, our customers, and our shareholders, providing direction and support for all of the group's stakeholders. Accordingly, the company has established communication methods and channels primarily aimed at stakeholders, hoping to gain a fuller understanding of the views and needs of that primary target.

The stakeholders identified by the company can be divided broadly into seven groups: shareholders & investors, customers, employees, government agencies, suppliers, social groups (including NPOs and NGOs), and the media. The Center for CSR Promotion is focused on communicating and verifying with these stakeholder groups regarding listing out primary targets, issues of concern, and communication methods/channels, as well as incorporating issues of stakeholder concern into our everyday CSR management and our annual plans, with regular meetings convened to follow up on progress and make any necessary corrections or adjustments. The company was the first to set up a dedicated Investor Relations section on its website, further strengthening relations with investors and improving the transparency of our financial and operational information and providing shareholders and investors with access to the latest, most accurate information on the company. In 2010, along with the creation of our CSR reports, we also established a dedicated CSR section on the corporate homepage, commencing the public disclosure of the contents of the annual CSR report. In 2014, we established an Investor Services area within the Investor Relations section on the corporate website, providing contact information and email alerts, in hopes of providing a means for stakeholders to inform us of the issues that matter to them and guide the direction of the issues disclosed within the CSR report.

Into the future, the company plans to set up surveys on the CSR section of the website, inviting stakeholders to respond on issues of concern to them. This will provide us with more timely information on the expectations of stakeholders with regard to the company, thus serving as an important reference for us in our ongoing development of CSR policies and related plans.

Stakeholder Communications Channels

Stakeholder Group	Primary Targets	Issues of Concern	Communication Methods and Channels
<p>Shareholders and Investors</p>	<ul style="list-style-type: none"> Top 10 shareholders and directors Ordinary shareholders Institutional shareholders Foreign shareholders Public shares Credit rating agencies 	<ul style="list-style-type: none"> Operational performance Corporate governance Auditing of business systems Shareholder equity Legal compliance Transparency of information disclosure 	<ol style="list-style-type: none"> Set up corporate website in Chinese and English, publicly announce financial information and provide channel for spokespeople, representatives, and service representatives through Investor Relations section of website, as well as offering time-sensitive communication mechanism via email. Convene annual shareholder meeting Publish annual report Accept annual credit rating Participate in annual domestic and foreign investor conferences Hold annual bidirectional communication meetings with institutional investors Regularly disclose corporate information on company website and Market Observation Post System



Customers

- Current customers (including underwriters, stock transfer agents, and agents of the four major government funds)
- High net worth customers
- Potential customers
- General public
- Financial Ombudsman Institution

- Product risk
- Service quality and customer satisfaction
- Secure information trading
- Protection of privacy
- Channel for complaints
- Innovative financial products
- Credit counseling
- Credit monitoring mechanism
- Legal compliance

- Establish a customer service and complaints hotline, and provide online customer service
- Develop online service and mobile service app
- Hold annual investment and finance seminars, lectures, and forums
- Conduct annual customer satisfaction surveys
- Hold annual project activities
- Provide daily and monthly electronic newsletters and a variety of investment research reports



Employees

- Unions
- Labor-management meetings
- New employees
- Current employees
- Departed employees
- Retired employees

- Employee health and welfare
- Workplace safety
- Training and development
- Human rights and equality
- Performance evaluation
- Corruption prevention
- Employee communication channels
- Auditing of business systems
- Legal compliance

- Establish employee communication channels and a complaints box
- Set up ESOP and retirement fund supervisory committee
- Create a "Yuanta e-Academy" learning platform
- Hold annual education, training, and health seminars
- Hold annual summit
- Carry out annual performance evaluations
- Hold quarterly labor-management meetings
- Hold quarterly or monthly club activities
- Send monthly electronic newsletters with important information
- Hold meetings of various frequencies, including weekly, monthly, and yearly business performance reviews and committee meetings



Government agencies

- Ministry of Finance
- Ministry of Economic Affairs
- Financial Supervisory Commission
- Securities and Futures Bureau
- Stock exchange
- Taipei Exchange
- Securities and Futures Institute
- Ministry of Justice Investigation Bureau
- Banking Bureau
- Insurance Bureau
- Fair Trade Commission
- Ministry of Labor and Bureaus of Labor Affairs
- Taipei City Government

- Saving energy and reducing carbon emissions
- Greenhouse gas inventory
- Green purchasing
- Transparency of information disclosure
- Protection of privacy
- Legal compliance

- Conduct supervision and inspection with the competent authorities
- Establish communications windows and maintain good interactions with the competent authorities
- Participate in meetings and seminars with the competent authorities, providing timely advice and promoting financial literacy education
- Strictly comply with governmental legislation
- Regularly disclose corporate information on company website and Market Observation Post System
- Occasional formal written communications



Suppliers

- Subcontractors
- Contract manufacturers
- Buyers

- Supplier management
- Green purchasing
- Fair pricing and contracts
- Legal compliance

- Contract negotiation procedures and meetings
- Draft procurement management approach
- Prioritize procurement of environmentally and socially friendly products
- Hold project meetings and clearly explain contract terms



Community

- Residents of areas around operating areas
- Community residents
- NPOs and NGOs

- Community care
- Charitable donations
- Promotion of the arts
- Conservation activities

- Hold charitable events
- Hold press conferences
- Hold investment and finance education seminars
- Charitable donations
- Participate in public organizations and associations
- Support community, academic, artistic, and conservation activities



Media

- Electronic, print, online media
- Specialist finance media

- Operational performance
- Innovative financial products
- Legal compliance

- Publish press releases, hold press conferences, and engage in advertising
- Hold meetings on emergencies

2.3 Identification of Material Aspects

In line with the international AA1000 standard and GRI G4 guidelines, Yuanta Financial Holdings uses the Center for the Promotion of CSR procedure for the identification of material aspects as a reference to assist members in determining important issues

and their corresponding material aspects. The process by which the company identifies such material aspects includes collecting sustainability issues, ranking material issues, identifying material aspects, verifying the completeness of the issues, and reviewing previous years' reports.

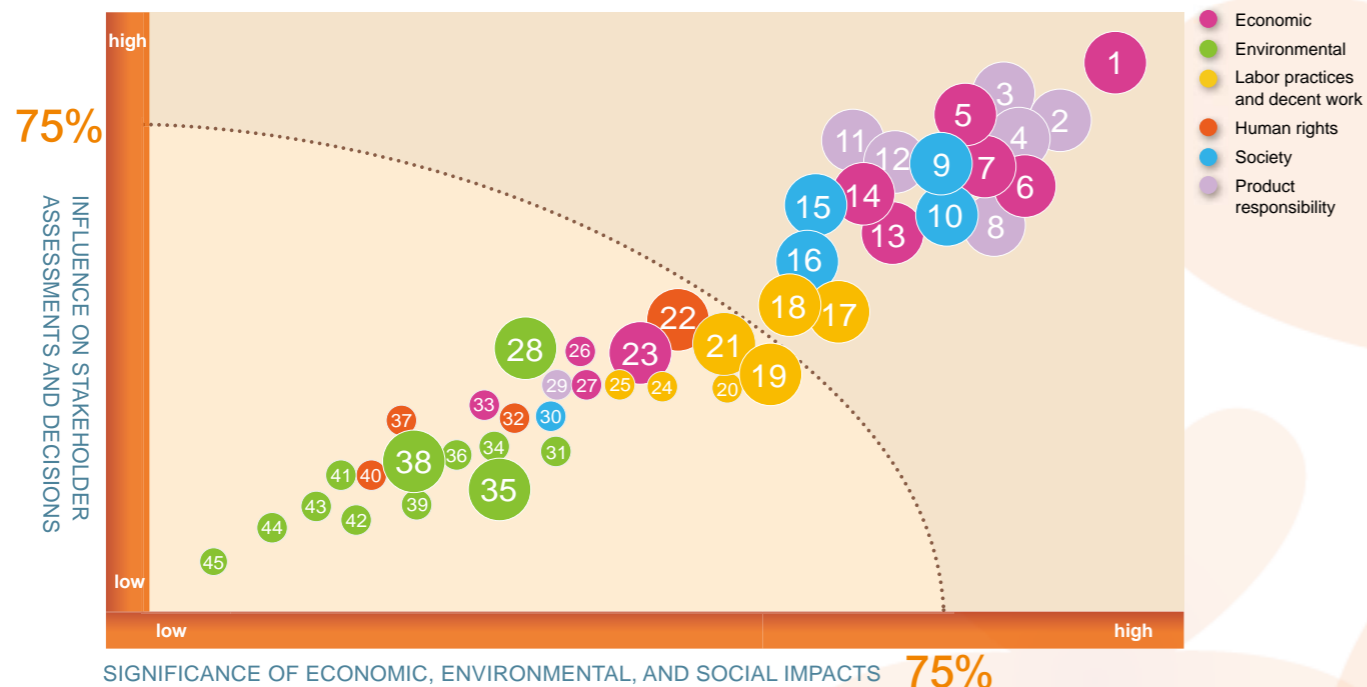
Process for Identifying Material Aspects



Additionally, through the use of questionnaires, the company tapped 10 members of the Center for the Promotion of CSR functional workgroups (spanning seven departments) and 22 other representatives from relevant departments or major subsidiaries to consider the sustainability skills the group requires through the perspectives of each different portfolio. From there, sustainability issues are graded from the twin perspectives of "influence on stakeholder assessments and decisions" and "significance of the organization's economic, environmental, and social impacts," with grades between 1 and 5 (1: none, 2: low, 3: medium, 4: high, 5: very high) assigned. Those issues that score 75% or higher overall are then considered material.

Following this procedure, the company identified a total of 45 sustainability issues, which were then prioritized by significance. A total of 18 issues passed the material threshold; after consulting domestic and international industry research to confirm the accuracy of the issues, another 7 issues were added, bringing the total to 25. Finally, after discussion regarding any boundary conflicts regarding these issues, a final total of 15 material aspects were identified. The results of this were then reviewed by the convener and deputy convener of the Center for the Promotion of CSR, before being passed to the chairman for final verification.

Matrix of Sustainability Issues



Ranking of Sustainability Issue (boldface indicates identified material issues)

- 1 **Operational performance**
- 2 **Customer privacy and data security management**
- 3 **Service quality and customer satisfaction**
- 4 **Promotion of transparent and efficient capital market**
- 5 **Sustainable Investment**
- 6 **Auditing of business systems**
- 7 **Brand management**
- 8 **Ability to plan products and services**
- 9 **Responsible lending and avoidance of bad debt**
- 10 **Improvement of financial literacy**
- 11 **Customer relations management and complaints mechanism**
- 12 **Protection of customer rights**
- 13 **Policies and measures to prevent criminal activity**
- 14 **Active ownership**
- 15 **Charitable activities**
- 16 **Debt management services**
- 17 **Talent attraction and retention**
- 18 **Human resources development**
- 19 **Labor relations****
- 20 Occupational safety risks
- 21 **Labor conditions****
- 22 **Equal access to financial services***
- 23 **Products/services beneficial to the environment or society*****
- 24 Employee diversity
- 25 Employee communication and satisfaction surveys
- 26 Local development
- 27 Supply chain management
- 28 **Environmental risks of collateral***
- 29 Customer health and safety
- 30 Community investment
- 31 Energy management
- 32 Non-discrimination
- 33 Impact of climate change on business
- 34 Water resource management
- 35 **Waste Management****
- 36 Direct environmental impacts of products and services
- 37 Human rights policy
- 38 **Raw materials procurement and use****
- 39 Green purchasing
- 40 Aboriginal peoples' rights
- 41 Carbon management
- 42 Response to climate change
- 43 Green architecture
- 44 Green accounting
- 45 Biodiversity

*The Sustainability Accounting Standards Board (2014 SASB)
 **Sustainability Topics for Sectors: What do stakeholders want to know? (2013 GRI)
 ***"Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" (Taiwan Stock Exchange)

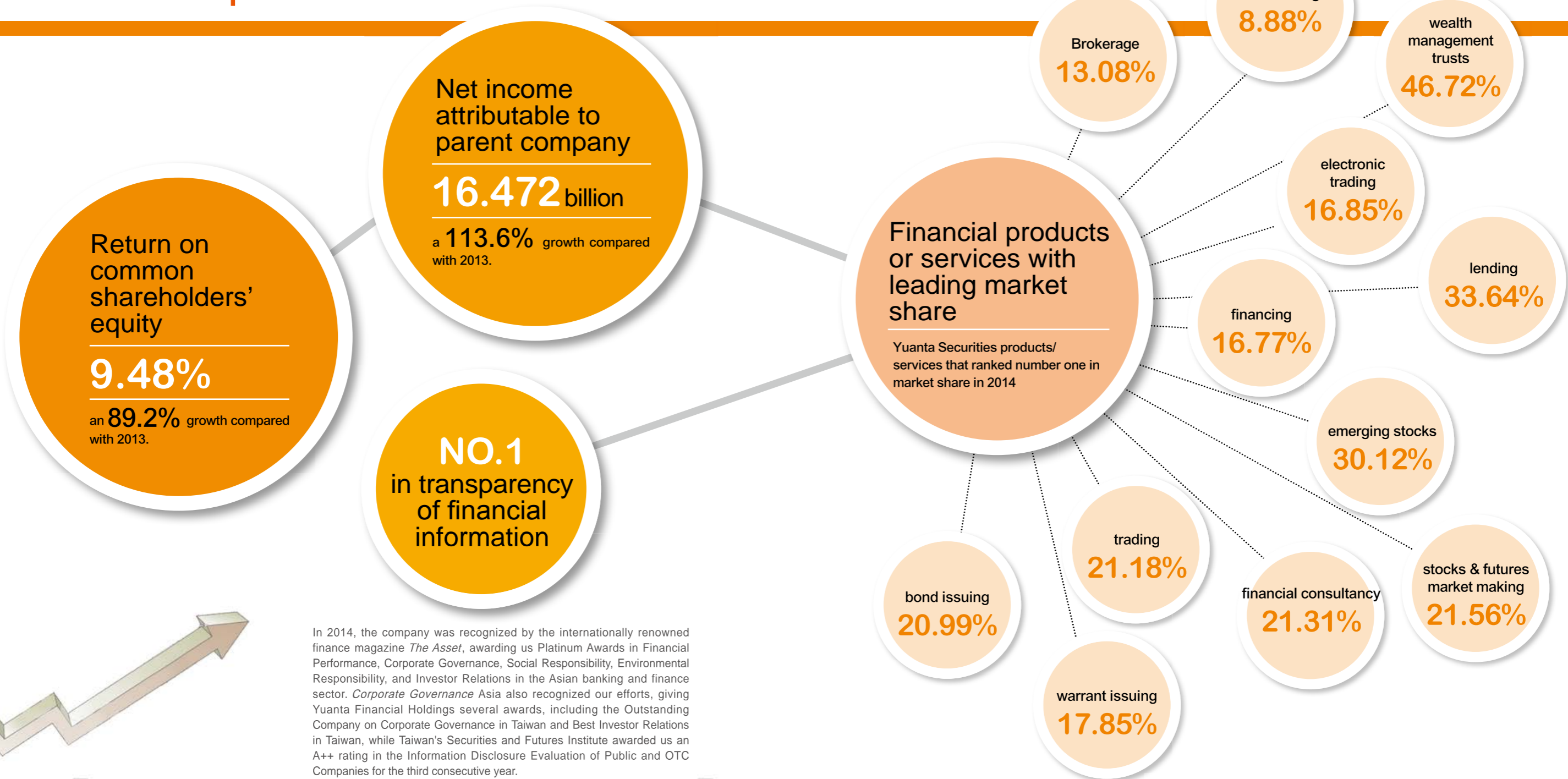
Material Aspect Identification Results

Material Issue	Scope of Main Conflicts		Material Aspect	Corresponding GRI G4 Indicator
	Intraorganizational	Extraorganizational		
Operational performance	✓	✓	Economic performance	G4-EC1 : EC2
Waste management	✓	✓	Effluents and Waste	G4- EN22:EN23
Talent attraction and retention	✓		Employment	G4-LA1 : LA2 : LA3
Labor/Management relations	✓		Labor/Management relations	G4-LA4
Labor conditions	✓		Occupational health and safety	G4-LA5 : LA6 : LA7
Human resources development	✓		Training and education	G4-LA9 : LA10 : LA11
Ability to plan products and services	✓		Training and education	G4-LA9 : LA10
Charitable activities	✓	✓	Economic performance	G4-EC1
Equal access to financial services	✓	✓	Local communities	G4-SO1 : SO2
Policies and measures to prevent criminal activity	✓	✓	Local communities*	FS13 : FS14
Service quality and customer satisfaction	✓	✓	Product and service labeling	G4-PR5
Promotion of transparent and efficient capital market	✓	✓	Product and service labeling	G4-PR3
Sustainable investment	✓	✓	Product and service labeling	G4-PR4
Customer relations management and complaints mechanism	✓	✓	Product and service labeling	G4-PR5
Protection of customer rights	✓	✓	Product and service labeling*	FS15
Responsible lending and avoidance of bad debt	✓	✓	Product and service labeling	G4-PR3
Debt management services	✓	✓	Product and service labeling	G4-PR3
Improvement of financial literacy	✓	✓	Product and service labeling	G4-PR3
Brand management	✓	✓	Marketing communications	G4-PR6 : PR7
Customer privacy and data security management	✓	✓	Customer privacy	G4-PR8
Environmental risks of collateral	✓	✓	Product portfolio*	FS2/DMA : FS5/DMA
Products/services beneficial to the environment or society	✓	✓	Product portfolio*	FS7 : FS8
Auditing of business systems	✓	✓	Audit*	FS9
Active ownership	✓	✓	Active ownership	FS10 : FS11 : FS12

Note: "Raw materials procurement and use" is identified here as a material issue. This issue is focused primarily on the disclosure of values of paper purchases. For further details regarding the management of this issue, please refer to section 7.1, "Our Green Workplace."
 *A material aspect from the GRI G4 Financial Services Sector Disclosures

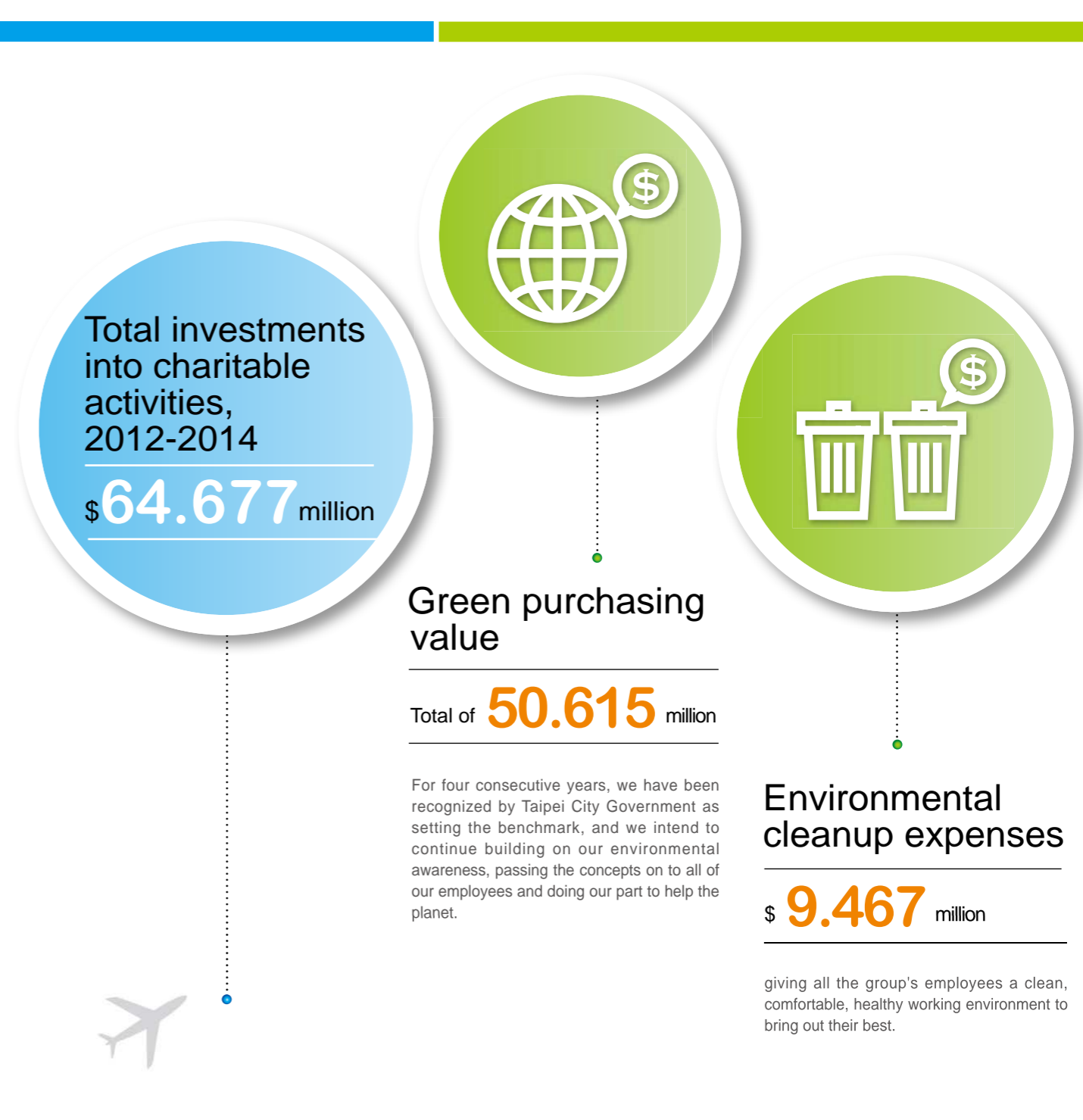
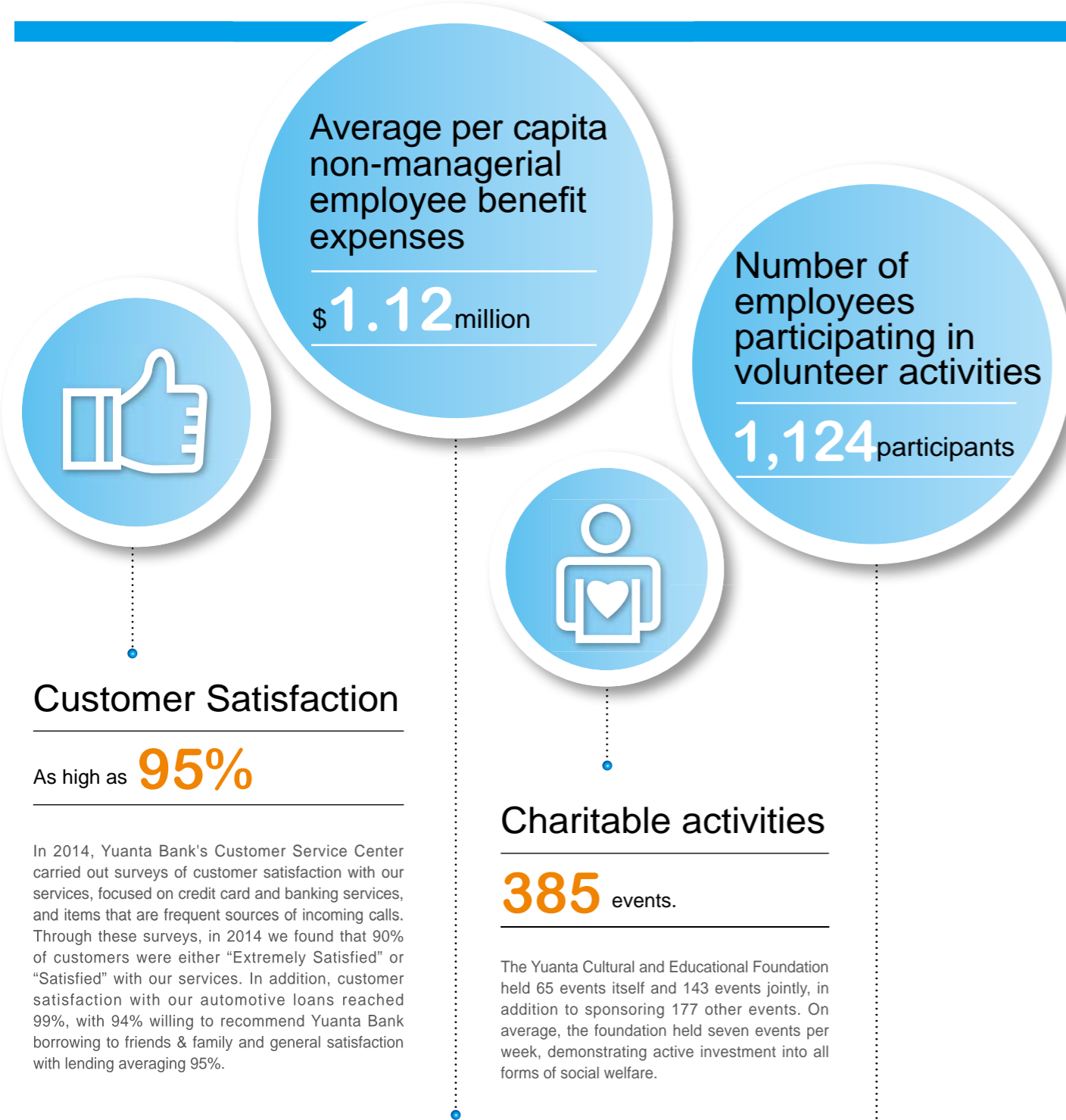
2.4 2014 Performance

Economic performance



In 2014, the company was recognized by the internationally renowned finance magazine *The Asset*, awarding us Platinum Awards in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility, and Investor Relations in the Asian banking and finance sector. *Corporate Governance Asia* also recognized our efforts, giving Yuanta Financial Holdings several awards, including the Outstanding Company on Corporate Governance in Taiwan and Best Investor Relations in Taiwan, while Taiwan's Securities and Futures Institute awarded us an A++ rating in the Information Disclosure Evaluation of Public and OTC Companies for the third consecutive year.

Social performance



Environmental performance



Chapter 3

About Yuanta Financial Holdings

3.1 About the Company

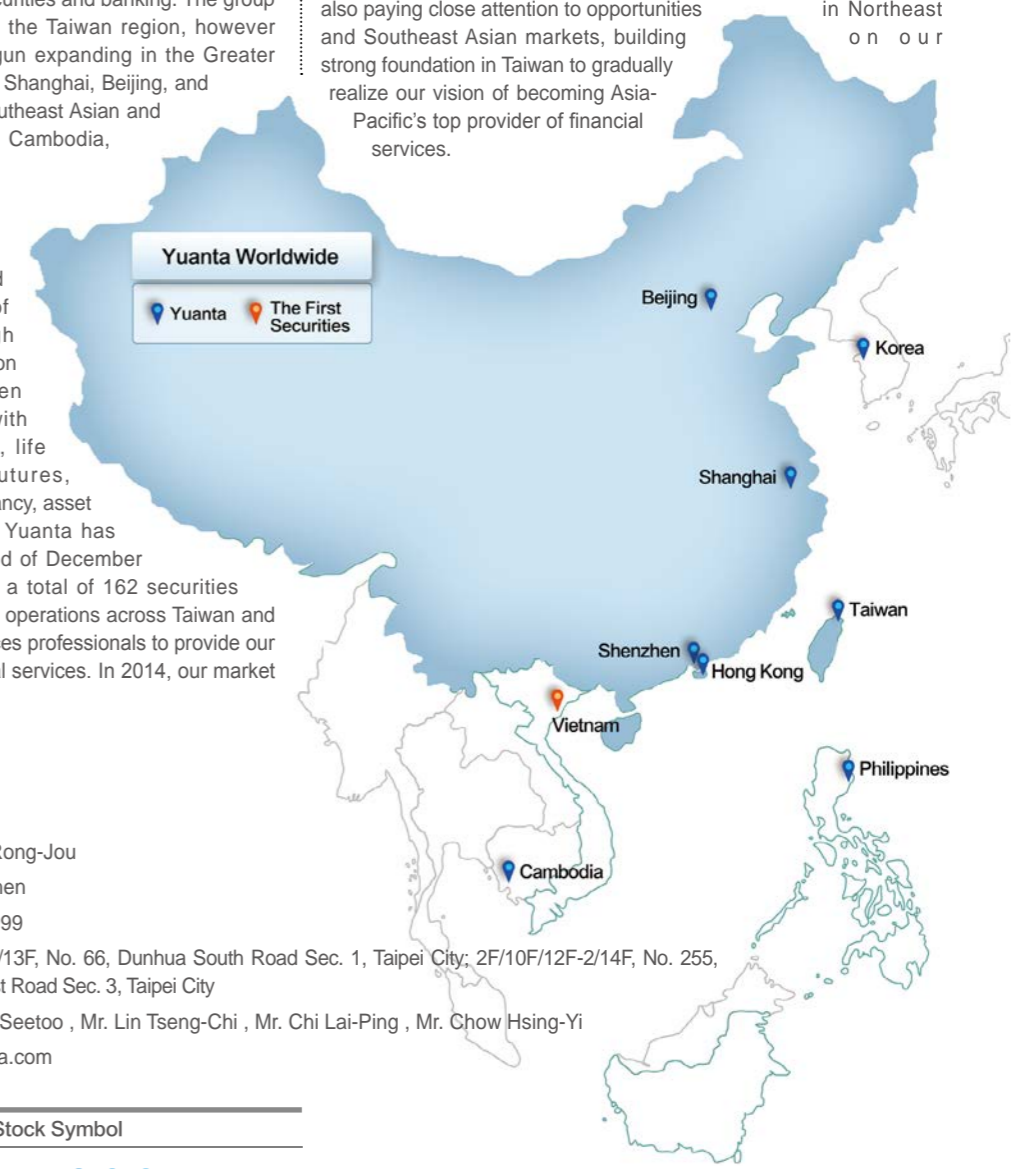
A Comprehensive Business Plan for Engaged Overseas Expansion

Yuanta Financial Holdings was founded on February 4, 2002, and is a financial holdings company headquartered in Taipei City, Taiwan, with a primary focus on securities investment services. On June 25, 2013, the company signed a deal with New York Life to purchase 100% ownership in its Taiwan subsidiary at a total value of NT\$100 million. On January 1, 2014 the equity transfer was completed and Yuanta made its first move into the insurance industry, adding a third pillar to our business in addition to securities and banking. The group carries out its business primarily in the Taiwan region, however in recent years it has gradually begun expanding in the Greater China area, setting up in Hong Kong, Shanghai, Beijing, and Shenzhen, as well as looking into Southeast Asian and ASEAN markets, including Vietnam, Cambodia, and the Philippines.

share in the securities brokerage business exceeded 13%, and in the finance business reached 21.30%, far surpassing the market shares of others in the same fields. We are also a leader in the investment banking business, and have long been a trusted choice among both domestic and foreign investors.

The group insists on taking a pragmatic attitude, maintaining operating ability and background management support. Our overseas expansion plans and Asia strategy are built around a "securities first, peripheral business and support (futures/investment trusts/investment consultancy) next, then cash flow management (banks)" approach. As part of our proactive approach to international expansion, we are also paying close attention to opportunities in Northeast and Southeast Asian markets, building on our strong foundation in Taiwan to gradually realize our vision of becoming Asia-Pacific's top provider of financial services.

In 2007, the merger between Fuhwa Financial Holdings and Yuanta Core Pacific Securities cemented the group's position at the head of the securities business. Through integration, mergers, and interoperation of our subsidiaries, we have been able to create a financial group with operations in securities, banking, life insurance, securities finance, futures, investment trusts, investment consultancy, asset management, and venture capital. Yuanta has strong roots in Taiwan; as of the end of December 2014, in the Taiwan region we had a total of 162 securities branches and 88 bank branches, with operations across Taiwan and employing over 10,000 financial services professionals to provide our customers with a full range of financial services. In 2014, our market



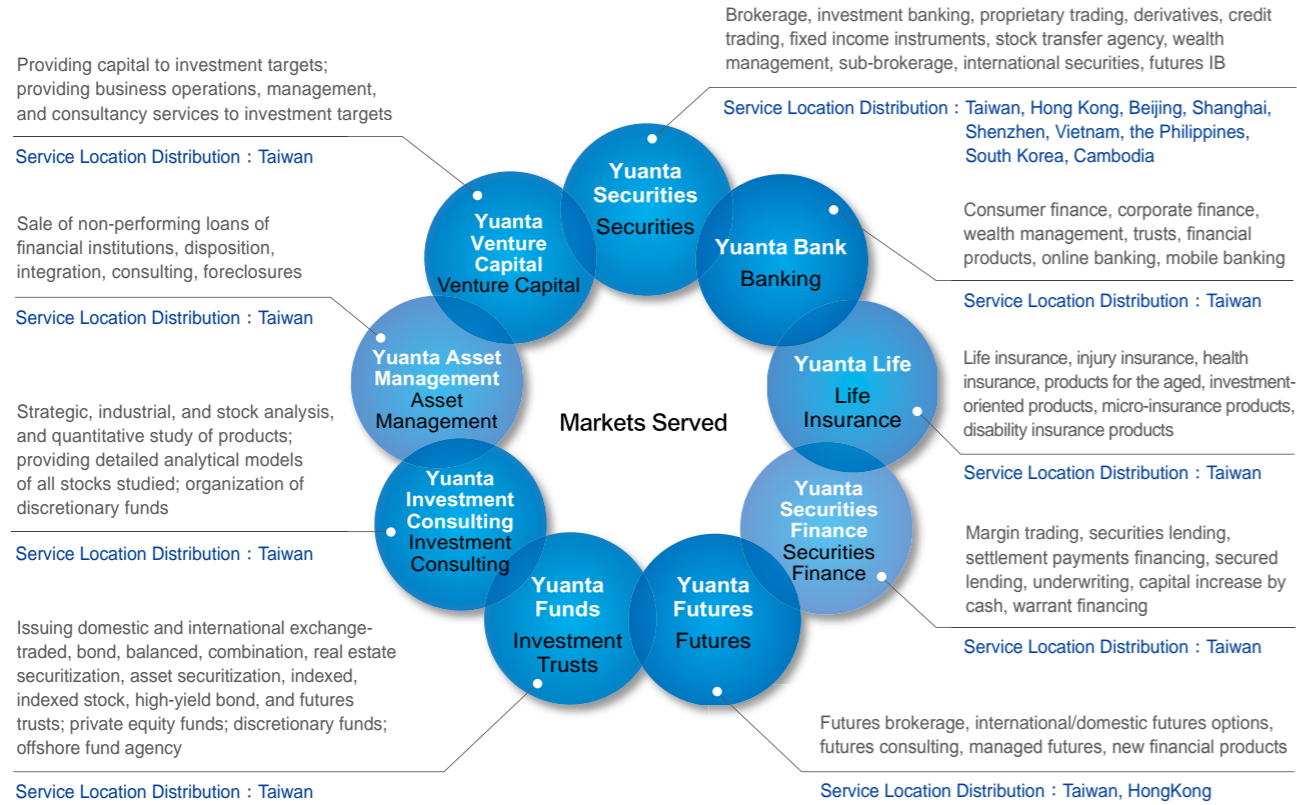
Company Profile

Yuanta Financial Holdings

Chairman	Mr. Wang Rong-Jou
General Manager	Mr. Tony Shen
Company Phone No.	02-2781-1999
Company Address	4F/10F/12F/13F, No. 66, Dunhua South Road Sec. 1, Taipei City; 2F/10F/12F-2/14F, No. 255, Nanjing East Road Sec. 3, Taipei City
Independent Directors	Dr. William Seetoo, Mr. Lin Tseng-Chi, Mr. Chi Lai-Ping, Mr. Chow Hsing-Yi
Company Website	http://yuanta.com

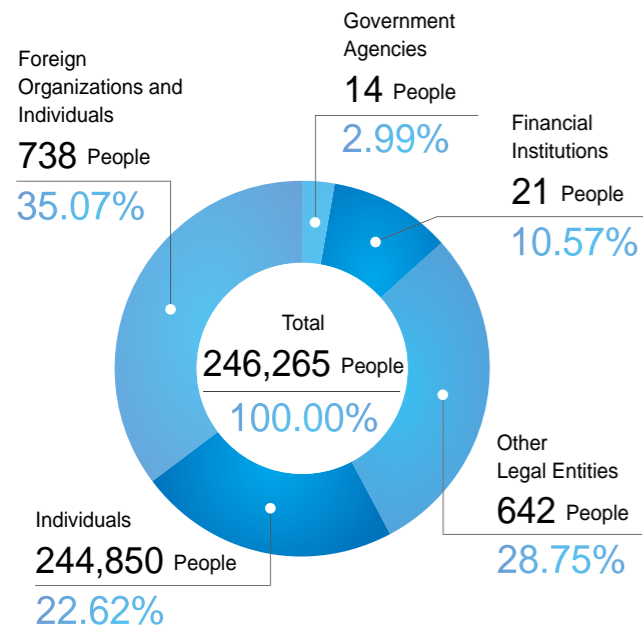
Date Established	Stock Symbol	Net Profit After Tax**	Total Employees
4 February 2002	TWSE 2885	NT\$ 16.472 billion	9,446 people
Total Assets	Capital		
NT\$ 1.2918 trillion	NT\$ 101.4 billion		

*Mr. Chi Lai-Ping began his term on 27 May, 2014; Mr. Chow Hsing-Yi stepped down on 16 November, 2014.
 **"Net Profit After Tax" refers to after-tax net profits attributable to the parent company.



Shareholding Structure

As of 2014's XR base date (26 August 2014), total shares issued is 10,141,066,594. The company's shareholding structure is as below:



3.2 Operating Status

Yuanta Securities serves as the core of Yuanta Financial Holdings' expansion of overseas operations, actively seeking out potential partners among nations involved in Asia-Pacific regional economic integration in an effort to establish a robust multinational and global distribution. In order to strengthen our foundations in these emerging Asian stock markets, in 2007 Yuanta Securities invested in equity in Vietnam's First Securities Joint Stock Company through its wholly-owned subsidiary Yuanta Securities Asia Financial Services Limited (YSAF), purchasing a 44.68% stake. Later, in an effort to accelerate and strengthen our global presence, Yuanta restructured our overseas operations, designating Yuanta Securities (Hong Kong) Company Limited (YSHK) as the base for our Greater China operations.

For years, YSHK has strived to provide comprehensive, outstanding corporate finance, asset management, and brokerage services to institutional, corporate, and individual customers in Hong Kong and around the world. YSHK continues to build on its years of expertise and insistence on financial innovation to improve, strengthen, and develop financial products and trading systems. By keeping pace with developments in the global financial markets, the company is able to provide its customers with a fast, accurate trading platform and help them seize market opportunities when they arise.

Yuanta Securities has currently established offices in Shanghai, Beijing, and Shenzhen both directly or indirectly through reinvestment via YSHK. In 2013, Yuanta Investment Consulting (Beijing) Limited was established to provide a full range of services including corporate

management consulting, investment management consulting, investment consulting, and business information consulting. In the future, we will continue to focus our strategy on the development of the financial markets in China, Taiwan, and Hong Kong, orienting ourselves toward the greater Asian market.

In June 2014, Yuanta Securities, through subsidiary YSAF, purchased for approximately NT\$8 billion a controlling stake of 53.1% in South Korean company Tongyang Securities, the sixth largest securities company listed on the Korea Exchange. On October 1, 2014, the company was renamed Yuanta Securities Korea Co., Ltd. (YSKR), completing the group's presence in all three corners of the "golden triangle" of Taiwan, Hong Kong, and South Korea. As of the end of December 2014 we had 82 locations across Korea handling brokerage, underwriting, proprietary trading, wealth management, and other services. Outside South Korea, YSKR's operations extend to Southeast Asia, with one securities subsidiary located in Cambodia and a savings bank in the Philippines.

Factors involved in the growth of Yuanta Financial Holdings' net revenue and after-tax net revenue in 2014, along with other items of significant change, are laid out below:

1. Net Interest Revenue: Due to growth in banking subsidiary and acquisition of Yuanta Life.
2. Net Non-Interest Revenue:
 - (1) Growth in banking subsidiary, acquisition of Yuanta Life, and increases in fee and commission revenue.
 - (2) Acquisition of Yuanta Life and subsequent increases in insurance business net revenues.
 - (3) Disposition of real-estate investment interest.
 - (4) Recognition of low-cost purchase interest from acquisition of Yuanta Securities Korea.
3. Net Change in Provisions for Insurance Liabilities: Attributable to acquisition of Yuanta Life in 2014.
4. Other Comprehensive Income: Attributable to substantial increase in unrealized value from available-for-sale financial assets in 2014 over the previous period.

The group will continue to implement measures aimed at sound development, demanding of itself a greater performance in terms of asset quality and risk management than others in the same industry. Through restructuring and development of revenue sources, we anticipate continued improvement in overall operations and profitability.

Operating Performance

Units: NT\$ thousand; %

Item	2012	2013	2014
Operating Ability			
Net Revenue	28,526,740	28,697,569	55,083,738
Total Assets	824,093,058	865,094,056	1,291,761,392
Total Liabilities	663,047,077	703,461,593	1,106,707,510
Retained Earnings	20,637,448	22,685,193	30,134,393
Shareholder Equity	161,045,981	161,632,463	185,053,882
Net Income Attributable to Owners of Parent Company	6,309,545	7,709,994	16,472,023
Average Employee Return	2,967	3,208	4,683
Average Employee Profit	700	903	1,396
Profitability			
Return on Assets (%)	0.84	0.96	1.52
Return on Common Shareholders' Equity (%)	4.24	5.01	9.48
Net Profit Rate (%)	23.61	28.15	29.82
Basic Earnings Per Share (\$)	0.62	0.76	1.62
Distribution of Economic Value			
Employee Remuneration and Welfare	10,773,245	10,882,041	14,457,596
Dividends and Interest Payments	2,002,520	5,441,548	8,904,351
Donations to Government Agencies*	0	0	5,000
Academic Donation Fund**	0	3,000	103,000
Community Charity***	35,000	35,000	44,450

Note: Operating performance information sourced from the company's annual consolidated statements.
 *Donation to the Kaohsiung City Government Social Affairs Bureau after the August 1 gas explosion in the city.

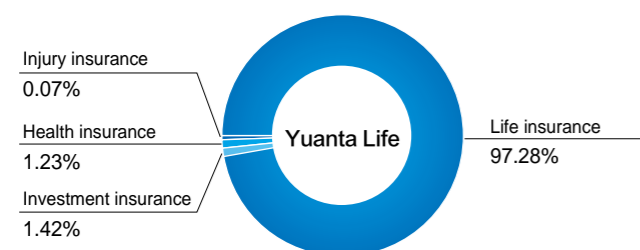
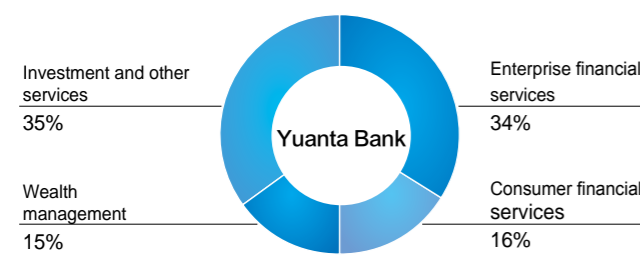
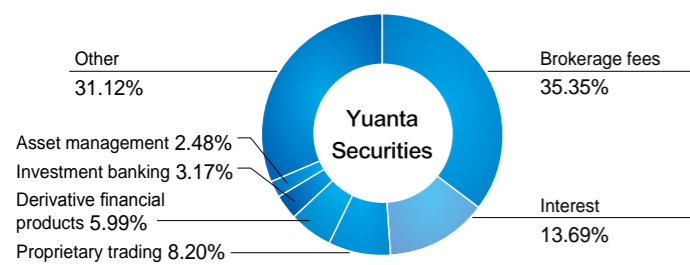
**Donation to the National Chengchi University School Fund.
 ***Donation to the Yuanta Cultural and Educational Foundation.

After-tax Profit and Loss for each Subsidiary, 2014

Subsidiary Year	Securities	Banking	Life Insurance*	Securities Finance	Futures	Investment Trusts	Investment Consultancy	Asset Management	Venture Capital
2014 (%)	58.76	25.71	(1.42)	2.30	4.92	2.48	--	5.55	1.70

*Life insurance profit/loss description: Yuanta Life suffered an after-tax net loss of \$251.45 million in 2014, with after-tax net revenue down \$382.05 million on 2013's \$130.6 million. The primary factor behind this is a substantial increase in new contract premiums and the corresponding growth in reserves and commissions.

Disclosure of Main Revenue Sources by Percentage for Group Subsidiaries



For more detailed information on the finances of the Yuanta Financial Holdings group, please see the [Yuanta Financial Holdings website under Investor Relations>Financials>Annual Reports](#).

The 2015 development strategies for the main subsidiaries of Yuanta Financial Holdings are summarized below :

1. Securities subsidiaries : Engage in active expansion across Asia by leveraging core competitiveness

In accordance with the Financial Supervisory Commission's plan for improving stock market effectiveness: With the relaxation of the daily price limit on the Taiwan Stock Exchange from 7% to 10% and day trades from 200 to 380, along with the abolition of personal and per-stock margin purchase and short sale limits, the group has enjoyed dynamic growth in its brokerage, investment banking, and derivative products. Yuanta Securities will continue to leverage these core competitive advantages to seize this opportunity and create optimal profitability and performance.

In addition, in line with the authorities' and management's Asian expansion policies, we will continue to expand further into the Asian market. With the addition of YSKR, we have achieved a presence in

all three corners of the Asian "golden triangle," and in 2015, we aim to complete our acquisition of PT Amcapital Indonesia (AMCI), further reinforcing our standing in Asia. Yuanta Securities will continue to make use of its core competitiveness and integrated financial holdings resources, making the most of our multinational advantage to gain a steady footing in Asia and become Asia's top provider of financial services.

2. Banking Subsidiaries : Conduct asset restructuring, continue improving core profitability

Through adjustments to our business structure, focused around both qualitative and quantitative approaches, we aim to improve capital efficiency, fee income level, and financial trading contribution. With regard to the development of channels, not only will we continue to work on developing the value of our local physical business channels, we also plan to further develop our e-commercial presence, expanding mobile payment opportunities. We also plan to actively develop offices abroad and evaluate share acquisitions or merger opportunities in order to accelerate our international expansion.

3. Life Insurance Subsidiary : Make good use of the group's channel capacity, improve market share

In response to trends in Taiwan's future demographic structure, we are locked onto three major areas: retirement lifestyle, retirement medical care, and retirement care. We aim to satisfy customers' demands for retirement planning and diversification of assets. Through our various financial channels and resources (securities, banking) and direct business, telemarketing, and other diverse approaches, we will provide diverse product planning to more customers, creating a surge of demand and making Yuanta Life a known and respected brand in the life insurance market. By strengthening our life insurance business and co-marketing across channels, we will lay the foundations for long-term growth and expansion.

3.3 Operating Policies and Corporate Mission

Operating Policies

Yuanta Financial Holdings' long-term development and strategy are built around three pillars—securities, banking, and insurance. In recent years, we have seen such concrete achievements as :

1. The acquisition of Polaris Securities, gradual benefits from costs savings and mutual business interactions, development of new lines of business, diversification of revenue sources, reduction of brokerage fees as a proportion of total revenue to below 50%, and stable expansion into overseas markets.
2. Yuanta Bank has enjoyed rapid spontaneous growth in assets, bringing into play economies of scale, and has achieved outstanding asset quality. Through sustained, stable growth, the company has already reached a profitability level on par with our securities business, becoming the second largest driver of profits for Yuanta.
3. Turning our attention to the financial and insurance opportunities presented by Taiwan's aging population, we acquired New York Life (Taiwan) (now Yuanta Life), creating a third driver of profits.



In the future, Yuanta Financial Holdings will continue to strive for excellence in securities and banking while also expanding our growing insurance business, gradually transitioning to a three-pillar model of development built around securities, banking, and insurance that emphasizes both liquidity and inventory. By building a diverse range of business channels, we will increase the group's asset scale and operational performance, while also effectively increasing and stabilizing earning levels in our ongoing efforts to realize our vision of becoming Asia-Pacific's top provider of financial services.

Corporate Mission

Yuanta Financial Holdings follows the twin corporate mission statements "We Create Fortune" and "Yuanta Financial Holdings—Realizing Your Greatest Expectations," providing the most comprehensive, most efficient, and most added-value set of financial services. We hope that we can be a source of direction and support for our stakeholders, working together to "create fortune" and "realize expectations."

With years of hard work, Yuanta Financial Holdings has developed a corporate culture focused on becoming a model of corporate governance and pursuing both TSR and CSR—total shareholder return and corporate social responsibility. This group will continue to strive to work with stakeholders in establishing open and transparent channels of communication, and we look forward to positive interactions with those stakeholders to bring about positive economic, environmental, and social results.

Credit Rating

Yuanta Financial Holdings is committed to rigorous risk management and pragmatic business development. We are focused on improving

the quality of our assets, while also continuing to pursue concrete implementation of the spirit of corporate governance. The rating of the company by Fitch Ratings Taiwan reflects Yuanta Securities' position as a leader in the domestic market, and the company's creation and maintenance of sufficient capital to support other subsidiaries. A variety of factors, including the company's modest financial leverage and prudent liquidity management, the group's agile use of capital, and shared branding, have helped ensure the company and Yuanta Securities share a consistent rating. As of the end of 2014, the company's net debt to equity ratio was 10.35%, its double leverage ratio was 108.56%, and the group's capital adequacy ratio was 146.66%, all illustrating the company's sound, healthy financial structure.

Most Recent Credit Ratings for the Company and its Subsidiaries

Company Name	Rating Agency	Credit Rating				Outlook	Effective Date
		International		Domestic			
		Long-term	Short-term	Long-term	Short-term		
Yuanta Financial Holdings	Fitch Ratings Taiwan	BBB+	F2	AA-(tw)	F1+(tw)	Stable	2014/06/04
	Taiwan Ratings	-	-	twAA-	twA-1+	Stable	2015/02/03
Yuanta Securities	Fitch Ratings Taiwan	BBB+	F2	AA-(tw)	F1+(tw)	Stable	2014/06/04
	Taiwan Ratings	-	-	twAA	twA-1+	Stable	2015/02/02
Yuanta Bank	Fitch Ratings Taiwan	BBB+	F2	AA-(tw)	F1+(tw)	Stable	2014/06/04
	Taiwan Ratings	-	-	twAA	twA-1+	Stable	2015/02/03
Yuanta Securities Finance	Taiwan Ratings	-	-	twAA	twA-1+	Stable	2015/02/02

3.4 Participation in International and Domestic Organizations

The company has been very actively involved in relevant organizations and associations, offering many suggestions through the competent authorities. Many of our recommendations have gone on to be adopted, contributing to the further development of the domestic financial market. Some such suggestions include: As stated publicly in recognition of the 10th anniversary of the Financial Supervisory Commission: As we continue to develop our banking, securities, and insurance businesses, in 2014 Yuanta

Securities provided three core recommendations to the authorities and relevant associations after going through a number of interdepartmental deliberations and coordination with the competent authorities. These included:(1) Suggesting the authorities relax debt/equity ratio for securities businesses fourfold, such that a securities firm with more than \$10 billion in net worth, for example, will be adjusted to 10- to 12-fold, as with the warrants industry, in order to further promote balanced development in the financial industry;(2)

Suggesting the authorities expand the scope of the definition of "securities," including through Article 6 of the Securities and Exchange Act, to include foreign and domestic open-end funds, IPO shares, consignment trading of foreign securities, emerging stocks, unlisted stocks, structured products, and OSU products; additionally, to have the Taiwan Depository and Clearing Corporation serve as a

Company Name	Membership in International and Domestic Organizations
Yuanta Financial Holdings	<ul style="list-style-type: none"> Bankers Association of Taipei: Member representative. Chinese National Association of Industry and Commerce, Taiwan: Member representative. American Chamber of Commerce: Member representative.
Yuanta Securities	<ul style="list-style-type: none"> Taiwan Securities Association: Convener and secretary, Underwriting Committee; convener, Tax Accounting Committee; convener, New Financial Products Committee; member, Research and Development Committee; member, Warrants and Provident Funds Management Committee; convener, Stock Transfer Agency Operations Committee; convener, Bonds Committee; deputy convener, International Securities Committee; deputy convener, Wealth Management Committee. Taiwan Stock Exchange Corporate Governance Center: Member, Information Disclosure Evaluation Committee. Trust Association of the ROC: Director; member representative; member, Business Development Committee; member, Finance and Taxation Committee. General Chamber of Commerce of the Republic of China: Industry consultant representative. Accounting Research and Development Foundation: Member, Valuation Standards Committee. Public Company Transfer Agency Association of the ROC: Member, Research Team.
Yuanta Bank	<ul style="list-style-type: none"> Taiwan Securities Association: Member representative. ROC Bills Finance Association: Member representative. Trust Association of the ROC: Participant in Custodian Bank Group, Cash and Securities Group, Common and Collective Trusts Group, and Securitized and Real Estate Trusts Group. Trust Association of the ROC: Member, Finance & Taxation and Management Training Committees. Bankers Association of the Republic of China: Member and deputy chair, Financial Regulation and Disciplinary Committee.
Yuanta Securities Finance	<ul style="list-style-type: none"> Bankers Association of Taipei: Member representative. Taiwan Securities Association: Member representative and reserve director. Corporate Organization Association: Member representative. Securities and Futures Investors Protection Center: Sponsor.
Yuanta Venture Capital	<ul style="list-style-type: none"> Taiwan Venture Capital Association: Member representative.

platform for these securities;(3) Suggesting the authorities reconsider the standards for capital adequacy ratio in the securities industry and make reasonable adjustments, such as from the current 200%-250% to 150%, in order to improve the capital utilization efficiency of securities firms.

Company Name	Membership in International and Domestic Organizations
Yuanta Life	<ul style="list-style-type: none"> Insurance Anti-Fraud Institute of the ROC: Member representative. Chinese Insurance Services Association: Two member representatives. Life Insurance Association of the Republic of China: Three member representatives; Member, Acquisition Group, Injury Group, Underwriting Group, Actuarial Group, Education Group, Group Insurance Group, Financial Accounting Group, Reinsurance Group, IT Group, Security Group, Legal Group, Investment Group, Claims Group, Medical Group, Pensions Group, Complaints Group, Manpower Group, Promotion Group, Internal Controls Group, Risk Management Research Group, and Cross-Strait Affairs Research Group. Life Insurance Management Institute of the Republic of China: Member representative. Insurance Institute of the Republic of China: Two member representatives. Actuarial Institute of the Republic of China: Full member. Taiwan Insurance Institute/Insurance Industry Death and Injury Rate Research Committee: Member representative. LOMA: Group member.
Yuanta Futures	<ul style="list-style-type: none"> Taiwan Futures Exchange: Director. Chinese National Futures Association: Supervisor; convener, Trust Business Committee; member, Cross-Strait Affairs Committee; member, International Affairs Committee; member, Brokerage Committee. National Association of Small & Medium Enterprises ROC: Managing Supervisor. Taipei Neihu Technology Park Development Association: Vice-president. Financial Planning Association of Taiwan: Committee member. Association of Women Entrepreneurs: Chair.
Yuanta Funds	<ul style="list-style-type: none"> Securities Investment Trust & Consulting Association of the ROC: Member, Investment Trust Development Committee; member, Offshore Fund Committee; member, Fund Advertising Group, Self-Regulatory Committee; member, Compliance and Fund Affairs Committee; member, Investment and Risk Management Committee; member, Cross-Strait and International Affairs Committee; member, Industry Promotion Committee. Chinese National Futures Association: Member, Trust Business Committee.
Yuanta Investment Consulting	<ul style="list-style-type: none"> Securities Investment Trust & Consulting Association of the ROC: Member representative. Hong Kong Business Association in Taiwan: Member representative.
Yuanta Asset Management	None

3.5 Awards and Recognition

For years, Yuanta Financial Holdings has enjoyed recognition from government agencies and various other institutions, including receiving a number of domestic and foreign awards. In 2014, the Securities & Futures Institute recognized the company with an A++ rating in Information Disclosure Evaluation of Public and OTC Listed Companies, ranking the company 30th overall; this was the third consecutive year the company received an A++ rating (2012-2014). In addition, *Corporate Governance Asia* recognized the company in the 2014 Asian Excellence Awards, not only awarding the company the Outstanding Corporate Governance in Taiwan award, but also naming Wang Rong-Jou in the Asian Corporate Director Recognition Awards.

The company has not been content to rest on its laurels with regard to corporate governance, however. Into the future, in order to achieve the highest possible standards of corporate governance, we intend not only to continue to evaluate and reform our management mechanisms, but also aim to create greater value for shareholders and to create closer cooperation between shareholders and management. We also anticipate further improving the quality of the company's operations through transparency of financial management, putting into practice in a real way the concepts of CSR.



Yuanta Financial Holdings senior vice president Allen Wu (left) accepts an award on behalf of the company from *Corporate Governance Asia* founder and publisher Aldrin Monsod.

Most Desirable Financial Holdings Company among Finance and Insurance Graduates, 2014

In issue 304 of *Risk Management, Insurance and Finance*, the magazine of the Risk Management, Insurance and Finance Foundation, surveyed finance and insurance departments at 34 universities and technical institutes across Taiwan, the results of which ranked Yuanta as the second most desirable financial holdings company among graduates in 2014.



For more detailed information on the awards and honors received by the Yuanta Financial Holdings group, please see the [Yuanta Financial Holdings website](#) under About Yuanta>Awards.

Chapter 4

Corporate Governance in Practice

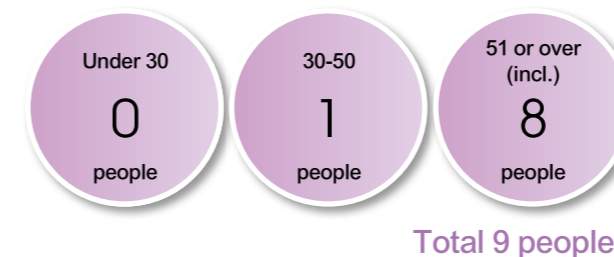
4.1 Our Governance Structure and Operating Situation

Members of the Board of Directors

The 2014 board of directors for this company is made up of nine individuals with rich backgrounds and experience in the worlds of finance, industry, and academia, with three seats—one third of the board—occupied by independent directors. The term of office of the board is three years, and currently all nine directors are male, with an average age of 62 years. The membership is as laid out below:

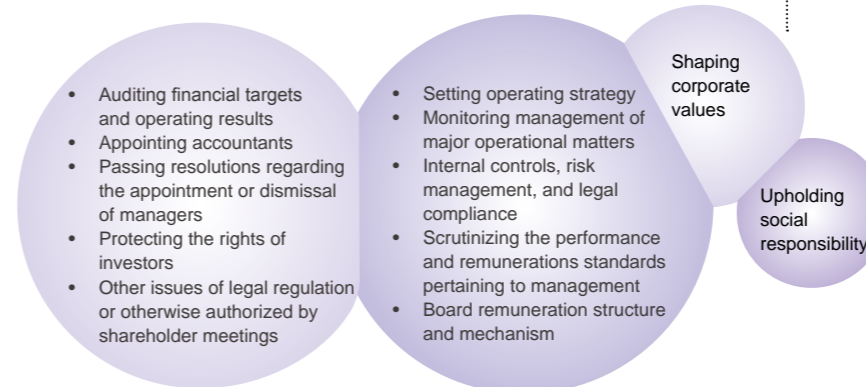
Title	Company Represented	Name
Director	Tsun Chueh Investment Co., Ltd.	Messrs. Ma Weichen and Fang Junlong
	Modern Investment Co., Ltd.	Messrs. Wang Rong-Jou and Tony Shen
	Hsu Tong Investment Co., Ltd.	Messrs. Chiu Hsian-Dao and Ted Ho
Independent Director	Dr. William Seetoo, Mr. Lin Tseng-Chi, Mr. Chi Lai-Ping	

Age Distribution of Directors



The board of Yuanta Financial Holdings meets at least once each month, and in 2014 met a total of 14 times with an average attendance rate of 95%, meaning that the majority of directors and independent directors attended each meeting in person. Those who were for any reason unable to attend commissioned other directors to represent them as per regulation. The company's Rules Regarding Director Duties clearly lay out the primary duties and responsibilities of directors.

Main Tasks and Responsibilities of Company Directors



Selection and Experience of Board Members

Yuanta Financial Holdings has a set Director Selection Process which lays out in detail the qualifications and abilities expected of board members, how candidates are nominated and elected, how votes are tallied, electoral matters, and how elected candidates are informed. Additionally, in consideration of the makeup of the board of directors, no more than half of the directors may have a spousal or second-degree familial relationship with any other director(s). As the members of the board are equipped with skills in operational decision-making, business management, crisis management, accounting/financial analysis, leadership, decision-making, and risk management, along with knowledge of the industry and international markets, they are well equipped to lead the group toward stable growth amidst a fiercely competitive financial environment.

On May 27, 2014, the company hired Mr. Chi Lai-Ping, who is extremely experienced in the insurance field, to serve as an independent director, while on November 16, 2014, Mr. Chow Hsing-Yi stepped down from his position as an independent director after his appointment as president of National Cheng Chi University. In addition to attending regular board and Audit Committee meetings, each independent director also meets with corporate leadership and both departmental and office managers to go over issues regarding corporate governance or business development in hopes of ensuring maximum effectiveness through the harnessing of the skills and assistance of management. In order to facilitate their understanding of the company's operational efficiency and business decisions and plans, and to ensure they are able to faithfully execute their duties and appropriately handle issues of concern to management, the company not only provides each independent director with their own dedicated office and equipment, but also a personal secretary to assist in the timely administration of affairs. Additionally, independent directors personally visit the company several times each week, investing considerable time reading through meeting minutes and making appointments with managers to gain a deeper knowledge of the company's financial, accounting, auditing, and risk control affairs and the overall situation of the company.

Director and Independent Director Experience

Chairman - Rong Jou Wang

Nationality/Place of Registration

Republic of China

Past Professional and Academic Experience

- Graduate Institute of Law, National Chung Hsing University
- Chairman, Hua Nan Financial Holdings; Chairman, Mega Holdings; Deputy Chairman, Yuanta Commercial Bank; Chairman, Taiwan Asset Management Corporation; Chairman, Taiwan Business Bank; Administrative Deputy Minister of Finance; Supervisor, Taiwan External Trade Development Council; Director, Taiwan Academy of Banking and Finance

Concurrently Held Duties with Financial Holdings Companies or Other Companies

Chairman, Yuanta Commercial Bank; President, Chinese Tax Research Association; Supervisor, National Credit Card Center of the Republic of China

Independent Director - Dah Hsian Seetoo	Independent Director - Cheng Ji Lin	Independent Director - Lai Ping Chi
Nationality/Place of Registration Republic of China	Nationality/Place of Registration Republic of China	Nationality/Place of Registration Republic of China
Past Professional and Academic Experience <ul style="list-style-type: none"> Ph.D. in Business Administration, Northwestern University; MBA, University of Illinois Chairman, Commerce Development Research Institute; Director, Yuanta Securities; Independent Director, Yuanta Core Pacific Securities; Director, Taiwan Stock Exchange; Deputy Director, Public Administration Center, National Cheng Chi University; Deputy Director, Civil Servant Education Center, National Cheng Chi University; Chairman, Department of Business Administration, National Cheng Chi University; Chairman, Graduate Institute of Business Administration, National Cheng Chi University; Deputy President, National Cheng Chi University 	Past Professional and Academic Experience <ul style="list-style-type: none"> Department of Economics, National Taiwan University Administrative Deputy Minister of Finance; Director, Taiwan Provincial Centralized Disbursement Office; General Manager, Bureau of Labor Insurance in the Provinces of Taiwan and Fujian; Chair, National Tax Administration of Northern Taiwan Province, Ministry of Finance; Chair, National Taxation Bureau of Taipei; Director-General, Taxation Administration, Ministry of Finance; 	Past Professional and Academic Experience <ul style="list-style-type: none"> M.A. in International Relations, University of Chicago; B.A. in Economics, Columbia University Greater China CEO, Sony Life Insurance; Deputy CEO, International Department, MetLife (U.S.); Managing Director, Sino-US MetLife; Chairman, MetLife Hong Kong; General Manager, MetLife Taiwan
Concurrently Held Duties with Financial Holdings Companies or Other Companies Independent Director, Yuanta Commercial Bank	Concurrently Held Duties with Financial Holdings Companies or Other Companies Independent Director, Yuanta Securities	Concurrently Held Duties with Financial Holdings Companies or Other Companies Chairman, Trimaran PR Asia; Independent Director, Airmate (Cayman) International

Director - Tony Shen	Director - Jun Long Fang	Director - Michael Ma
Nationality/Place of Registration Republic of China	Nationality/Place of Registration Republic of China	Nationality/Place of Registration Republic of China
Past Professional and Academic Experience <ul style="list-style-type: none"> Taipei Municipal Commercial School Chairman/Vice Chairman/General Manager/ Executive General Manager, Yuanta Financial Holdings; Chairman/Executive General Manager/Deputy General Manager/Manager/ Assistant Manager, Yuanta Securities; Vice Chairman, Yuanta Securities Asia Financial Services Limited; Chairman, Yuanta Securities (Hong Kong) Limited 	Past Professional and Academic Experience <ul style="list-style-type: none"> Chiayi Business College Director, Yuanta Core Pacific Securities; Chairman, Li Ching Industry; Chairman, Yuanta United Steel Corporation; Chairman, Yuan Kun Construction 	Past Professional and Academic Experience <ul style="list-style-type: none"> Bachelor's degree in Business, University of Southern California First Executive Deputy General Manager, Yuanta Financial Holdings; Deputy Chairman, Yuanta Commercial Bank; CEO, Syspower; Director, Yuanta Core Pacific Securities; Chairman, Chih Fu International; Special Assistant to the Chairman, Yuanta Development
Concurrently Held Duties with Financial Holdings Companies or Other Companies General Manager of the Company; Director, Yuanta Securities; Director, Yuanta Cultural and Educational Foundation	Concurrently Held Duties with Financial Holdings Companies or Other Companies Director, Yuanta Commercial Bank; Director, Yuan Kun Construction	Concurrently Held Duties with Financial Holdings Companies or Other Companies Director, Yuanta Commercial Bank; Director, Yuanta Development; Director, Yuan Hung Investment; Director, Yuan Hsiang Investment; Chairman, Yuanta Cultural and Educational Foundation; Director, Yuanta Life; Director, Asia Modern Foundation; Manager, Lien Heng Investment; Director, Taipei World Trade Center International Trade Building Corporation

Director - Hsian Dao Chiu	Director - Ming Heng Ho
Nationality/Place of Registration Republic of China	Nationality/Place of Registration Republic of China
Past Professional and Academic Experience <ul style="list-style-type: none"> Degree in Business Administration, Southwestern University Chairman, Taichung Securities; Managing Director, Asia Pacific Bank; Director, Asia Pacific Investment Trust; Chairman, Asia Pacific Leasing; Chairman, Fu An Insurance Agency 	Past Professional and Academic Experience <ul style="list-style-type: none"> M.B.A., University of Washington Chairman, Yuanta Futures; Director, Polaris Securities; President, Chinese National Futures Association; Director/Supervisor, Taiwan Futures Exchange; Director, Waterland Financial Holdings; Director, International Bills Finance Company
Concurrently Held Duties with Financial Holdings Companies or Other Companies Director, Yuanta Commercial Bank; Chairman, Taiwan Yi He International; Chairman, Fiat International; Chairman, Kandlee Trading Company Limited; Chairman, Guan Ya Investment; Director, Cheng Lung Motors; Chairman, Yi Ho Motors; Director, Feng Lung Motors	Concurrently Held Duties with Financial Holdings Companies or Other Companies President, Chinese National Futures Association; Director, Yuanta Securities Asia Financial Services Limited; Director, Yuanta Futures; Chairman, Yuanta Securities; Director, Taiwan Futures Exchange; Supervisor, UDN.com Company, Limited; Director, Lianan Wellness Company; Director, Yuanta Cultural and Educational Foundation

Note 1: All seats on the board of directors were up for reelection on May 31, 2013, with the sixth incarnation of the board enjoying a term from June 1, 2013 through May 31, 2016.

Note 2: Date of election is listed as the date when the director or a representative thereof first assumed their position.

Rules for Board Meetings

In order to establish a strong corporate governance structure, this company has established "Rules for Board Meetings." According to these rules, directors are expected to uphold a high level of self-discipline, and at board meetings directors or their legal representatives are expected to clarify their interests. Should there be a conflict of interest with that of the company, the relevant directors may neither participate in discussions nor votes, nor serve as a representative of another director in exercising their right to vote.

The directors are also expected to provide mutual support in the interests of self-discipline. Additionally, these rules also lay out clearly the procedures relating to board meetings, minute keeping, and the detailed recording of any resolutions and results; summaries of statements by directors, experts, and other personnel; full names of any directors facing conflicts of interest, as required by law; the main content of the conflict(s) of interest, reasons for recusal/non-recusal, reservations or objections (recorded or written), and written opinions issued by independent directors. In light of the expectations of self-discipline, the details for recusals during 2014 are laid out below:

Recusals by Directors Facing Conflicts of Interest

Session	Motion	Recused Due to Conflict of Interest/Participation in Voting
17th Session, Sixth Board, May 27, 2014	Amendments to some articles of the Methods for Remuneration of Directors and Supervisors in the Investment Industry.	A. Chairman Wang Rong-Jou, Deputy Chairman Tony Shen, and directors Ma Wei-Chen, Chiu Hsien-Tao, and Ho Ming-Hong, and Chiu Hsien-Tao on behalf of Fang Jin-Long recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. B. With the exception of those who recused themselves, the remaining directors present passed the motion.
17th Session, Sixth Board, May 27, 2014	Amendments to some provisions of the bonus structure.	A. Chairman Wang Rong-Jou and Deputy Chairman Tony Shen recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. B. With the exception of those who recused themselves, the remaining directors present passed the motion.
18th Session, Sixth Board, June 24, 2014	The changing of the general manager.	Deputy Chairman Tony Shen recused himself from this case due to a conflict of interest; the remaining directors present passed the vote.
20th Session, Sixth Board, August 29, 2014	Amendments to some provisions of the bonus structure.	A. Chairman Wang Rong-Jou and director Tony Shen recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. B. With the exception of those who recused themselves, the remaining directors present passed the motion.
22nd Session, Sixth Board, October 28, 2014	In accordance with overall plans and business needs, the company would lease office space from Yuanta Securities, increasing rented space in three sections of the 12th floor of the Tatung Building and decreasing rented space on the 14th floor.	Directors Tony Shen and Ho Ming-Hong, along with independent directors Chow Hsing-Yi and Lin Tseng-Chi recused themselves due to conflicts of interest. The remaining directors present passed the motion.
23rd Session, Sixth Board, November 25, 2014	Proposal for changes to Remuneration Committee.	Independent directors Chi Lai-Ping recused himself due to a conflict of interest. The remaining directors present passed the motion.
24th Session, Sixth Board, December 23, 2014	Inviting Yuanta Securities to serve as the company's financial consultant for 2015 issuance of unsecured corporate bonds.	Directors Tony Shen and Ho Ming-Hong, along with independent director Lin Tseng-Chi, recused themselves due to conflicts of interest. The remaining directors present passed the motion.
24th Session, Sixth Board, December 23, 2014	Drafting of Methods of Awarding Bonuses to Group Senior Staff.	A. Chairman Wang Rong-Jou and directors Tony Shen and Ho Ming-Hong recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. B. With the exception of those who recused themselves, the remaining directors present passed the motion.

Director and Board Self-Assessment Guidelines, Evaluation Method, and Results

In order to improve the performance of its board of directors, Yuanta Financial Holdings has established the Guidelines for Self-Assessment for Board and Directors. Every year, by means of questionnaire, the directors independently fill out an assessment, with the results and plans for improvement then reported to the board as a whole.

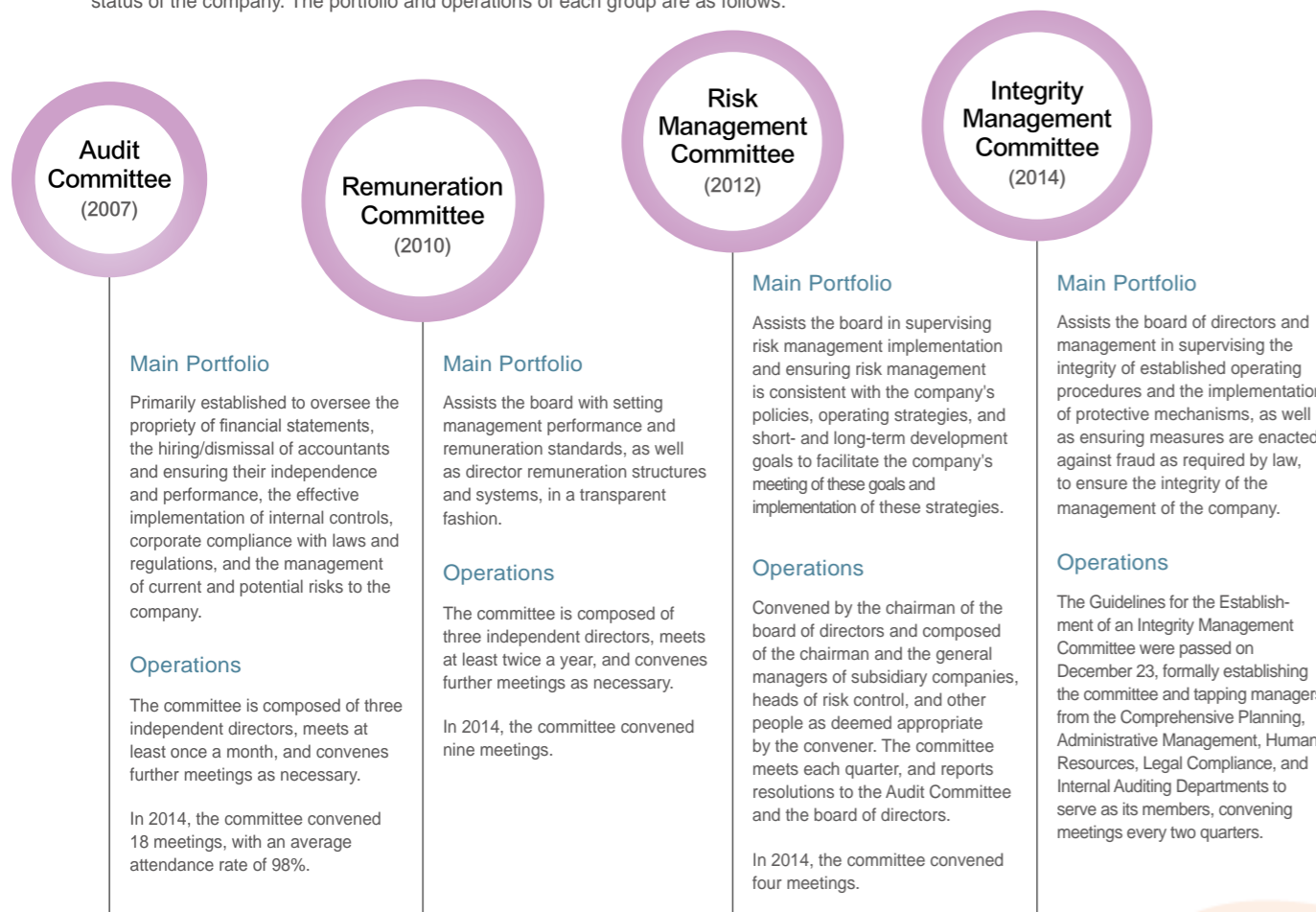
Assessment Scope and Operating Model:
1. Assessment Scope: Includes job specifications; convening of meetings; education, training, and related resources; management of internal control systems; management of risk management mechanisms; loyalty, duty, and responsibility; etc.

2. Operating Model:
A. Based around the questionnaire and discussions with other members on issues that need to be urgently improved or where members of the board respond to the same question in different ways.
B. Such discussions are conducted with the assistance of a specified person, and are conducted in small groups.

Results of the 2014 Director and Board Self Assessment:
Each director expressed a positive assessment of the efficiency and effectiveness of the board, indicating that the board members are all exhibiting the desired skills and capabilities, and are all acting in compliance with relevant laws and regulations.

4.2 Functional Committees

The board of directors of Yuanta Financial Holdings is responsible for the establishment of four functional committees, dealing with auditing, remuneration, risk management, and integrity management, with these committees facilitating the group's refinement of its corporate governance. These committees meet regularly and report their results to the board, ensuring the board members are kept up-to-date on the status of the company. The portfolio and operations of each group are as follows:



In 2007, Yuanta Financial Holdings became a leader in the financial holdings industry by inviting respected academics and experts to serve as independent directors and establishing an Audit committee. The independence and diverse specializations of these experts is designed to help the company achieve greater efficiency in board meetings and better quality decision-making. In order to ensure the health of the board and the supervisory function of the Audit Committee, the company established a Suggestions and Complaints mailbox for employees and stakeholders to submit their opinions to the Audit Committee. In this way, the committee is able to be made aware of and then handle any major deficiencies, fraud, corruption, or any other significant criminal issues, or to take on any suggestions or complaints that may help improve management and operational development. At the same time, this helps improve communications between the board and employees, investors, and stakeholders, and additionally facilitates the drafting of corporate governance regulations and improving information disclosure. Every year, in compliance with legal requirements, reports are made to the board of directors concerning the implementation of corporate governance, integrity management, and corporate social responsibility.

For more information on the Yuanta Financial Holdings employee and stakeholder mailbox, please refer to the group's [official website](#) ,under Corporate Social Responsibility>Audit Committee>Mailbox for Stakeholder and Employee Suggestions/Complaints to the Audit Committee (only in the Chinese version of the website)

The reporting system is as below:
The company encourages internal and external employees to report any acts of bad faith or misconduct, with a bonus offered in line with the severity of the incident. In the event of a false or malicious report by internal employees, the employee or employees concerned will be subject to disciplinary action, and even dismissal should the incident be sufficiently serious. The company has established and announced an independent reporting mailbox and hotline on both the company website and the internal website for the use of both internal and external employees. Reports are expected to include at least the following information:

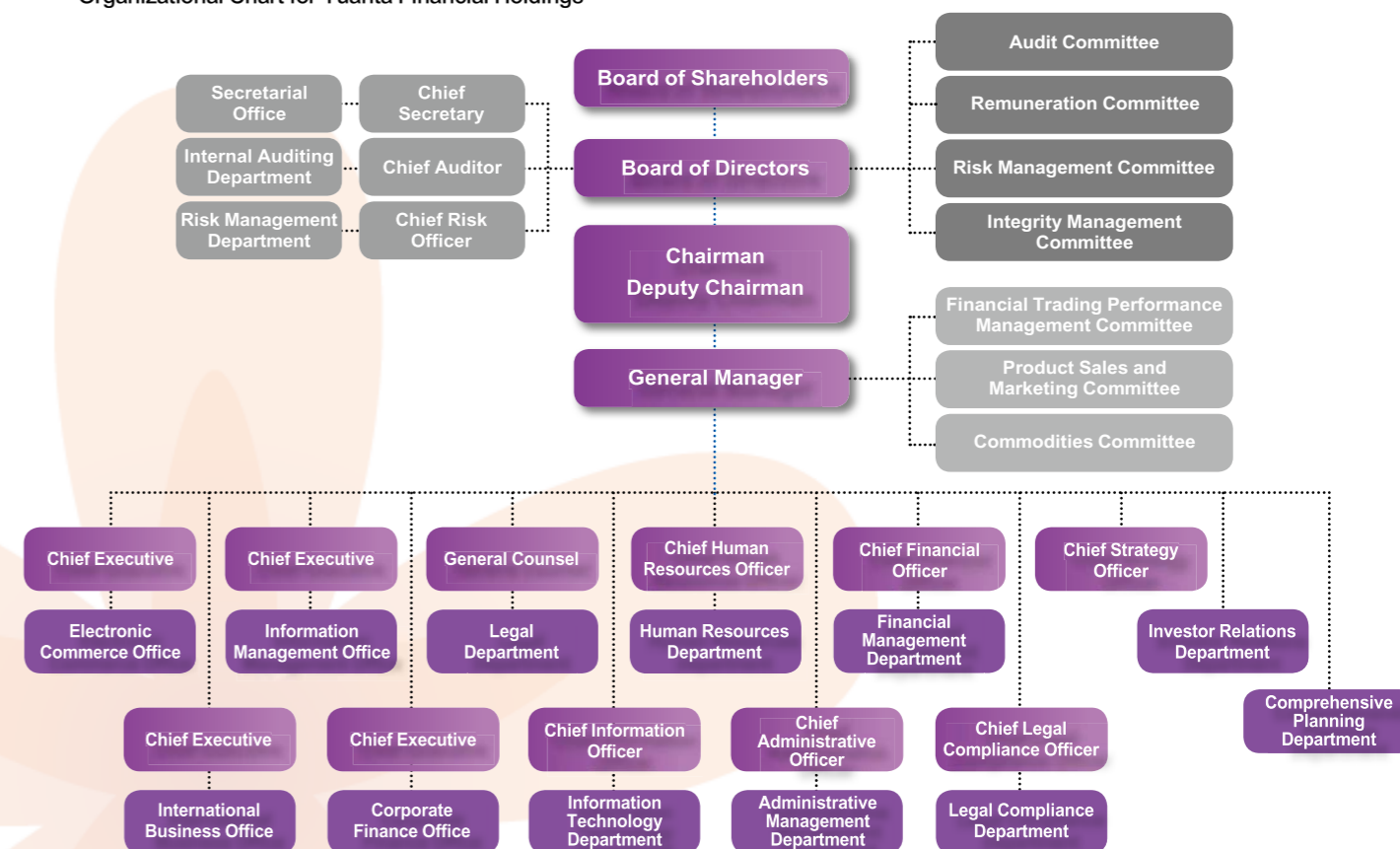
1. Full name and contact details (address, telephone, e-mail) of the reporter.
2. Name and other identifying information sufficient to identify the person being reported.
3. Concrete evidence that can be provided to the investigation. Those investigating any reports shall declare in writing that the identities of both reporter and reported will remain confidential, and the company is committed to protecting any employee that reports violations from improper dismissal as a result of their report. The responsible unit within the company shall handle things in accordance to the following procedure:
 1. Where a report concerns ordinary employees, the manager of the appropriate department shall be notified; where a report involves a senior manager or a director, an independent director shall be notified.
 2. The responsible unit and the aforementioned manager/director shall then immediately commence an investigation to determine the truth of the report with the assistance of the department involved where needed.
 3. Should the investigation indicate that the person being reported

has breached a law or the integrity management policies and guidelines of the company, they shall immediately be requested to cease the activity concerned and then be subject to appropriate disciplinary action. Should it be necessary, damages will be requested through the appropriate legal channels in order to protect the reputation and interests of the company.

4. The receipt of the report, the investigation process, and the results of the investigation shall all be recorded in writing, with the documents stored for five years in electronic form. Should legal proceedings arise involving a report before the five year storage period has elapsed, the relevant documentation shall be preserved until said proceedings have concluded.
5. Should a report be verified as true, the responsible unit shall investigate the relevant internal controls and operating procedures and put in place any measures required to improve those controls or procedures to ensure that the same behavior does not occur again.

The responsible unit shall report to the board of directors regarding reports, their handling, and follow-up improvement measures.

Organizational Chart for Yuanta Financial Holdings



Note 1: On June 24, 2014, at the 18th session of the sixth board, the board of directors passed a motion to merge the Office of the General Manager and the Strategic Planning Department into the Comprehensive Planning Department, and to bring the Public Affairs Department into the Administrative Management Department to streamline organizational management.

Note 2: In order to ensure internal controls comply with the law, at the 18th session of the sixth board on June 24, 2014, the board of directors passed a motion to establish a dedicated Legal Compliance Department and adjust the portfolio of the Legal Affairs Department.

Note 3: In order to strengthen the integration of the group's various subsidiaries, at the 18th session of the sixth board, on June 24, 2014, the board of directors passed a motion to establish new Corporate Finance Office, Information Management, International Business, and Electronic Commerce Offices.

Note 4: In order to strengthen the review process for products sold by the group, and in response to our mid- and long-term strategic investment affairs being returned to subsidiaries for handling, at the 18th session of the sixth board on June 24, 2014, the board of directors passed a motion to establish a Commodities Committee, while also abolishing the Medium and Long Term Holdings Strategy Committee.

Note 5: In order to facilitate the implementation of our integrity management guidelines, at the 24th session of the sixth board on December 23, 2014, the board of directors passed the Integrity Management Committee Establishment Guidelines, formally establishing said committee and tasking it with regularly reporting to the board on the status of its work in the area of integrity management.

4.3 Establishing a Code of Conduct

Yuanta Financial Holdings set out its Corporate Governance Code of Practice, implementing the highest standards for corporate governance with all employees expected to comply with the relevant norms of corporate self-regulation and, through training and education, ensure that correct business practices are being followed at all levels. In this way, the group aims to create an operating environment characterized by integrity and self-discipline. In following with Financial Supervisory Commission policy and the template issued by the Taiwan Stock Exchange, on October 25, 2011 and December 12, 2011 respectively the board of directors passed the Yuanta Financial Holdings Integrity Management Guidelines and the Yuanta Financial Holdings Integrity Management Best Practices and Behavioral Guidelines. The scope of both is the company and its subsidiaries, covering both direct and indirect contributions to funds totaling over 50% of said funds and any other institutions, corporate conglomerates, or organizations over which de facto control can be exercised.

These Integrity Management and Behavioral Guidelines clearly lay out prohibited bad faith conduct and benefits, along with forbidding the giving or receiving of bribes, provision of illegal political donations, giving of inappropriate charitable gifts or sponsorships, and the provision of unreasonable gifts, entertainment, or other inappropriate benefits. They also call for regular training, education, and promotion of ethical behavior, as well as appropriate review and disciplinary measures.

Under the company's Integrity Management Guidelines, which are closely linked to the relevant internal control standards, measures to avoid inappropriate actions by employees in the interests of ensuring departments adhere to internal controls and best practices are laid out, e.g.: ethical behavior standards, the Rules for Board Meetings, the organizational guidelines for the Audit Committee, and Standard Procedures for Outside Gifts. Additionally, the Auditing Department will also undertake annual inspections of general operations. Also, in accordance with the Integrity Management Best Practices and Behavioral Guidelines, should any company employee be involved in inappropriate behavior, the Auditing Department will conduct an inspection and, with the relevant unit, report the behavior, how the behavior was handled, and the follow-up improvement measures to be taken to the board. Additionally, should the company find anyone involved in illegal activities, such findings shall be reported to the Legal Affairs Department, who shall assist the company in notifying the appropriate legal and prosecutorial agencies.

Through the annual Education in Business Ethics and Corruption Prevention program, 100% of employees are required to participate in classes and tests to ensure employees are continually educated in the relevant regulations and ethical behavior and judgment. In this way, the company is able to ensure the implementation of integrity management policies. Additionally, the company also supervises subsidiaries in the implementation of the Education in Business Ethics and Corruption Prevention program to strengthen integrity management and establish robust corporate governance and risk management mechanisms to facilitate the sustainable development of the group.

Based on the principle of maintaining the independence of the company's subsidiaries while also focusing on their key management, in order to link the management of the company's various investment

businesses, it drafted the Guidelines for Investment Business Management, laying out key elements of financial holdings review processes for subsidiaries in the areas of corporate governance, the board of directors, the Audit Committee, rules and regulations, operational and strategy management, business management, human resource management, financial accounting management, administrative information management, legal compliance, risk management, auditing, and employee operations and management. In this way, the company aims to facilitate the management of its subsidiaries while also ensuring their operational performance.

All employees of the group are subject to both financial regulation and HR management guidelines; should either be breached, appropriate punishment shall be implemented based on the severity of the breach; where a breach of the regulations is found to be severe enough, criminal and civil action shall be taken against the offender in order to protect the rights and interests of the company and its stakeholders.

This company is committed to the concepts of cleanliness, transparency, and responsibility in its operations, and thus will continue to promote and implement policies founded on integrity and strive to build strong corporate governance and risk management mechanisms that will in turn foster an environment conducive to sustainable development in the future.

Yuanta Financial Holdings Corporate Governance Guidelines and Standards

2001	<ul style="list-style-type: none"> Director Selection Process (December)
2002	<ul style="list-style-type: none"> Procedures for Acquisition or Disposal of Assets (March) Guidelines for the Selection and Services of Investment Directors and Supervisors (March)
2006	<ul style="list-style-type: none"> Rules for Board Meetings (December)
2007	<ul style="list-style-type: none"> Rules Governing the Exercise of Rights and Participation in Resolutions by Juristic Person Shareholders With Controlling Power (March) Rules Regarding Director Duties (March) Rules Regarding Independent Director Duties (March) Audit Committee Regulations (March) Code of Ethics (March) Code of Practice for Corporate Governance (August) Rules for Comments and Complaints to the Audit Committee by Stakeholders (November) Guidelines for Investment Business Management (August)
2010	<ul style="list-style-type: none"> Code of Practice for Corporate Social Responsibility (October)
2011	<ul style="list-style-type: none"> Guidelines for External Donations (January) Guidelines for Integrity Management (October) Integrity Management Best Practices and Behavioral Guidelines (December)

Assessment of Corporate Governance

In 2008, 2011, and 2014 respectively, this company passed the Chinese Association for Corporate Governance's "Corporate Governance Assessment for Listed Companies," "CG6006 Advanced Corporate Governance Assessment," and "CG6008 Advanced Corporate Governance Assessment" certifications. This is an illustration of how the company's dedication to quality corporate governance has earned it the regard of domestic professional organizations.

Information Security Management Certification

In 2011 and 2014 respectively, the company received ISO 27001:2005 Information Security Management Systems and ISO 27001:2013 Information Security Management Systems certification.

Violations of Law and Heavy Fines Levied

This group defines "heavy fines" as those where a single fine exceeds NT\$1 million. Violations of law and heavy fines levied in 2014 are shown in the table below:

Case	Financial Supervisory Commission Fine
Description of Violation	On February 18, 2014 New York Life Insurance Company conducted a telemarketing campaign found to be in violation of the Insurance Act.
Value of Fine Levied	\$1.2 million

4.4 Internal Controls and Auditing Mechanism

This company adheres to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and thus has established effective corporate governance and internal control mechanisms, with auditing work undertaken internally and independently. To strengthen corporate governance, the Auditing Department focuses its audits primarily on issues pertaining to the operations of the board of directors, transactions with stakeholders, personal data protection, and information disclosure. The department also reviews and reports on the group's internal controls and legal compliance, inspecting where controls have been lacking and improved and providing a comprehensive evaluation of the effectiveness of the group's internal controls as a reference for the board of directors, the general manager, the chief auditor, and legal compliance management. Additionally, through communication and seminars with members of the board of directors and auditing employees, the auditors are able to gain a better understanding of the operating goals and policy direction of the board, regularly reporting to the board and the Audit Committee on progress and ensuring internal controls remain effectively implemented and facilitate the company's pursuit of corporate social responsibility.

Under the company's Integrity Management Guidelines, which are closely linked to the relevant internal control standards, measures to avoid inappropriate actions by employees in the interests of ensuring departments adhere to internal controls and best practices are laid out, e.g.: ethical behavior standards, the Rules for Board Meetings,

the organizational guidelines for the Audit Committee, and Standard Procedures for Outside Gifts. Additionally, the Auditing Department will also undertake annual inspections of general operations. Also, in accordance with the Integrity Management Best Practices and Behavioral Guidelines, should any employee be involved in inappropriate behavior, the Auditing Department will conduct an inspection and, with the relevant unit, report the behavior, how the behavior was handled, and the follow-up improvement measures to be taken to the board. Additionally, should the company find anyone involved in illegal activities, such findings shall be reported to the Legal Affairs Department, who shall assist the company in notifying the appropriate legal and prosecutorial agencies.

- The aforementioned audits of regular business are held once each year, and the 2014 auditing plan was fully completed before the end of 2014.
- The aforementioned annual audit of regular business was conducted according to regulations, and discovered no major issues.
- In accordance with the company's Integrity Management Best Practices and Behavioral Guidelines, the Auditing Department also conducts checks when inappropriate behavior is found on the part of an employee, however no such incidents were found in 2014.

To facilitate early warnings of potential risks, the company's Auditing Department has established a Mechanism for Communication and Information Sharing between the department and the auditing units of subsidiaries. Through daily reporting of particular matters and monthly sending of audit results and internal/external irregularities via the auditing platform, not only can the chief auditor get immediate access to relevant information, this information can also be incorporated into monthly reports to the board of directors and the Audit Committee. In addition, the department has established an audit management system and procedure: assign auditing work, carry out audit, collate deficiencies and problems, produce audit report..

Both this company and all subsidiaries are required to comply with the Auditing Department and Legal Compliance Departments' annual audits of internal controls, personal information risk evaluations, and twice annual legal compliance reviews and self-assessments. Such assessments shall be conducted by specified employees not of the same unit, and the results of such assessments and any other related information shall be retained for five years for future reference. The results of the 2014 audits found no major issues.

Crisis Management Policy and Procedure Rules

In order to be able to effectively respond to any foreseeable future events that may have a significant negative impact on the sustainable development of the company, Yuanta Financial Holdings has drafted its Crisis Management Policy and Procedure Rules, establishing in accordance with these rules a Crisis Response Management Team to be convened by either the general manager or executive deputy general manager as assigned. The team is to be assembled of relevant management based on the reach and nature of the crisis, and will carry out analysis and evaluation of each case, staying on top of developments and making suggestions or proposing amendments to the response plan to meet actual requirements. In addition to this, each subsidiary is to draft its own emergency and disaster response policies in line with these rules in order to further promote effective management.



4.5 Risk Management



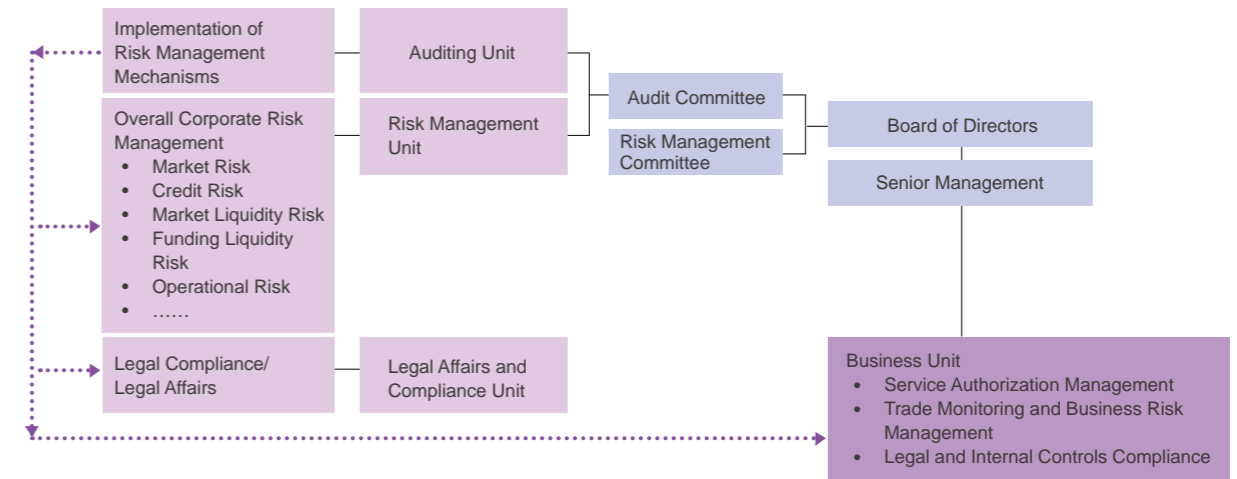
The overall risk management structure of Yuanta Financial Holdings includes the board of directors, the Audit Committee, the Risk Management Committee, senior management, the Risk Management Department, the Legal Compliance Department, the Legal Affairs Department, and various business units. Each of the group's subsidiary companies has also established independent risk management units based on the scale of their business and the nature of their risks.

In order to ensure the completeness of our risk management mechanism and its effectiveness and reasonableness, the board of directors has approved risk management policies and practices to outline the guiding principles of the company's risk management

efforts. The risk management policies of each subsidiary also take into account the nature of their business, their operating scale, the nature of their risks, their business structure, and other similar factors, with each subsidiary writing up its own risk management policies and crafting various risk management mechanisms.

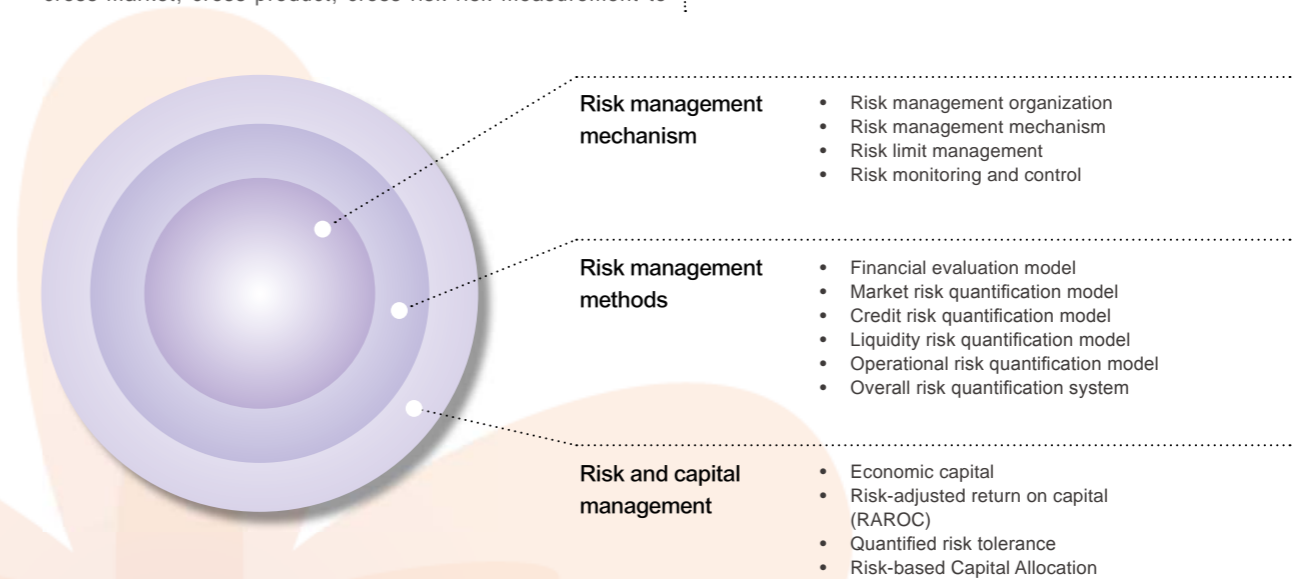
The company's risk management policies cover market risk, credit risk, market liquidity risk, asset-liability risk, insurance risk, operational risk, legal compliance risk, legal risk, and various other risk management systems, including core mechanisms such as risk identification, risk measurement, risk monitoring and control, and risk reporting procedures.

Yuanta Financial Holdings Risk Management Organization Chart



In order to both broaden and deepen the quantification of risk, the company continues to work on constructing a strong integrated risk management platform, using a flexible architecture and collected cross-market, cross-product, cross-risk risk measurement to

calculate risk across a multitude of dimensions and strengthen the effectiveness and completeness of its evaluation and risk management.



The company continues to expand the application of economic models to effectively assess risk models for potential losses, and through careful follow-up and testing verify such models' ability to reasonably forecast maximum potential losses. We also continue to plan various business commitments and criteria based on the company's possession of sufficient capital to cover those losses. In this way, we are able to better manage the company's overall losses, effectively implement financial supervision regulation, and ensure that our customers, creditors, and shareholders have their rights protected.

In addition, the company is focused on climate change and its impact on the global environment. Working within the scope of applicable legislation and the company's risk management policies, we strive to appropriately adjust our financing and investment policies to gradually, continually, reasonably, and safely support the reduction of energy usage and carbon emissions, and the promotion of recycling and other green industries. With the challenges of climate change squarely in our sights, we are prepared to meet them head-on with environmental awareness and social responsibility, while also maintaining operational efficiency and safety.

Chapter 5

Strengthening Customer Relationships

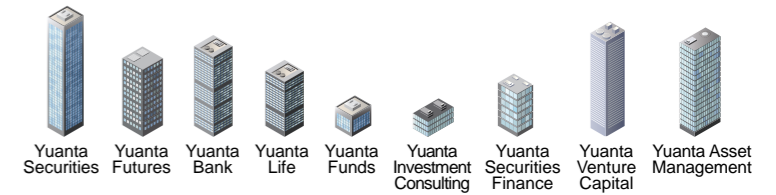


The three pillars of the sustainable development of Yuanta Financial Holdings are securities, banking, and insurance. Together with our subsidiaries, we are focused on providing our customers with the most comprehensive range of financial products and services. As the global market environment changes, new financial products continue to arrive. We aim to provide products and services that will satisfy a variety of different customer groups through our "customer first"

attitude, protecting the rights of our customers, helping familiarize them with financial products, raising their satisfaction, and providing products and services with ties to sustainability issues. With our ongoing efforts to improve our service system efficiency, we are moving steadily toward our goal of becoming Asia-Pacific's top provider of financial services and the partner of choice for customers wanting to create fortune.

5.1 Our Financial Products and Services

Yuanta Financial Holdings' Operating Locations Around Taiwan



*Future trading locations are branch-based, and futures sales channels such as IB brokerage are temporarily excluded from the statistics.

Operating Models for Yuanta Financial Holdings:



The Yuanta Financial Holdings group has deep roots in Taiwan, providing customers with easy access to our subsidiaries' products and services through service staff, our websites, our trading platform, online banking, island-wide hotline, smartphones, ATMs, multimedia information at business locations, activities, seminars, and public meetings. Through this, our customers are able to readily access a wealth of the most up-to-date investment information. At present the group has 288 brick-and-mortar locations around Taiwan, with 121 (42.01%) located in the more densely populated north of Taiwan and the remaining 167 (57.99%) distributed around Taiwan. Less densely populated areas and more remote areas, including Kinmen; Hualien; Luodong; Chaozhou and Donggang in Pingtung; Qishan and Linyuan in Kaohsiung; Minxiong in Chiayi; Nantou; Caotun; and Zhushan are home to Yuanta Securities locations, and are staffed by locals to help promote employment and access to financial services in such areas. These locations also help promote financial literacy among the local residents through small, occasional seminars on investment and wealth management.

The various financial products and services offered by Yuanta Financial Holdings are designed around legislation pertaining to fairness in design and sales, while also making the needs of our customers our absolute priority. To this end, all new products are first subjected to internal reviews. With regard to cross-industrial and joint marketing, we are particularly focused on the implementation of our "Know Your Customer (KYC) Mechanism" ahead of committing to any line of business, and as such we conduct analyses of the nature of our customers in order to provide them with the most appropriate options. Additionally, the company has established marketing process management and controls, ensuring customers have whatever important knowledge is necessary regarding financial products. We are also committed to not selling general customers structured products or other such products that exceed their needs, nor any other structured products that should be restricted to professional investor customers. With regard to investment banking, we are focused on long-term investors, in principle defined as conservative investors, only selling them lower risk financial products. Should a customer want to invest in higher-risk products, they must first provide proof of financial resources and a signed statement declaring their position as a professional investor, thus ensuring the customer is taking on risk within their risk tolerance.

Digital Services

As financial products and services are largely able to be digitized, there is no need for the financial services industry to be restricted solely to brick-and-mortar value chains. By simply handling work related to cash flow and information flow, we can establish robust virtual value chains. Over the past few years, this group has worked tirelessly toward digitalization, constantly refining our internal operating efficiency guided by new governmental policy, information technology, and new types of online platform tools, all which are also applied to the support and application of financial products and services. Thanks to our long-term efforts toward digitization, we are able to provide our customers with simple, convenient, and safe electronic services. Without the limitations of space, time, and geography, customers can independently make full use of our products and services, and this has helped our subsidiaries become leaders in service markets in Taiwan, including the securities and futures markets. In 2014, in order to realize synergy across the group, we established our Electronic Commerce Office, focused on the digitization of banking and aiming, in the future, to create a comprehensive digital platform for all of Yuanta Financial Holdings' subsidiaries. In this way, Yuanta Financial Holdings will be able to continue its stable growth as a key player while also coordinating

Yuanta Bank — Warming Up the Market with Third-Party Payment Solution Yuanta e-Pay

Electronic commerce is a growing area around the world, and Yuanta Bank has joined forces with China's 99 Bill Company to create Yuanta e-Pay, an electronic payment solution that can be used in both Taiwan and China. Through Yuanta e-Pay, Yuanta Bank is able to facilitate the sales of products to the people of China, with payment handled instantly through 99 Bill and door-to-door delivery handled by logistics partners. Through this platform, customers are able to check on delivery progress, just one more element that makes this a comprehensive solution to customers' electronic commerce needs. Since October 2014, Chinese students at any of Taiwan's tertiary education institutions have been able to pay tuition through this service, while consumers in China are able to buy products from Taiwanese businesses using Chinese yuan. Through such bilateral cross-border settlement, Taiwanese businesspeople are able to directly receive payment in New Taiwan dollars, while Chinese consumers pay in Chinese yuan. At present, over 50 Taiwanese businesses are on board, making their big pushes into the Chinese consumer market with the help of Yuanta's e-commerce platform. The Act Governing Electronic Payment Institutions, which passed its third reading in the Legislative Yuan on January 16, 2015, will open up the financial services including collection, payment, storage, and exchange of currency in the future; Yuanta Bank is already well prepared to meet the challenges of this burgeoning market, and to provide our customers with the most comprehensive third-party payment services.

with the competent authorities to promote "Finance 3.0," a digital finance environment, while maintaining our position as a leader in the industry.

5.2 Innovation and Diversification in Financial Products and Services

(1) The Primary Businesses of Yuanta Securities

Yuanta Securities strives to provide the best bridge between businesses and investors through services including investment banking and bonds, assisting businesses in raising the capital they need during their growth stages. Our services range from helping domestic businesses get listed on the market to venture capital, strategic business capitalization, private equity, overseas investment planning, helping foreign companies establish themselves in Taiwan, and even corporate restructuring, mergers, acquisitions, and division. Additionally, through services including brokerage and derivatives, investors have access to a diverse range of financial product options. As we have worked hard to establish our electronic trading platform in recent years, the number of electronic transactions has grown year on year, and with the boom in smartphones, by 2014 electronic transactions had already reached 48% of all transactions. Moving forward, Yuanta Securities will continue to develop new product models and make them another stable source of profits. Additionally, we will continue improving the richness and comprehensiveness of our wealth management products, giving customers the ability to add more comprehensive products to their asset allocations. This will also help us strengthen our wealth management, securities lending, international finance, corporate brokerage, and investment banking services, thus providing more comprehensive services to investors. In line with international trends and the creation of new momentum in the financial markets, in 2014 this company launched its first 24-hour global trading center, offering overseas securities, overseas futures, and night trading services and creating seamless links with investment markets around the world in order to facilitate the robust and diverse development of Yuanta.

Investment Banking — Helping Low-Carbon, Environmentally Friendly Businesses Raise Funds in the Capital Market

In 2014, Yuanta Securities participated in underwriting 13 low-carbon, environmentally friendly business cases, including two IPOs (Voltronic power Technology and Advanced Optoelectronic Technology) and 11 SPOs (Lextar CB, Danen Technology CI, Solartech Energy CI, Genesis Photonics CI, Crystalwise Technology CI, Tainergy Tech CI, Tong Hsing Electronic Industries CB, Tekcore CB2 & CB3, Yeongguan CB, and Harvatek CB). We successfully helped raise approximately \$2.9 billion, as well as recommending Sunny Friend Environmental Technology register as an emerging technology stock. Such activities represent 17% of the total 75 underwriting cases undertaken by this company, or 28% of the \$10.5 billion total value of such cases.

Derivative Financial Products — Extension-type Callable Bull Contracts

Yuanta Securities is always working to create innovation in the derivatives market through equity derivative products, structured products, convertible bond asset swaps, and interest rate derivatives, setting the standard for the market. In 2014, we issued 2,608 warrants and consignment trades valued at over NT\$311.1 billion, achieving 14% and 46% of the market and earning awards for most warrants issued and most consignment trades for the fourth time.

Additionally, in July 2014 we launched a new type of warrant product, Yuanta Depository Receipts (Extension-type Callable Bull Contract), aimed at investors focused on long-term investments; stocks issued are ones suited to deposit, meaning that the distance between the lower limit and the current price is larger, and the probability of them falling to the lower limit during the relative issue period is extremely small. The majority are "defensive stocks," relatively stable and generally able to be smoothly extended. Additionally, they can be purchased for relatively little funding, lowering the threshold for younger, lower-paid potential investors and making them more suitable for long-term investments. By December 2014, a total of 48 extension-type callable bull contracts had been listed, for a total trade value of NT\$3.47 billion.

Yuanta Depository Receipts are more in line with long-term depository receipts, and are screened according to the following criteria:

1. A defensive stock representative of its industry.
2. An average cash dividend yield of >3% over the past five years.
3. An average after-tax ROE of >3% over the past five years.

(2) The Primary Businesses of Yuanta Bank

Yuanta Bank is focused on developing around five core areas: consumer finance, corporate finance, wealth management, trust services, and online banking. In addition to being customer-oriented, the bank also constantly strives to develop innovative financial products that will satisfy its customers. To satisfy the pressing demand for securities-related services, the bank has undergone continual expansion and pursued constant improvement to service quality and operational capability. The bank hopes to create a service team with professionalism, integrity, and innovativeness, and to build for itself a reputation for high-quality service. Transaction banking products can be divided into spot, forward exchange, FX swap, option, and structured options and wealth-oriented structured products. At the end of 2014, spot transactions accounted for 30.5% of the year's trading volume, forward exchanges 30.7%, FX swaps 10.8%, options 1.2%, structured options 26.6%, and wealth-oriented structured products 0.2% of annual trading volume.

In order to monitor and control the credit risk faced by Yuanta Bank in credit checking, investment, or financial transactions; reduce potential losses incurred due to external changes in the industrial environment; and avoid excessive concentration of risk within an individual industry, in accordance with the Guidelines on Concentration Risk Management, Yuanta Bank drafted its own Guidelines on Industrial Risk Management, categorizing industries according to the systems laid out by the Taiwan Stock Exchange and the Taiwan Economic Journal. The annual risk limit for each industry is quantified primarily according to the (1) size, (2) growth, and (3) solvency of public companies. In the future, we will continue strengthening our risk valuation mechanism, risk based pricing (funding cost, operating cost, risk cost, margin) developing models for carrying out evaluations to achieve our goals of quantifiably evaluating risk cost and evaluating the environmental and social impact of credit operations. Qualitative principles are derived through the Risk Management Department, Corporate Finance Department, Auditing Department, and other relevant business units reviewing the overall economic situation and changes in the economic situation for particular industries, thus determining a final risk grading, which is then submitted for approval by the general manager, and then provided to the board of directors for review. During the year, where the status of individual industries is affected by economic factors, adjustments to the grading will follow the same procedure.



In accordance with the Bankers Association of the Republic of China's Standards for Credit, amended in line with the Financial Supervisory Commission's "Encouragement to Banks to Adopt the Equator Principles," the bank amended its own Yuanta Commercial Bank Credit Business Guidelines. The amendments are detailed below: Article 10: Added a second provision relating to handling project financing reviews, indicating that where appropriate the borrower shall be assessed as to whether or not they have upheld their responsibility to protect the environment, uphold corporate ethics, and protect the best interests of society. After this amendment was approved by the board, it was immediately incorporated into the environmental and social aspects of Yuanta Bank's credit procedures.

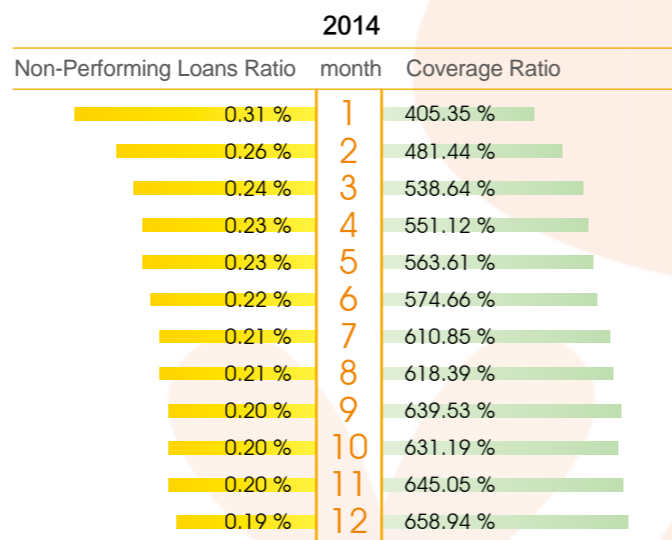
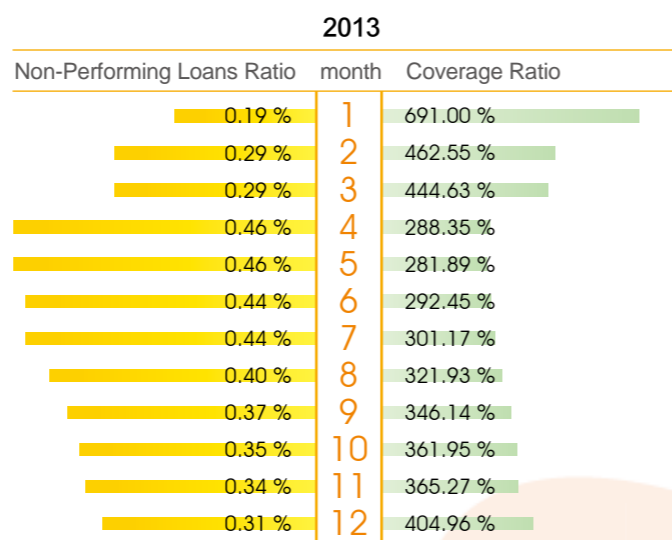
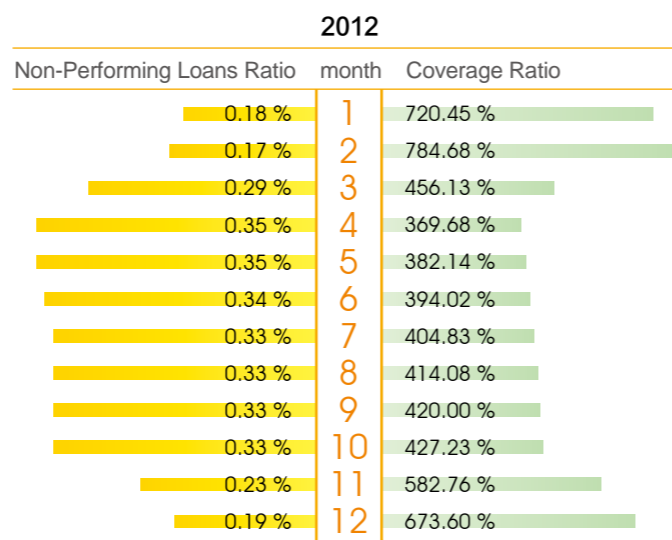
With regard to post-lending management, where during the time a borrower has been extended credit situations including bad credit, signs of default, a worsening of their financial or business situation, or other non-financial information or information published through the media (such as food safety concerns, fires, environmental problems, etc.) should create doubt as to the borrower's ability, the business unit shall inform management through the credit risk early warning system the business day following their obtaining of this information. This will

be followed by immediate investigation, drafting of a response plan, and implementation of safety measures such as increasing collateral, increasing interest rates, freezing credit, recovering the balance, or negotiating repayment. Additionally, a risk combination will be made according to the type of customer and industry, with active review, regular review, or dynamic reviews taking place with differing frequencies. The customer will receive both reports and site visits where appropriate, recorded on the management platform during the time credit is held, facilitating further follow-up on the customer's credit situation.

In order to encourage customers to focus on future sustainability-related business opportunities, Yuanta Bank has for sale 12 domestic and overseas green energy funds, with some \$91,475,731 (converted to TWD at current exchange rates) purchased between 2012 and 2014, accounting for 0.074% of overall fund sales.

Type	Fund Name	Purchase Value (converted into TWD)
Domestic	Mega Green Diamond Fund	40,000
	Allianz Global Investors Green Eco Trends Fund	70,981,900
	Nomura Global Climate Change Fund	5,000
	Hua Nan Global Agribusiness and Water Fund	632,000
	Eastspring Investments Global Green Solutions Fund	1,697,300
	Cathay Global Ecology Fund	0
	Pictet-Water Fund	8,544,681
Overseas	Pictet-Water EUR	2,056,500
	Deutsche Invest New Resources LC (EUR)	0
	Deutsche Invest New Resources LC (USD)	191,500
	BlackRock New Energy Fund A2	7,038,850
	BlackRock New Energy Fund A2 (EUR)	288,000
Total	91,475,731	

Yuanta Bank—Loan Quality and Ability to Withstand Bad Debts



Note: Generally speaking, the lower the non-performing loans ratio, the better the lending quality of the bank, and the higher the coverage ratio, the stronger the bank's ability to withstand bad debts.

In an effort to expand the range of people making use of our financial products, Yuanta Bank has continued to update both its hardware and its software. At the end of 2014, Yuanta Bank had 334 automated teller machines (ATM) around Taiwan, giving underprivileged groups easier access to financial services. A total of 21 of these are disabled-friendly ATMs, and such ATMs are now included in the standard purchasing of new machines; by the end of 2015, we expect to have swapped in another 100 disabled-friendly ATMs, making for a total of 121, further increasing the convenience of access for underprivileged groups. Due to considerations of spatial structure and some machines being housed in locations not owned by Yuanta, it is currently infeasible for all ATMs to be housed in disabled-friendly locations, though such considerations are a priority in any moves or renovations pertaining to ATMs. Additionally, in order to provide disabled customers with fair access to online information, Yuanta Bank's customer website has been designed in such a way as to

Yuanta Bank and Western Union — Faster, More Convenient Remittance

In order to provide immigrants working and living in Taiwan with greater legal access to small-value foreign exchange services, as well as strengthen remittance services to and from remote areas abroad, on November 6, 2013, Yuanta Bank began offering Western Union currency transfer services. Thus far, a total of 67 branches provide this service, including in locations in Luodong, Hualien, Taitung, and Kinmen.

Service Model:

- The sender or recipient of the money can bring an original copy of an identity document to any branch of Yuanta Bank offering this service to handle their business.
- Outward remittances are restricted to an upper limit of US\$15,000 (except where the country of receipt has different limits, in which case those limits shall be respected); inbound remittances are also restricted to US\$15,000, except where the recipient directly receives the money into a Yuanta Bank USD or TWD account, in which case no limit shall be placed on the transaction.
- While the remittance itself will be in USD, both the sender and the recipient can choose to use USD or TWD.

Since this service was first offered, Yuanta Bank has seen a rapid growth in its remittance business, along with an accompanying growth in its service staff, particularly in areas where such services are less readily available, such as Hualien, Taitung, Nantou, and Luodong. In 2014, Yuanta Bank saw an exponential growth in remittance transactions and volume of business over 2013.

earn A+ accessibility certification. We also provide voice telephone banking services and have launched an accessible online banking service, further helping ensure the right to personal financial autonomy in the disabled.

On top of this, we have seen how innovative e-commerce applications have changed the lifestyles of our customers and cardholders. In an age where the mobile payment space is becoming increasingly competitive, providers are all searching for innovative models to make the most of the O2O (online to offline) market. In December 2014, Yuanta Bank worked with Taiwanese mobile payment providers to issue "cell phone credit cards," bringing greater convenience, safety, and diversity to payment services; at the same time, we have increased our efforts to promote the importance of cell phone credit card information protection among cardholders, helping protect them against the risk of fraud.

(3) The Primary Businesses of Yuanta Life

Yuanta Life's main line of business is personal insurance, with a variety of products available to suit the varying needs of our customers; in addition to life insurance, we offer health insurance, cancer insurance, injury insurance and investment-type insurance products, providing a comprehensive safety net for our customers. Yuanta Life became a member of the Yuanta Financial Holdings family on January 1, 2014, not only ensuring that previously existing policyholders were not affected by the change of ownership, but also actively providing a variety of insurance products to satisfy customers' need for both personal and savings protection. The change of ownership also gave Yuanta Life access to the wealth of resources of the group's various subsidiaries, providing customers with more comprehensive financial services. We believe that the growth by 30,000 new customers in 2014 is a testament to the faith and confidence customers have in Yuanta Financial Holdings.

Since branching out into the world of insurance services, we have paid even closer attention to the issue of Taiwan's aging society and the insufficient protections currently in place for that population. With Taiwan's twin problems of an aging population and a declining birthrate, the traditional Chinese concept of "raising children as insurance against old age" faces increasing challenges. The questions of how to plan for not only lifestyle, but also care and healthcare in retirement are among the most pressing currently facing modern society. Yuanta Life considers it our duty to address this, strengthening our elderly-oriented financial products and aiming to position ourselves as "the protection professionals," locking on to the retirement niche market and striving to mainstream the development of retirement protection products.

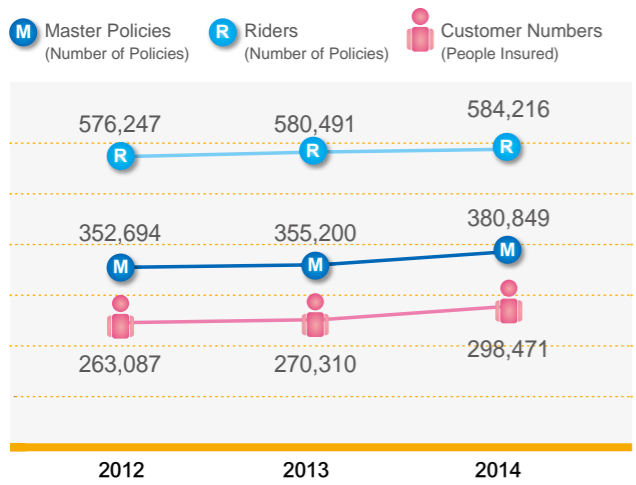
By positioning ourselves in the retirement lifestyle, care, and healthcare market, we are responding to the needs of today's customers, communicating the core values of Yuanta Life to our customers and helping distribute the risk of increasing healthcare needs and costs in old age. With better retirement care, we can mitigate the risk of dementia or incapacity bringing down families' finances, and the societal problems that can bring.



Main Axes of Development



Yuanta Life Customer Statistics



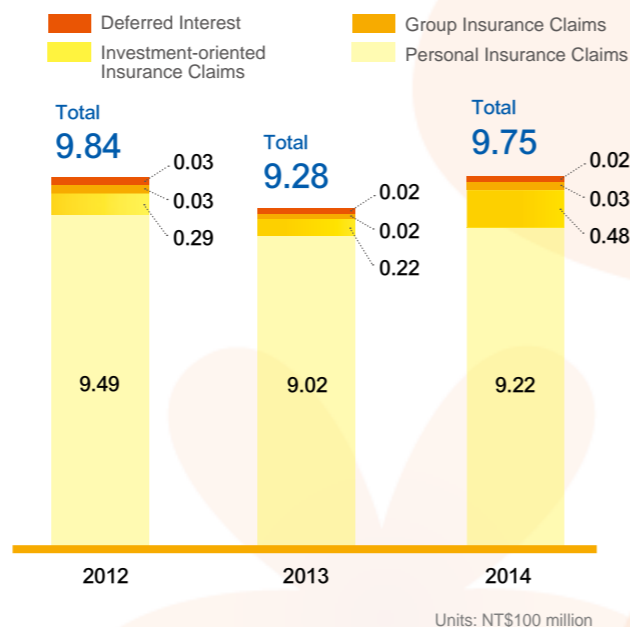
Note: Revenue from new policy premiums for 2014 was \$4.38252 billion, total revenue from premiums for the year was \$14.06441 billion.

Insurance is an economic system of mutual assistance, bringing together a number of economic entities that all face similar risk to create a group that shares both benefits and burdens, collecting funds in a fair and reasonable way to provide support or comfort in the event of specified risks occurring, thus helping protect economic security. Through insurance payments, Yuanta Life provides social stability and strength, enabling each policyholder to effectively aid in distributing the risks that arise at every stage of life.

The greatest value of insurance lies in the commitment to pay, a commitment to its customers that Yuanta Life is insistent upon upholding. By providing prompt, clear, convenient, and flexible claims services, Yuanta Life provides its customers with ready channels for

the filing of claims, including the ability to request claim forms online to be sent by postal mail to the customer along with the ability to file in person (appointments are available). Our claims handling process is also clear and transparent. Upon receipt of a claim, we notify the customer via text message that their claim has been received and is under review. When the review is complete and the payment approved, we once again notify the customer by text message with the details of their payment. Generally, a claim submitted with full documentation will be processed within one working day, reaching our 2014 goals for claims review service. Where a claim is made in person and meets the conditions for rapid claiming, as soon as the review is complete, payment can be made.

Insurance Payouts by Yuanta Life in the Past Three Years



Units: NT\$100 million

Yuanta Life — Protecting the Underprivileged from Risk with Micro-insurance

In 2014, Yuanta Life launched "Yuanta Life Injury Micro-insurance," providing the economically disadvantaged and particular groups with basic insurance protection. To help spread charitable ideas to wherever they are needed, Yuanta Life actively works with social welfare organizations, which in 2014 included donating \$1 million to Taiwan's Child Welfare League Foundation (CWLF) to help underprivileged families. \$500,000 of this was in the form of subsidized microinsurance. In addition, the CWLF also acts as an agent, with anyone registered with the CWLF as a member of a high risk family eligible for a visit from a social worker to check their willingness to be insured and help them with paying the relevant fees. In this way, the weakest groups in society can receive more assistance and protection.

Expanded Micro-insurance Targets

1. Child Welfare League Foundation
 - A. When our accident and injury micro-insurance came to market in November 2014, we contacted the CWLF to promote micro-insurance and thereby provide, with our assistance, protection to the economically disadvantaged from accidental death or injury; for this, we set a goal of \$500,000 in sales over five years.
 - B. Between January 13 and 20, 2015, we held a series of four talks in Taipei, Taichung, Kaohsiung, and Hualien introducing almost 100 social workers to our micro-insurance and to their local dedicated Yuanta agents.
 - C. In February, we formally signed an agreement to establish a dedicated micro-insurance section on our corporate website, expected to launch after Chinese New Year, with a sales goal of 300 policies a year.
2. Other Social Welfare Groups
 - A. Through continued contact, we expect to reach our sales goal of 1,200 policies.

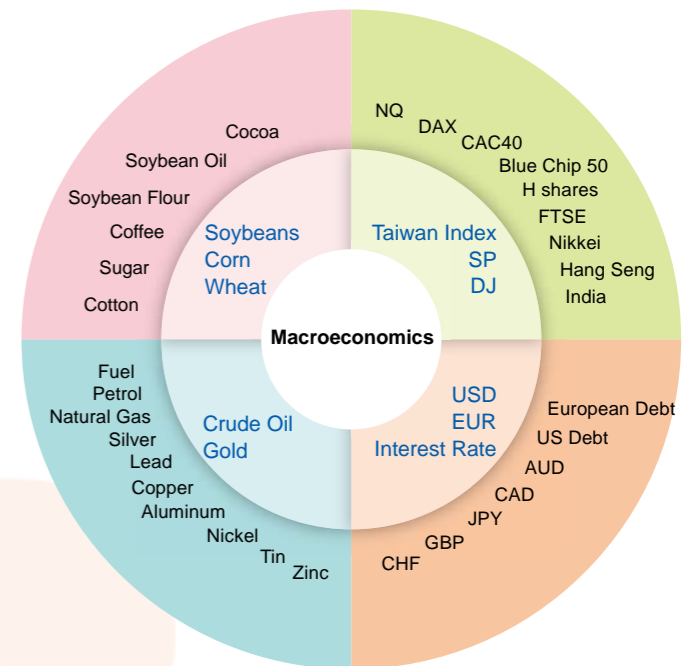
(4) The Primary Businesses of Yuanta Futures

Yuanta Futures is Taiwan's first IPO futures company and is a long-time leader in Taiwan's futures industry in ten areas: domestic futures market share, domestic options market share, foreign futures market share, proprietary trading profitability, futures consultancy, CTA funds, customer deposits, net worth, share capital, and profitability. The company's stability without bank lending and strong financial backing provide foreign, corporate, and individual investors with the safest investment environment. Yuanta Futures is qualified to trade on 12 exchanges around the world, including CME, CBOT, NYMEX,

COMEX, and ICE in the United States; EUREX, Liffe London, Liffe Paris, and Liffe U.S. in Europe; and TOCOM and SGX (brokerage and proprietary trading) in Asia—the largest number in the industry. The scope of our services is also broad, including the eight main asset categories: energy, precious metals, base metals, agricultural products, stocks, bonds, interest rates, and foreign exchange. We provide Taiwanese investors with a 24-hour cross-border trading platform, research reports, and 21 consecutive years of service 365 days a year, keeping us on top of the global market.

Futures products, given their linked nature and susceptibility to supply and demand markets, are subject to sizable pricing changes. Yuanta Futures' Research Department is focused on product refinement research and reporting, particularly in light of how the environmental sustainability challenge of recent years has impacted supply and demand for various natural resources and agricultural products. The Research Department looks at the issue from various perspectives in order to provide insightful analysis, while also continuing to pay close attention to the impact of sustainability issues on the markets.

Research Directions of Yuanta Futures' Research Department



(5) The Primary Businesses of Yuanta Funds

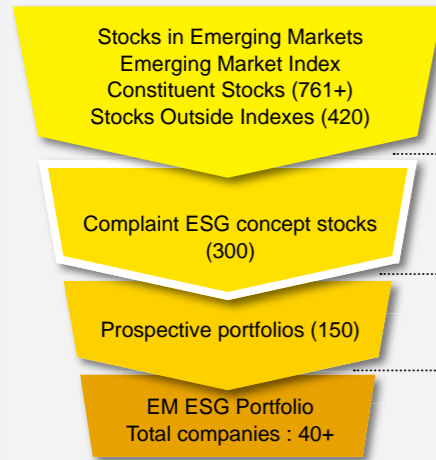
Yuanta Funds is an asset management business composed of three main investment centers, covering investment in Taiwanese stocks, overseas stock and bond investment, and indexed and quantitative investment. Our investment research team covers active and passive investments, and has the strongest lineup of all of Taiwan's investment fund research teams. Thanks to the close cooperation across our research team, we hope to create a greater diversity of outstanding, effective products for investors. At present, Yuanta Funds issues 63 funds, including both foreign and domestic equity funds, bond funds, balanced funds, funds of funds, REIT funds, asset securitization funds, indexed funds, exchange-traded funds, and futures trust funds—a fairly comprehensive range of products. In designing new products, we have always insisted on a spirit of innovation and proactivity, which has helped us carve out a shining record in the industry.

Yuanta Funds — Yuanta Emerging Markets ESG Strategy Fund

The Yuanta Emerging Markets ESG Strategy Fund was established on September 15, 2011, with portfolio inclusion based on this idea: that through the most visionary investment in the future of the planet through the lenses

of environmental protection, social responsibility, and corporate governance, we can use international standards to find investment targets of long-term investment value.

The Yuanta Emerging Markets ESG Strategy Fund Portfolio Selection Process



ESG Corporate Examination

- Excluding non-ESG-compliant industries according to the Global Industry Classification Standard (GICS)
- Compliant companies must satisfy the minimum ESG threshold
 - Contribution to revenue of solutions
 - Environmental Performance
 - Social Performance
 - Implementation of Corporate Governance

Enterprise Growth Analysis

- Advantages of business model
- Excellent earnings growth
- Corporate management
- Financial
- Evaluation

Portfolio Construction

- Regional Diversification
- Liquidity Management
- Industrial Diversification
- Relative Evaluation

"Contribution to revenue of solutions" is weighted the highest among the criteria for selection for the portfolio. Companies evaluated as offering "low" contribution are not selected for the portfolio regardless of how high their other ESG evaluation scores are.

The Yuanta Emerging Markets ESG Strategy Fund is growing year by year, as is the share of the company's public funds accounted for by the ESG Strategy Fund. This tells us that our efforts to focus on products and information services that fit the expectations of investors are being approved of by investors.

Following the evaluation, only those that meet the following criteria will be included in the portfolio:

Contribution to revenue of solutions (40%)	High	High	Intermediate	Low
E: Environmental Performance (20%)				
S: Social Performance (20%)	High	Intermediate or Low	High	High Intermediate Low
G: Implementation of Corporate Governance (20%)				
Included in the Portfolio	★★	★	★	X

Item	2012	2013	2014
Yuanta Emerging Markets ESG Strategy Fund Scale (NT\$ 100 million)	1.87	2.21	3.46
Yuanta Funds Publicly Offered Funds Scale (NT\$ 100 million)	2,948.21	2,979.43	2,676.74
Proportion	0.063 %	0.074 %	0.129 %

Territories and Industries: Hong Kong 20.73%, India 11.74%, South Korea 8.68%, Taiwan 8.38%, Brazil 7.31%, South Africa 6.21%, other 30.29%, cash 6.66%.

Performance (end of February): From the establishment of the fund through the end of February this year, its cumulative return has reached 21.30%, outperforming the index (MSCI Emerging Markets Index) by a sizable 9.67% and surpassing our 11.63% performance indicator.

(6) The Primary Businesses of Yuanta Securities Finance

Yuanta Securities Finance is committed to engaged, reliable, effective, and professional service in its work with securities firms and the investing public. The company has a wealth of financial experience, a strong marketing network, and occupies a leading role in margin trading and short-selling markets. Yuanta Securities Finance's high net worth enables us to provide a wealth of funding and facilitate customers' agile application of finance to create fortune. With a variety of stocks available, in the millions, Yuanta Securities Finance has one of the richest supplies in the securities finance industry. Yuanta Securities Finance also has close complementary relationships with the other subsidiaries of Yuanta Financial Holdings. In the future, as part of Yuanta Financial Holdings' plans for the future, those relationships will be strengthened to facilitate strategic use of overall resources and services, expanding overall marketing channels in a cross-industrial fashion and staying on top of changes in the times and new business opportunities in the finance world.

In order to meet the needs of investors and foster a vibrant securities market, we have already gained the agreement of the competent authorities and secured for securities finance companies the ability to engage in secured loans with negotiable securities; with this approval, we plan to launch this line of business in 2015. Yuanta Securities Finance is maintaining about a 75% share of the professional agent securities market. Securities margin trading is currently Yuanta Securities Finance's core business, and we are striving to maintain our reputation for engagement, reliability, and effectiveness in agent securities and to build strong partnerships that will create win-win situations and shared prosperity.

(7) The Primary Businesses of Yuanta Investment Consulting

Yuanta Investment Consulting has over 50 researchers with years of experience analyzing industries and individual stocks, along with training by this company. Our researchers are committed to constant improvement, visiting listed companies and issuing regular and occasional analytical reports on industries and individual stocks to help create value for our customers. In response to the needs of our customers, we provide interlinked analyses, talks, specialist training courses, reports on the domestic and international financial markets, visits to organizations, and instant telephone/email information. Yuanta Investment Consulting is also provides solid backup to Yuanta Financial Holdings' subsidiaries, equipping them with clear analyses, product R&D, and asset allocation information.

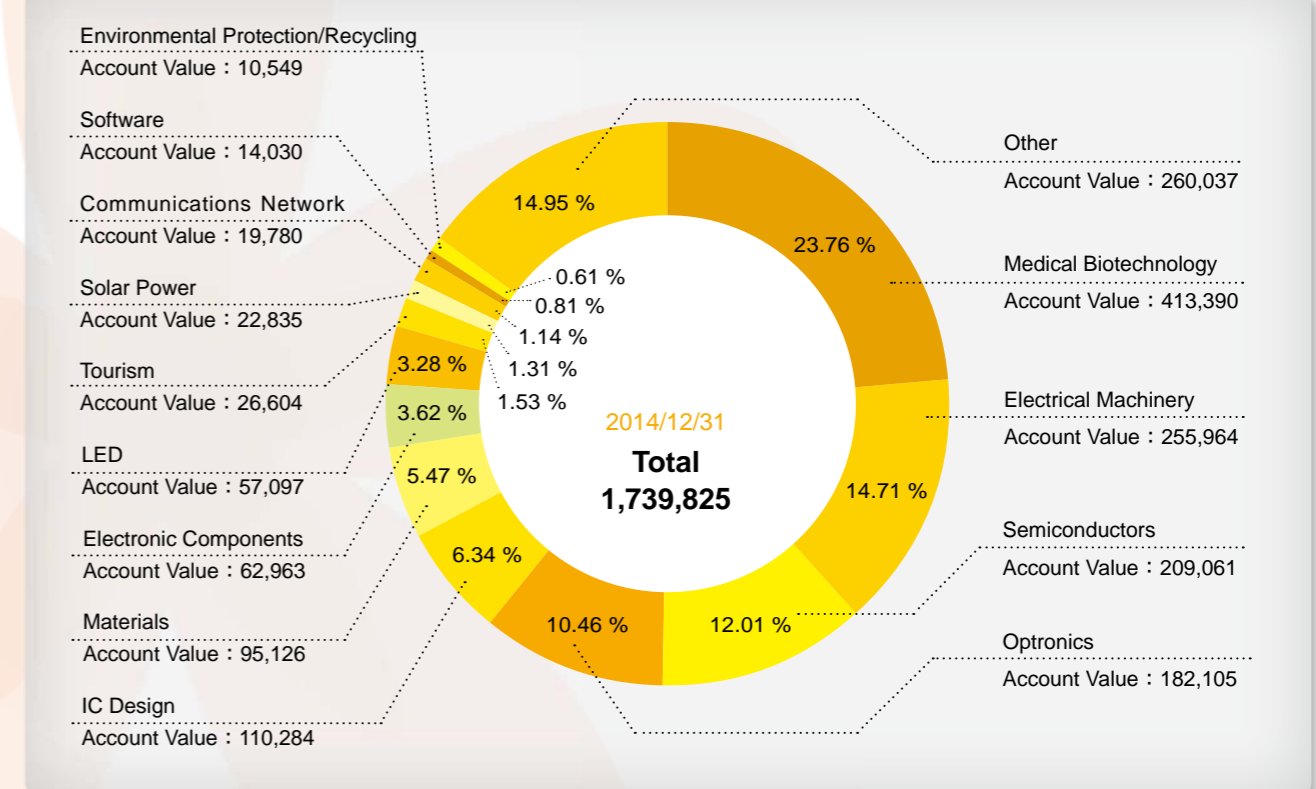
(8) The Primary Businesses of Yuanta Venture Capital

Yuanta Venture Capital provides investment management primarily focused on the domestic and international tech industries, general manufacturing, service industries, and other venture capital business. It is mainly focused on business' growth periods, with founding and maturity secondary. The company's investment operations are restricted in scope to domestic and foreign technology businesses, manufacturing, services, and other venture capital matters.

We work hard to find investment targets with potential, increasing the amount we invest on an annual basis and looking for both long- and short-term gains and increased profitability; into the future, we plan to focus more particularly on investing in agricultural biotechnology,

A Comparison of the Industries Invested in by Yuanta Venture Capital

Units: NT\$ thousand



consumer goods, IT, and the Internet of Things. When we have found a suitable target for investment, we undertake an investment evaluation, including site visits to interview the business team of the potential investment target and major shareholders, thus gaining a better understanding of the integrity of the team. Evaluations may include the following elements: Investment origins, corporate profiles, shareholders, directorial and supervisory structure, business team, product profiles, technology sources, sales strategies and target customers, industrial status, market scale, up- and downstreams, financial situation and forecasts, intra-industrial comparisons (productivity and finance), SWOT analysis, IPO timeline, exit mechanisms, and investment criteria.

(9) The Primary Businesses of Yuanta Asset Management

Yuanta Asset Management's main line of business is providing financial institutions with acquisition and disposal of secured and unsecured non-performing loans, receipt and foreclosure of property, and other related businesses as approved by the competent authorities. As banks are restricted by an executive order of the authorities, only those with a non-performing loans ratio over 3% are permitted to sell non-performing loans, which has caused a significant contraction of the space available for Yuanta Asset Management to obtain and profit from such loans. As such, in the future Yuanta Asset Management must expand and adjust its business direction to cope with this change. At present, domestic investment management companies are transitioning to a primary focus on the foreclosures market; Yuanta Asset Management will, in the future, transition into a more diversified business model in response to this rapid shrinkage of non-performing loan sales, thus creating the best returns on equity for shareholders.

In order to discover the potential environmental and social risks that may derive from collateral for non-performing loans, generally when an auction is announced, any land which is polluted will be disclosed as such, and a buy-back period will be specified in the contract. With such information in hand, bidders can first estimate total bids by taking into account remediation costs. Should a successful bidder only find out afterward that the land is polluted, the buy-back period remains in effect, and the seller may be required to buy back the non-performing loans in question. Should the agreed upon period have elapsed, the buyer must shoulder the remediation costs themselves; once remediation is complete, they may then resell the debt or securitize it and sell it for a higher price.

In 2014, this company took on six items of real estate collateral, carrying out refurbishment and selling them on with added value. After this added value, homes originally in poor condition and facilities unwanted in the community are then able to create positive change in their communities, helping drive local property prices in a more reasonable direction. Additionally, in terms of debt management the company negotiated 1,353 cases in 2014.



Yuanta Asset Management — Helping Hualong Textiles Resolve Labor Payment Arrears

In 2001, Hualong Textiles closed a succession of factories, leaving workers owed pensions and severance pay. In December 2012, a group of 1,058 workers formed the Hualong Self-Help Organization (HSHO), seeking assistance from the community. On October 8, 2014, the Ministry of Labor convened a meeting to find a solution to the HSHO's concerns, meeting with representatives of creditor financial institutions including Yuanta Asset Management. Taking into consideration the need for social stability and the desire to demonstrate the potential for corporate social responsibility to create win-win situations, Yuanta Asset Management agreed to assist in paying the workers, taking on 20% of the payments, or \$76,000 of the total \$380,106.

5.3 Legal Compliance in Products and Services

With all of this group's subsidiaries providing customers with financial and insurance services, all bear a 100% duty of disclosure; the mutual funds offered by the company are not only subject to approval by the Financial Supervisory Commission, but also undergo content and risk level reviews by the Commodities Committee as laid out by the company, as well as requiring customers to sign an acknowledgment of the risk level of the product they are purchasing, thus protecting customers' rights.

Furthermore, in addition to audits of our venture capital and asset management subsidiaries by agents of the Auditing Committee, all subsidiaries, particularly our securities, banking, and insurance subsidiaries, have established and staffed their own auditing departments subordinate to the board of directors. These departments are required to adhere to the auditing plans passed by the board of directors. The company's Auditing Department and each subsidiary are required to undergo an audit of their core business plans at least once every six months, of which legal compliance is an important element, with any oversights or lapses tracked and followed-up until they are completely addressed. In 2014, the Auditing Department undertook a total of 21 audits of subsidiaries, reviewing items of particular concern for legal compliance such as how customers open derivatives trading accounts, the internal processes involved in insurance solicitation, and the appropriateness of financial products and services offered for consumers. A total of 10 lapses were noted, and the relevant companies have been instructed to undertake reviews and implement improvements.

Yuanta Securities

Yuanta Securities' financial products and service policies are first drafted with factors including the domestic and foreign situation, the financial environment, social issues, and the needs of investors taken into consideration by the relevant business unit, then subjected to approval by the chairman or board of directors, after which it is submitted to the authorities for approval in line with legal requirements. All products sold must be approved by the authorities, and every products' advertising, promotion, and sales all undergo review by both the relevant committee and the Legal Compliance Department and are reported to the authorities in accordance with regulation. No prohibited or controversial products are sold. Before a product is listed for sale, relevant employees are given training in and an introduction to the product, while factors such as risk, return, and other important elements are laid out clearly in the marketing

materials. Before committing, the customer is given a full and clear explanation of the relevant risks, ensuring that the customer fully understands the financial product they have shown interest in. In 2014, the company had no violations of advertising or sales laws, nor any major controversies regarding sales.

In addition, Yuanta Securities product marketing and advertising materials all pass through reviews by the Legal Compliance Department and the Legal Affairs Department, after which they are submitted to the Taiwan Securities Association for further inspection. Thanks to this, we have had no incidents involving related marketing regulations (including advertising, promotion, and sponsorship) or voluntary codes of conduct.

Yuanta Life — Strengthening Fair Sales Mechanisms

In February 2014, Yuanta Life carried out training of telephone marketing employees in fair sales. In May 2014, telemarketing employees also received a "sales quality controls" handbook, while in the same month we formally set up a Sales Techniques Monitoring Group to ensure that all sales pitches are done in accordance with regulation and company standards. All breaches of product or service marketing rules in 2014 have been investigated and addressed.

Breaches of Product or Service Marketing Rules	2014
Breaches leading to fines	2
Breaches leading to warnings	1

Breaches of Product or Service Marketing Rules Leading to Fines

1. The use of vouchers for or gifts in the form of premiums to attract new customers to an insurance product is in contravention of Article 17 and Article 6, Paragraph 1, Subparagraph 8, Item 2 of the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises, as authorized by Paragraph 2, Article 148-3 of the Insurance Act. The use of improper sales pitches and techniques in telephone marketing is also in contravention of Article 17 and Article 6, Paragraph 1, Subparagraph 8, Item 2 of the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises, as authorized by Paragraph 2, Article 148-3 of the Insurance Act. Both of the above resulted in fines of \$600,000 as stated in Paragraph 5, Article 171-1 of the Insurance Act.

Follow-up Precautions: In accordance with the views of the authorities, the offering of free gifts to policyholders ceased on December 26, 2013; On May 2, 2014, the Sales Techniques Monitoring Group was formally established to ensure marketing employees used sales techniques compliant with the scope laid out by the competent authorities and the company. On February 21

and 26, 2014, telephone marketing employees completed telemarketing training, and on May 5, 2014, we released our Telephone Marketing Employee Sales Quality Control Handbook.

2. The insurance application form contained a section noting that it comprised part of the insurance agreement, impacting the rights of the customer and contravening Article 20 of the Regulations Governing Pre-sale Procedures for Insurance Products, issued pursuant to Article 144, Paragraph 1 of the Insurance Act. In accordance with Article 171 of the Insurance Act, a fine of \$600,000 was levied.

Follow-up Precautions: The company revised the application on April 4, 2013, removing the offending wording. Additionally, we carry out regular reviews of new/changed legislation as part of our internal operating procedures (including procedures and forms) in order to avoid oversights. Each year, departments undertake their own review work and include this aspect in their reports, further strengthening oversight.

Breaches of Product or Service Marketing Rules Leading to Warnings

1. Where a telemarketer does not inform the person being called of their registration number or the company for which they work, this is in contravention of Point 6 of the Directions for Insurance Enterprises Engaging in Telemarketing Insurance Products; this was corrected in line with Paragraph 1, Article 149 of the Insurance Act.

Follow-up Precautions: On May 2, 2014, the Sales Techniques Monitoring Group was formally established to ensure marketing employees used sales techniques compliant with the scope laid out by the competent authorities and the company. On February 21 and 26, 2014, telephone marketing employees completed telemarketing training, and on May 5, 2014, we released our Telephone Marketing Employee Sales Quality Control Handbook.

5.4 Protecting Customer Privacy

Yuanta Financial Holdings strives to fulfill its responsibility to protect the confidentiality of the personal information of customers or investors, with particular attention to relevant legislation such as the Financial Holding Company Act and the Regulations for the Management of Shared Marketing Across Subsidiaries of Financial Holding Companies. To this end, we have set out security measures to protect the privacy of our customers and investors. All information is collected through legal, public channels, and the storage and protection of that information is entrusted to relevant companies or highly secure, stable information security companies. Anyone wishing to retrieve or use customer or investor data of any kind must be authorized under our Information Authorization Management Regulations before they will be granted access. Our information security and protection uses a strict internal IP control model, with the company and all subsidiaries using a virtual local area network (VLAN) system and hierarchical management of personal data, together with an advanced firewall to prevent unauthorized intrusions. When a customer opens a securities account, they are fully informed pursuant to the duty of disclosure set out in Article 8, Section 1 of the Personal Information Protection Act, and to facilitate the access to any of their data stored by the company or enable them to carry out trades on any electronic platform using that data, customers must first finish setting a secure password. In line with the Personal Information Protection Act, any email from an employee of this company bound for an external mailbox that falls under the scope of our personal information policy must first be authorized by management before any private customer information may be sent. We have also established a comprehensive personal information protection system and employee code of practice.

Additionally, when a customer signs a derivatives account opening form, the company ensures that the customer is fully aware of the stipulations of Article 8, Paragraph 1 of the Personal Information Protection Act. The form is then stored safely in controlled storage, with the customer's information entered into the system by authorized specialists. Moreover, should a customer want to join our Warrant Win website, they must first agree to this company's Notice on the Use of Personal Customer Information, further protecting the rights of our customers.

Yuanta Securities — Committed to Improving Employee Awareness of Customer Privacy Protection

In order to improve both the awareness of personal information protection and its implementation among our employees, Yuanta Securities is committed to holding training courses for the whole company on information security regulations at least once each year. Between August 25 and September 18, 2014, the company implemented a nine-stage e-learning course program, with implementation tests held afterward to test learning effectiveness.

In addition, to demonstrate our focus on and commitment to protecting customers' rights and ensure the security

Yuanta Bank

Protecting the information privacy of our customers and establishing long-term trust relationships have consistently been issues of great priority to Yuanta Bank. In order to increase the competitiveness of our financial services, we have not only strengthened internal IT effectiveness and information security, we have also established management systems specifically designed for information security and personal information security. On January 2012, we earned ISO 27001 (Information security management) certification, and in July 2012 we also earned BS 10012 (Data protection. Specification for a personal information management system) certification.

In order to ensure the effective operation of our information security systems, not only do we hold regular information security training to strengthen our employees' understanding of the issue, we have also introduced protective mechanisms and monitoring software to strengthen the security management of our information storage and protect the personal information of our customers. In addition to this, we have established business continuity management (BCM) measures, further ensuring we can provide our customers with the best possible service.

Yuanta Bank takes customer privacy protection extremely seriously. To this end, not only have we laid out our own personal information protection regulations, we also hold related education and information drives, ensuring that all customer information collection and usage, within the scope authorized by the customer, is in compliance with the Personal Information Protection Act and other relevant legislation. We also insist on using appropriate techniques and organizational security measures to protect customer information from low or unlawful processing, ensuring effective management of our duty of care, while also protecting the security, integrity, accuracy, and privacy of customer information. In 2014, Yuanta Bank received no complaints regarding instances of violations of customers' privacy rights or loss of customer information.

of personal information, in the second half of 2014 we established a Personal Information Management Verification project. Not only will this project strengthen our personal information inventory and risk management evaluations, it has also seen risk event management and security management measures subjected to standardized procedures; thanks to the hard work of our employees, in March 2015 we passed the BS1's BS10012:2009 (Data protection. Specification for a personal information management system) certification.



5.5 Customer Satisfaction and Complaints Mechanism

Through our customer service center and operating locations around Taiwan, this group takes the initiative to solicit customer opinions in order to better understand the level of satisfaction our customers have with our business and what their needs are. The results of such surveys help us effectively respond to and address problems, and thus to provide even better service to our customers. In addition, the group has set up public channels for feedback, including a dedicated customer service hotline and a dedicated email address, providing us with timely information on customers' feelings about our services and a reflection of their needs. We also have internal mechanisms, customer complaints handling procedures, and telephone recording system management regulations, facilitating effective follow-up and addressing of problems, providing our customers with better service while also protecting their interests.

In order to uphold our responsibility to keep our customers' information confidential, Yuanta Financial Holdings has set out the Customer Information Confidentiality Measures for Yuanta Financial Holdings and its Subsidiaries, along with preparing a customer privacy statement, with relevant information already made publicly available on our official website. With regard to the complaints channels listed below, when the company receives a complaint from a consumer, the relevant unit is immediately notified, promptly dealing with the complaint and responding to the complainant, the company, and the authorities as necessary in order to ensure progress on the case can be closely followed. This company and its subsidiaries carry out business in accordance with the relevant industrial regulations, with strict procedures for handling complaints in order to properly handle problems and respond to all complaints.

Complaints Channels for Yuanta Financial Holdings:

- (1) Telephone: 02-2173-6054
- (2) Fax: 02-2772-2862
- (3) E-mail: Hotline.fhc@yuanta.com

Yuanta Securities

With regard to our customer complaints handling mechanism, Yuanta Securities has developed a detailed procedure that establishes the responsible unit and lays out clear reporting and handling processes: within two days of receiving a customer complain, not only are appropriate response measures and notification of the customer to be conducted, in order to thoroughly handle the issue, should the case be particularly complex, it should be processed completely within 30 days of receiving the complaint, with the results reported to the complainant. Once the case is complete, the handling of and response to the complaint is also to be recorded in a Yuanta Securities Customer Complaint Handling Record Form, to be stored in reserve alongside the other records for future reference.

In October 2014, our customer service center's integrated telephone and computer system went online, helping effectively improve several aspects of service:

1. Increased the answering rate, effectively reducing time where lines are busy: Through a voice guided automated service system and system management tools, the answering rate for duty staff on incoming calls was increased to an average of 93%, effectively easing the amount of time all lines are busy, and the consequent amount of time customers spend waiting, along with the number of customers who give up waiting.
2. Voice guided FAQ and marketing activities: A 24/7 uninterrupted, dedicated service system helps expand business functionality.
3. Improving overall service quality: Using quality management tools like reports, monitoring, and recording in relation to our voice system, we can better understand the performance and attitude of employees, helping effectively improve service quality and investor satisfaction.

We take a proactive attitude toward problems, keeping a close eye on customer complaints and the affected subsidiaries. "Moment of Truth" management is something we place great emphasis on, engaging in horizontal communications across departments to solve customer issues. We listen to our customers' problems with empathy and attentiveness to attitude and wording, endeavoring to understand the root of each customer's problem and follow up to understand whether the customer is satisfied with the final resolution. Through education, training, and regular managerial guidance, we strive to strengthen our service employees' ability to create a comprehensive customer service system that places customer satisfaction at its core, while also improving our skills in communicating with customers and handling their issues.

With regard to our share transfer agency business, since 2012 we have conducted customer satisfaction surveys at our important annual shareholder meetings, in hopes of using these results to understand what customers are dissatisfied with, improve those aspects, thus raising the quality of our service and ensuring our ongoing competitiveness. Through the results of our 2013 and 2014 surveys, and communication with customers, we have found areas in which our service could be improved, although as demonstrated below, average satisfaction is over 90%.

Satisfaction Survey Element	2013	2014
Overall customer satisfaction with daily schedule flexibility, service employee initiative, and on-site processing as found at shareholder meetings	92.27%	96.21%

Yuanta Bank

In order to better understand satisfaction among customers who make use of the bank's online banking system, Yuanta Bank has begun running an event to get users to fill out a satisfaction survey after logging in to the online banking website. By agreeing to take part in the survey (limited to once per person) through a click, the customers give us further information for reference in improving our services. These surveys include satisfaction with counter employees, automated services, and various products/events, facilitating the immediate provision of information to branches and business units for reference and deliberation. In order to make these surveys more comprehensive and appealing to customer perceptions, Yuanta Bank will adjust the targets or contents of these surveys as appropriate, further improving customer relationship management.

In 2014, Yuanta Bank's Customer Service Center carried out surveys of customer satisfaction with our services, focused on credit card and banking services, and items that are frequent sources of incoming calls. Through monthly surveys aimed at giving us a better understanding of customers' satisfaction with online banking, financial services, lending, and our main operating locations, we found that approximately 90% of customers were either "Extremely Satisfied" or "Satisfied" with our services. In addition, customer satisfaction with our automotive loans reached 99%, with 94% willing to recommend borrowing from Yuanta Bank to friends and family.

Customer Satisfaction with Specific Products or Services	2012	2013	2014
Automotive Loans	99%	99%	99%
Customer Service Center	89%	90%	90%
Online Banking	--	--	97%
Financial Services	--	--	98%
Lending Services	--	--	93%
Main Operating Locations	--	--	97%



Yuanta Life

Two-thirds of Yuanta Life customers come from non-agency channels (telemarketing or other finance/insurance agencies). As such, we give the employees of our 080 customer service department rigorous training, requiring them to undertake three months of training in order to earn authorization. Through 080, non-agency customers can make direct inquiries about policies, while 080 employees can assist with faxing policy loans or making simple contract changes, giving non-agency customers quick, satisfactory service.

Yuanta Life pays great attention to the opinions of our customers, and is committed to providing customers service that is prompt, convenient, clear, and flexible. Only by being fast, convenient, and attentive will we be able to stay

competitive in the life insurance industry. As such, every member of our policy services team considers diligently addressing customer feedback a personal responsibility, working hard to eliminate potential customer complaints.

Additionally, we regularly convene meetings of the Complaints Committee, including not only managers of sales channels and service departments, but also auditing, legal compliance, and risk management managers and the general manager, who attend the meetings to provide guidance. Through sharing complaint cases and investigating measures for improvement, we continue to strive to protect our customers' greatest interests from a perspective of fairness and reasonableness.

Item	Type	2012	2013	2014
Industry Complaints Ranking		3	7	6
Industry Complaints Placement		14%	35%	33%
Number of Policies	Master Policies	352,694	355,200	380,849
	Riders	576,247	580,491	584,216
Customer Numbers (People Insured)		263,087	270,310	298,471
Number of Complaints	Claims	11	9	16
	Non-Claims	17	6	12
Number of Reviews	Claims	13	1	6
	Non-Claims	2	1	3
Cases that Entered Litigation		0	0	0

Chapter 6

Caring for Employees



Yuanta Financial Holdings' CSR policy makes clear that we consider employee rights, education, and the creation of a safe and healthy working environment priorities. We are committed to creating a friendly workplace environment for our employees, providing outstanding safety and care. Through excellent remuneration and evaluation, diverse education and training, and a wealth of employee benefits, we strive to create a corporate culture of professionalism and responsibility, and we hope that all of our employees will find Yuanta to be a wonderful place to work and excel.

6.1 Our Safe and Healthy Workplace

Employees are a crucial asset to any business, as well as being key partners in corporate sustainable development. Outstanding employees can help a company maintain its competitive edge in the marketplace. This company strives for a balanced HR structure in its daily operations, making use of employees for their talents and suitability only, thus promoting overall operational performance.

In 2014, the group offered close to ten thousand work opportunities in the Taiwan region, including in the nine principal subsidiaries. As of December 31, 2014, we had a total of 9,446 full-time employees, 65% female and 35% male. These full-time employees include four masseurs on fixed-term contracts, 75% female and 25% male; and 9,442 full-time employees on indefinite contracts, 65% female, 35% male. Out of considerations of HR flexibility and safety, we also have 12 temporary employees responsible for simple documentary and general duties, of whom 83% are female and 17% are male. The group offers stable, secure work opportunities at all of its local operating locations, and is firmly opposed to any forms of discrimination, whether gender-based or otherwise. We are committed to providing a workplace environment based on respect, mutual trust, diversity, harmony, and equality, wherein every employee has the chance to excel.

Status of Employees of Yuanta Financial Holdings, 2014

Contract Type		Female	Male	Subtotal
Full Time	Indefinite Contract	6,138	3,304	9,442
	Fixed-Term Contract	3	1	4
Total		6,141	3,305	9,446
Percentage (%)		65	35	100
Part Time	Temporary Contract	10	2	12



Employees of Yuanta Financial Holdings by Gender, Age Cohort, Management Level and Minority Status, 2014

Type	Female			Subtotal
	Under 30	30-50	51 or over (incl.)	
Management	8	683	174	865
Non-Managerial	689	4,104	483	5,276
Aboriginal Taiwanese	0	4	0	4
Non-Aboriginal Taiwanese	698	4,770	668	6,136
Non-Taiwanese	0	1	0	1

Type	Male			Subtotal
	Under 30	30-50	51 or over (incl.)	
Management	6	527	218	751
Non-Managerial	316	1,978	260	2,554
Aboriginal Taiwanese	0	3	0	3
Non-Aboriginal Taiwanese	321	2,479	494	3,294
Non-Taiwanese	1	6	1	8

Note: "Management" refers to employees at technical manager level or higher

Employee Safety and Care

In accordance with governmental regulations on health and safety, and out of concern for the safety and well-being of our employees, we have set as our goal zero occupational accidents. We have set out emergency response plans and notification measures, and regularly undertake workplace health and safety promotional and training activities. In addition, we play close attention to the safety of our facilities and equipment, including regular inspections and upgrades of building management systems, maintenance and cleaning of public facilities, and so forth. In addition to organizing legally required pensions and labor & health insurance for every employee, we also organize group health insurance and employee health checks to ensure their physical health, as well as implementing workplace safety management policies.

In line with labor laws and the definition of "occupational accidents" provided in the Occupational Safety and Health Act, and with reference to the Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Insurance Program, when evaluating an employee's application for injury leave, three categories of injury are considered valid: injuries sustained while on duty, injuries sustained while on a work-related trip, and injuries sustained while on the way to/from work. Once it is established that the employee's injury falls under one of these categories, they are then granted injury leave. Injuries sustained while on the way to/from work account for the bulk of this group's employee injuries. In total, in 2014, we had 22 cases of employee injury, all of whom fortunately returned to their positions after recovering. There were no accidents leading to death. In the future, this group will continue to provide a high level of care for its employees and strengthen safety promotion.

Occupational Accidents in Yuanta Financial Holdings, 2014

Gender	Type of Injury (persons)			Total No. of People Taking Leave for Injury or Sickness	Injury Rate (IR)	Total Days Absent	Absentee Rate (AR)
	Injured on Duty	Injured on Business Trip	Injured on Way to/ from Work				
Female	3	1	12	16	4.33	6,078	0.27
Male	1	0	5	6	0.78	1,878	0.19
Total	4	1	17	22	5.11	7,956	0.23

Note 1: Injury rate (IR) = (Total No. of People Taking Leave for Injury or Sickness / Total Annual Working Hours) x 1,000,000.
 Note 2: Occupational Disease Rate (ODR) = (Total No. of Occupational Diseases / Total Annual Working Hours) x 1,000,000. In 2014, the total number of occupational diseases was zero.
 Note 3: "Incapacitating injuries" are determined such by a physician in accordance with regulations; "Days lost to incapacitating injuries" is calculated as the sum total of work days lost by injury to an employee of the group leading to temporary (or permanent) inability to return to work.
 Note 4: Lost Day Rate (LDR) = (Total Days Lost to Incapacitating Injury / Total Annual Working Hours) x 1,000,000. In 2014, the total days lost to incapacitating injury was zero.
 Note 5: "Days Absent" is calculated for leave due to injury and/or illness; "Total Days Absent" is the sum total of "Days Absent" for the entire body of employees of this group.
 Note 6: "Absentee Rate" (AR) refers to actual absentee days lost as a percentage of total days scheduled to be worked by the workforce for the same period.

Employee Workplace Safety Training

The training programs held during 2014 covered 48 courses including training for both new and current employees in occupational health and safety, Class A and B occupational health and safety management training, and health and safety training for emergency personnel. There were a total of 2,085 participants for 6,703 hours of training.

Occupational Safety Training Courses

Year	2012	2013	2014
Total Classes	139	205	48
Total Training Hours	8,731	17,136	6,703
Total Employees Participating	1,513	4,671	2,085
Average Hours Per Participant	5.77	3.67	3.21

Mental and Physical Health Seminars for Employees

To help protect the physical health of our employees, raise employees' general knowledge of medicine, and protect against the risk of illness, this group provides employees with group health insurance, medical checks, health consultations, and health-related seminars. For these seminars, we regularly invite doctors, nurses, and other healthcare professionals to give talks not only on disease prevention, but also on personal health management, health protection, family and parent-child relationships, and other issues regarding physical and psychological health from an employee perspective. In 2014, a total of 366 people participated in these seminars over a total of 559 hours.

In addition, to ensure we provide a healthy, safe working environment, the group has set out the "Key Points on Preventing, Reporting, and Punishing Workplace Sexual Harassment," and strictly prohibits any sexual harassment, gender-based discrimination or violence, and threatening behaviors. It is our goal to create and maintain a gender-equal workplace. Every year, we hold events and training around sexual harassment awareness and prevention; in 2014, a total of 889 people participated in 26 courses over 375 hours.

Health Seminar Statistics

Year	2012	2013	2014
Total Training Hours	260	1,271	559
Total Employees Participating	130	1,152	366
Average Hours Per Participant	2.0	1.10	0.65

Sexual Harassment Awareness and Education Training

Year	2012	2013	2014
Total Classes	14	23	26
Total Training Hours	176	329	375
Total Employees Participating	346	657	889
Average Hours Per Participant	0.51	0.50	0.42

Analysis of New Hires and Departures

In 2014, this group saw a total of 1,527 new hires, accounting for 16.2% of the group's total workforce; this included 874 women and 653 men, with those aged 30-50 making up 54.5% of the total, followed by under 30's at 41.5%. Foreign nationals comprised four of these new hires. The specifics vary for each subsidiary by field and nature of business, with Yuanta Life showing the greatest proportion of new hires at 65.5%.

In 2014, this group saw a total of 1,760 employees leave their positions, 18.7% of the group's total workforce. Of these departures, 1,036 were women and 724 men, with 61.3% aged between 30-50 and 25.3% under 30. Due to the nature of the life insurance industry, with generally higher mobility among telemarketing and field employees, Yuanta Life saw 57.5% of its employees leave (25.4% when telemarketing and field employees are excluded), the highest percentage in the group. The subsidiary with the lowest rate of departures was Yuanta Asset Management with 9.1%.

With the approval by the Banking and Insurance Bureaus, the company acquired New York Life (Taiwan), completing share transfer on January 1, 2014, and formally moving into the life insurance

industry. The group is committed to a spirit of caring for employees and focusing on talent, striving to retain all employees and business personnel, not only by protecting their legal right to work, but also by committing to employee salaries and leave days, thus effectively reducing any uncertainty in the work transfer process and achieving labor-management unity, creating a win-win situation.

To encourage employees to remain with the group, we have put in place a Talent Retention Incentives and Bonuses Program, a demonstration of sincerity in retention unmatched in the industry. According to statistics, as many as 84.5% of office employees originally with New York Life (Taiwan) remained with the company at the end of 2014. Yuanta Life is proactive in its talent retention efforts, and in our first year in the insurance industry we showed our ambition to grow, expanding our hiring of personnel in all internal aspect of

the business, including sales, sales support, product development, actuarial science, finance, accounting, investment, underwriting, claims, security, customer service, information technology, legal affairs, risk management, and auditing. By the end of December 2014, total employee numbers were up 239 on 2013, and looking to the future, Yuanta Life anticipated further economic growth and commitment to sustainable operations.



New Employee Statistics, 2014

Company	Gender		Age Bracket			Nationality		Total New Employees	2014 New Employee Percentage (%)	2013 New Employee Percentage (%)
	Female	Male	Under 30	30-50	51 or over (incl.)	Taiwanese	Non-Taiwanese			
Yuanta Financial Holdings	1	5	4	2	0	6	0	6	7.5	1.1
Yuanta Securities	109	149	120	136	2	257	1	258	4.9	3.1
Yuanta Bank	342	218	293	261	6	560	0	560	22.8	8.2
Yuanta Life	378	224	171	382	49	601	1	602	65.6	—
Yuanta Securities Finance	4	7	5	5	1	11	0	11	22.9	3.5
Yuanta Futures	18	21	16	22	1	38	1	39	10.7	9.4
Yuanta Funds	8	16	8	15	1	24	0	24	7.8	10.7
Yuanta Investment Consulting	12	11	13	8	2	22	1	23	26.4	12.6
Yuanta Asset Management	0	1	1	0	0	1	0	1	4.6	4.1
Yuanta Venture Capital	2	1	2	1	0	3	0	3	19.4	6.7
Total	874	653	633	832	62	1,523	4	1,527	—	—
Percentage (%)	57.2	42.8	41.4	54.5	4.1	99.7	0.3	100	16.2	6.6

Note: Yuanta Life joined the group from January 1, 2014

Employee Departure Statistics, 2014

Company	Gender		Age Bracket			Nationality		Total Departing Employees	2014 Departing Employees as Percentage of Employees (%)	2013 Departing Employees as Percentage of Employees (%)
	Female	Male	Under 30	30-50	51 or over (incl.)	Taiwanese	Non-Taiwanese			
Yuanta Financial Holdings	6	4	0	10	0	10	0	10	12.5	4.6
Yuanta Securities	363	289	91	394	167	652	0	652	12.5	9.2
Yuanta Bank	219	147	140	216	10	366	0	366	14.9	22.3
Yuanta Life	360	168	176	318	34	528	0	528	57.5	—
Yuanta Securities Finance	6	10	4	6	6	16	0	16	33.3	28.07
Yuanta Futures	33	42	16	53	6	75	0	75	20.7	16.2
Yuanta Funds	33	40	11	55	7	72	1	73	23.7	14.7
Yuanta Investment Consulting	16	20	8	23	5	35	1	36	41.4	27.2
Yuanta Asset Management	0	2	0	2	0	2	0	2	9.1	12.2
Yuanta Venture Capital	0	2	0	2	0	2	0	2	12.9	0
Total	1,036	724	446	1,079	235	1,758	2	1,760	—	—
Percentage (%)	58.9	41.1	25.3	61.3	13.4	99.9	0.1	100	18.7	15

Note: Yuanta Life joined the group from January 1, 2014

6.2 Remuneration Policy and Benefits System

In line with our commitment to creating a friendly, diverse workplace that rejects discrimination and treats all employees equally, Yuanta Financial Holdings provides robust channels for communication between employees and management, a comprehensive system of benefits, and reasonable remuneration policies. We are constantly striving to create win-win labor-management relationships and to care for each and every one of our employees.

Labor-Management Communication Channels

We have a unit dedicated to taking clippings from major news stories every day and uploading them to our web platform, providing our employees with convenient access to timely news and helping them stay abreast of the latest developments in the industry and any major news from the company. Where there is a significant change in the operations of the company, such as a corporate merger, changes in senior management, the establishment or abolition of branches, office moves, new regulations, or changes to internal controls, employees are also notified via e-mail or the corporate webpage.

In all aspects of our business, this group places regulatory compliance at the forefront. Should any of the situations outlined in Article 11 of the Labor Standards Act arise, in accordance with both labor legislation and our own rules and regulations, we provide any affected employees with advance notice in line with their years of service with the company. As well as our comprehensive severance notification procedure, we also provide flexible paid leave for affected employees to help affected employees quickly find new employment. The aforementioned advance notice periods are determined as follows:

1. Those who have worked for us for more than three months, but less than 12, are given 10 days notice.
2. Those who have worked with us for more than one year, but less than three years, receive 20 days notice.
3. Those who have worked with us for more than three years receive 30 days notice.

Not only are all of our human resource management measures designed to protect our employees' legal rights through clearly laid-out regulations and adherence to labor laws, in order to facilitate labor-management communications, we also have a formal consultation mechanism for labor-management meetings and meetings with unions. The ratio of labor representatives from the Yuanta Life Union to corporate representatives is 5:3, and in 2014 the union convened five meetings, carrying out bipartite discussions regarding various labor-management issues. Our other subsidiaries hold at least one labor-management meeting each quarter, using face-to-face bilateral communication to effectively create consensus and assist in negotiations and cooperation, further contributing to the creation of win-win situations for both labor and management. 100% of the group's employees are protected by a collectively negotiated agreement, and in 2014 there were no incidences of breach or threats to freedom of association or collective negotiation.

Employee Remuneration Policy

The goal of this company's remuneration policy is to attract outstanding talent to the company and encourage the retention and development of that talent. By creating teams of outstanding people,

the company is able to create greater performance for both itself and its shareholders, and by paying bonuses based on the company's performance to employees, we are able to keep employees' personal work goals closely aligned with the company's operating goals and the interests of our shareholders. Our overall incentives strategy is performance-oriented and designed to be competitive in the market, and by incorporating corporate business results and individual performance into the rewards structure, we create benefits for individual employees, the company, and our shareholders.

Our remuneration standards are built on the aforementioned ideas, aiming to be competitive and incentivizing, encouraging our teams to give their all and create outstanding results. Our remuneration system is a combination of several methods, with a foundation of basic salary, allowances, and bonuses, complemented with benefits such as leave and insurance. Through this combination, we have constructed a robust remuneration structure, while also keeping costs reasonable.

None of our employees have their starting salary impacted by gender, with basic salary for men and women at a 1:1 ratio. The starting salary for inexperienced entry-level employees is also 1.16 times the statutory minimum basic wage. In addition, to help spur local economic growth, this group draws 98.7% of senior management (department management and higher, as well as branch managers) from local communities. In this way, the group not only gains a better understanding of local needs, but also is better able to develop products and services that will give back to local communities.

Employee Benefits and Care

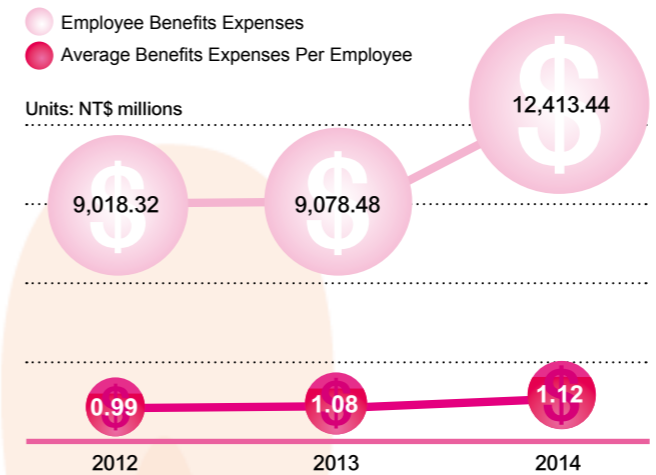
In March 2003, Yuanta Financial Holdings set up its Employee Benefits Committee, which oversees the regular appropriation of funds for employee benefits. These funds are independently managed and employed by the Employee Benefits Committee, including providing grants to social clubs that encourage employees



share experiences and pursue mentally and physically healthy lifestyles. At the end of 2014, the group was host to 13 social clubs that held a total of 450 events and involved the participation of over 4,500 employees and family members.

Additionally, the Employee Benefits Committee regularly arranges discounts and benefits for employees with partner companies in dining, accommodation, clothing, travel, and entertainment, along with keeping employees updated on discounts through the internal website. Through this, we are able to effectively help our employees enjoy more convenient, happier lives. All employees of the company have access to standard benefits such as benefits and bonuses, cultural and social activities, and a variety of other services. In 2014, the group spent NT\$12.41344 billion on benefits for non-managerial employees, an average of NT\$1.12 million per non-managerial employee.

Non-Managerial Employee Benefits Expenses for Yuanta Financial Holdings



Note 1: With the inclusion of Yuanta Life employees as of 2014, and calculated according to the standards of the Top 100 Highest Paying Employers in Taiwan ranking, excluding contracted sales employees.
 Note 2: Employee benefits expenses include salaries, labor and health insurance, pensions, and other costs associated with employee benefits.
 Note 3: "Non-managerial employees" refers to all employees excluding the chairman and deputy chairman of the board and other appointed managers.

Standard Benefits for Full-Time Yuanta Employees

Benefits and Bonuses		
Social Insurance	Health checks	Employee training grants
Group Insurance	Emergency relief	ESOP trust
Profit Sharing and Stock Bonus	Compassionate compensation	Scholarships for employees' children
Leave	Pensions	
Gifts for births, weddings, bereavements, and other celebrations		
Cultural and Social Activities		
Festival activities	Competitions	
Friendship	Employee Activity and Recreation Center	
Special Services		
Deals with medical centers	Deals with fitness centers	
Discounts on company products	Deals with other stores	
Special employee housing loans	Deals with childcare centers	
Deals with automotive loan companies	Deals with airlines	
	Deals with hotels	

Perfect for Employee Recreation — Beverly Employee Activity Center

The group's Beverly Employee Activity Center provides employees with a free to use recreational area, giving parents and children a place to play and helping our employees maintain physical and mental balance.

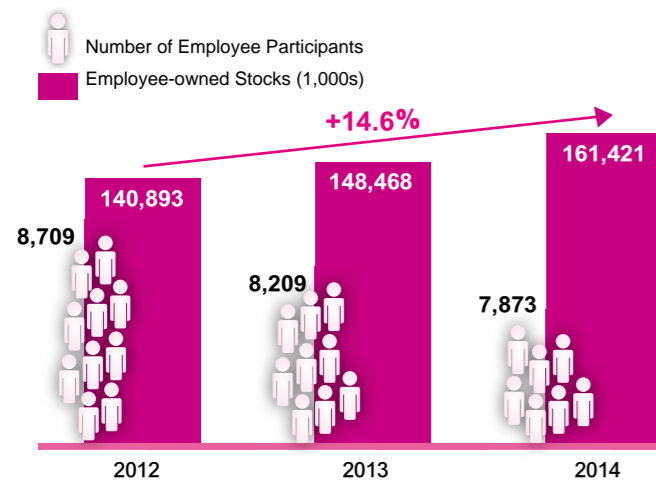


The center is located in Wanli District, New Taipei City, and offers fantastic views out to the ocean. On the first floor are karaoke facilities, a kitchen, and dining tables; on B1 are pool tables; and on the 1st floor are swimming pools. Each building also has a dedicated barbecue area. The center's premises are picturesque, with views out to the glimmering ocean, a wealth of animal life, and a cultural landscape that combine to make it the best recreation destination on Taiwan's northern coast.



To encourage long-term savings among our employees, in September 2003 this company set up an employee stock ownership plan (ESOP), whereby employees deposit a fixed amount each month and the company issues corporate stocks of the same value to them, making them also shareholders in the company. Not only does such a plan help protect employees' post-retirement or post-departure lifestyles, it also helps them feel a greater sense of solidarity with the company, enhancing cohesion and sense of self-worth while also sharing in the company's results. In 2014, Yuanta Financial Holdings and its subsidiaries had 7,873 people participating in this plan, holding a total of 161,421 shares, an increase of 20,528 over 2012.

Yuanta Employee Stock Ownership Performance



In order to protect the retirement lifestyles of our employees, in March 2003 this company set up a Labor Retirement Reserves Oversight Committee, reporting regularly to management for approvals and focusing on managing labor retirement matters, including making monthly legally mandated contributions to retirement funds. With the implementation of the Labor Pension Act on July 1, 2005, in line with regulation and where employees are willing, we make monthly contributions under the new system, to individual retirement accounts, in an effort to provide further lifestyle protection for our employees upon retirement.

Peace of Mind in the Workplace

Yuanta Financial Holdings offers its female employees menstrual leave and maternity leave, and its male employees paternity leave. Both genders are also eligible for family care leave and the opportunity to apply for unpaid parental leave with their job held for their return. In 2014, a total of 161 employees across the group made use of parental leave, of which 145 (90.1%) were women and 16 (9.9%) were men. With regard to the return to work after parental leave in 2014, 71.1% of female employees returned and 55.6% of men, with a retention rate of 61.9% for women and 50% for men.

To prevent sexual harassment, the company has set out the "Key Points on Preventing, Reporting, and Punishing Workplace Sexual Harassment" and established both telephone and email hotlines. We strictly prohibit any sexual harassment, gender-based discrimination or violence, and threatening behaviors. It is our goal to create and maintain a gender-equal workplace. In 2014, there were no instances of discrimination.

Return to Work and Retention Rates for Parental Leave, 2014

Item	Female	Male	Total
Anticipated Number of Employees Returning in 2014 after Parental Leave (A)	45	9	54
Actual Number of Employees Returning in 2014 after Parental Leave (B)	32	5	37
Return to Work Rate (%)	71.1	55.6	68.5
Actual Number of Employees Returning in 2013 after Parental Leave (C)	21	2	23
Number of Employees Still at Company 12 Months after Returning from Parental Leave in 2013	13	1	14
Retention Rate (%)	61.9	50	60.9

Note 1: Return to Work Rate = (B / A) x 100; Retention Rate = (D / C) x 100.

Note 2: Due to the particular nature of personnel in life insurance, their figures have not been listed in this table.

6.3 Professional Development

Our employees are the most important asset to our group and the cornerstone of our ability to create profits for shareholders, maintain our competitiveness in the market, and pursue sustainable operations. Providing comprehensive services to our customers has always been a major goal of the group; this involves focusing not only on developing new financial products to satisfy those customers and their desire for more diverse investments, but even more on the professional training and development of our employees. Doing so helps us continue to improve the quality of our services and the efficiency and employability, professional excellence, and career development opportunities our employees enjoy.

The group's training, education, and development system is as follows:

I. Opportunities for On-the-Job Training According to Annual Training Program

In response to the fierce competitiveness and business needs of the finance industry, the company has established a multi-track development system, including training and cultivation mechanisms for different development tracks, including management, specialist, and sales tracks. Through talent cultivation, job rotation, project assignments, digital learning, and other such methods, we encourage our employees to develop capabilities in a variety of areas, facilitating their self-realization and helping them pursue the ideal of excellence.

- (a) Management-level Training Goals and Development Methods:
1. We invite experts from industry, academia, and government to share their experiences and give focused presentations to help inspire and set educational benchmarks. Through seminars, presentations, and exchanges, we are able to promote awareness of and consensus on issues of concern among management.
 2. Through external training, case studies, and exchange visits, we are also able to cultivate interdisciplinarily skilled management with the sensitivity for business, outstanding strategic thinking, and management skills we need.

(b) Professional Skills Training Goals and Implementation Methods:

1. In line with financial supervision regulations and each year's business focuses, we plan and hold a variety of professional training programs (including both pre-job and on-the-job training) and courses on relevant laws and regulations. Through this, we strengthen employees' understanding and application of the law and professional knowledge, in turn providing more outstanding, more professional financial services to our customers.
2. Making use of internal lecturers, we invite outstanding employees from all areas to head up classes on presentation skills, presentation design, basic and advanced Excel skills, and so forth. This practical, systematic approach helps pass such skills and knowledge on to other employees, realizing the company's goals of both internal knowledge management and keeping experience being handed down.

II. Establishing a Digital Learning Platform and Promoting Lifelong Learning

Since 2003, this group has made use of a digital learning platform to facilitate internal sharing of knowledge, encourage professional diversity, and encourage self-guided learning in our employees. Through the shared digital platform known as the Yuanta e-Academy, employees can freely study any digital courses offered by the company or any of the group's subsidiaries in areas either of occupational necessity or simply personal interest. These courses enable our employees to share in the experience of veteran employees while also developing the occupation skills they need. The courses on environmental and social issues held by the group in 2014 included: Money Laundering Prevention, Information Security, Health Seminar, Sexual Harassment Prevention, Personal Information Protection, Opposing Graft and Corruption, and Corporate Ethics.

In line with developments in the financial industry and changing annual personal development goals, employees can take advantage of our digital platform's "anytime, anywhere" nature to determine what they want to study and when, independently studying to prepare themselves with skills to make them more competitive in the workplace and build their employability.

III. Providing Internal Job Mobility Opportunities and Encouraging Cross-Functional Redeployment and Experience

This group takes advantage of the diverse strengths of its subsidiaries in the financial industry by encouraging employees to apply for internal reassignments and transferring employees to subsidiaries where required. This effectively promotes personnel mobility within the group, while also encouraging diverse professional development, facilitating the duplication of successful experiences and distributing efficiency around the business.

IV. Encouraging Participation in Training and Absorbing External Knowledge and Experience

Based on both current and future business development needs, this group encourages its employees to actively participate in learning and training opportunities, strengthening their current workplace skills or equipping them with skills for the future through appointed trainers and trainers approved by the company, with the company paying the full value of any training expenses. Employees also participate in international financial license tests, with subsidies for such tests available from the company.

Diversity Training

Taking into consideration factors including development strategy, annual operational focus, the training system, and personnel development needs, the group has set out a training plan providing a range of training and development projects based on the company's strategic and developmental needs. In 2014, we held a total of 2,672 courses (including in-class courses, online courses, and external training) for a total of 9,446 participants over 339,959 training hours, an average of 36 training hours per person. Employee training expenses in 2014 totaled NT\$29.15 million, a per-person average training cost of NT\$3,086.

Employee Training Course Statistics

Item	2012	2013	2014
Total Classes	2,689	3,091	2,672
Total Training Hours	258,188	361,470	339,959
Number of Trainees	27,121	176,172	173,224
Total Employee Numbers	9,351	8,693	9,446
Average Hours of Training Per Person	27.6	41.6	36.0
Average Incidences of Training Per Person	3.0	20.3	18.39
Total Training Expenses	\$25.02 million	\$25.23 million	\$29.15 million
Average Training Expenses Per Person	\$2,676	\$2,902	\$3,086

Our group respects our pluralistic society, and as such prohibits all forms of discrimination. Our training and education is no exception—while training type and hours may vary by job position, absolutely neither is varied by gender. In 2014, the average training hours for male and female employees were roughly equal, at 33.0 hours and 35.5 hours respectively. In terms of specialist and management training, in 2014 management employees of all levels enjoyed 59,746 hours of training across 1,616 people, an average of 36.9 hours of training per person. Specialist employees enjoyed a total of 280,383 hours of training across 7,830 people, for an average of 35.8 hours of training per person. Through participating in specialist skills training, employees can not only reinforce their professional knowledge and work practices & skills, but also strengthen their professional skills and improve their job performance. In addition, broadening employees' professional horizons and cultivating future job skills helps employees make better use of their skills and grow with the company.



Employee Training by Gender

Item	2012		2013		2014	
	Female	Male	Female	Male	Female	Male
Total Training Hours	168,868	89,320	234,533	126,937	217,936	109,131
Total Employee Numbers	6,009	3,342	5,612	3,081	6,141	3,305
Average Hours of Training Per Person	28.1	26.7	41.8	41.2	35.5	33.0

Employee Training by Job Type

Item	2012		2013		2014	
	Non-Managerial	Management	Non-Managerial	Management	Non-Managerial	Management
Total Training Hours	168,874	89,314	316,664	44,806	280,383	59,576
Total Employee Numbers	8,866	485	8,260	433	7,830	1,616
Average Hours of Training Per Person	19.0	184.2	38.3	103.5	35.8	36.9

Note: "Management" refers to employees at technical manager level or higher.

To help new employees quickly build a solid foundation of knowledge regarding relevant laws, regulations, rights, and operating procedures, this group requires new hires to complete an introductory course within a month of beginning work, covering topics including corporate vision, corporate culture, an introduction to the management team and the organization, work rules, employee benefits, and training and development opportunities. Within three months, new hires are to be assigned by their unit manager to a pre-job or on-the-job training program with other employees, while more veteran employees are also to be tapped to provide guidance, further helping new employees rapidly understand their work, operating procedures, and relevant laws and regulations. This two-pronged approach helps cultivate in new employees a good understanding of the law, their rights, and legal compliance.

In 2014, new employee training, both online and off, totaled 239 courses and 726 trainees, with training hours totaling 5,048, or an average of 7.0 hours per person (excluding on-the-job training and guidance provided by managers and/or senior employees).

Training of New Employee

Item	2012	2013	2014
Total Class Hours	359	145	239
Total Training Hours	19,715	2,013	5,048
Number of Trainees	754	555	726
Average Hours of Training Per Person	26.1	3.6	7.0

6.4 Employee Code of Conduct

In 2007, Yuanta Financial Holdings established a Code of Ethical Conduct, publishing the code on both internal and external corporate websites for reference by interested stakeholders. The code makes

a particular point of declaring our respect for our pluralistic society and our forbidding of discrimination, stating that no individual is to be treated differently or otherwise discriminated against in any way due to their gender, ethnicity, religious beliefs, political beliefs, sexual orientation, position, nationality, or age. The purpose of this code is to ensure that all employees carry out their work with the appropriate basic standards of conduct and discipline.

To help employees properly understand ethical standards of conduct in the finance industry (including business ethics and opposition to corruption) and applicable legislation and regulations (including courses in laws and regulations applicable to money laundering, insider trading, information security, and occupational health and safety), in addition to training, all relevant regulations are published openly on our employee website for ready reference. This helps employees be sure they are complying with the laws and regulations applicable in the course of their work, protecting and realizing the interests of the business. Every year, the group organizes training for employees on money laundering prevention and the identification of insider trading, and courses in information security and occupational health and safety related legislation, protecting employees' legal rights in the course of business. In 2014, every member of the group's staff 100% completed this training and passed the applicable tests, improving their understanding of human rights policies applicable to business and facilitating the implementation of our legal compliance systems.

In our pursuit of stable growth and sustainable development, this group requires all employees to adhere to the highest ethical standards and have the professional licenses required to legally conduct their work in the finance industry. As such, this company has no need for child labor, nor has it ever employed child labor. The group also holds its suppliers to the aforementioned ethical standards, and thus far there have been no incidences of the use of child labor, nor of any form of forced or compulsory labor.

Corruption Prevention

In order to properly implement policies of integrity management and actively prevent dishonest behavior, this group has established Integrity Management Best Practices and Behavioral Guidelines and Code of Ethical Conduct, both of which are publicly disclosed on the Corporate Governance section of the corporate website. Through promotion and implementation of these and the concepts behind them, we are shaping a business environment with high levels of integrity and self-discipline. In addition to these comprehensive guidelines, through education and meetings, we seize opportunities to further strengthen professional knowledge and workplace ethics.

This company and all subsidiaries also undertake Education in Business Ethics and Corruption Prevention program, which 100% of employees are required to participate and pass tests in, ensuring employees are continually educated in the relevant regulations and ethical behavior and judgment. In this way, the company is able to ensure the implementation of integrity management policies.

Additionally, to promote the corporate ethics and standards of behavior outlined in the guidelines, the group holds regular annual training courses, updating employees on new legislation and regulations, coupled with case studies and tests. Through this, employees have legal concepts and ethical behavior standards in regards to money laundering prevention, opposing bribes and corruption, identifying insider trading, protecting personal information, and upholding information security driven home. With the support and supervision of all levels of management, in 2014 all employees—in batches—attended this training and passed the tests, achieving training coverage of 100% and ensuring the group's employees have an awareness of legal compliance and how to act accordingly.

Every year, the group also holds a variety of legal compliance training programs, familiarizing employees with orders issued by the authorities, case studies from the industry, and amendments to existing legislation. In 2014, the group held 219 such courses and activities (online and off), with 40,409 people participating for 39,719 hours of training, an average number of training hours per person of 4.3.

All employees of the group are subject to both financial regulation and HR management guidelines; should either be breached, appropriate punishment shall be implemented based on the severity of the breach; where a breach of the regulations is found to be severe enough, criminal and civil action shall be taken against the offender in order to protect the rights and interests of the company and others with relevant interests.

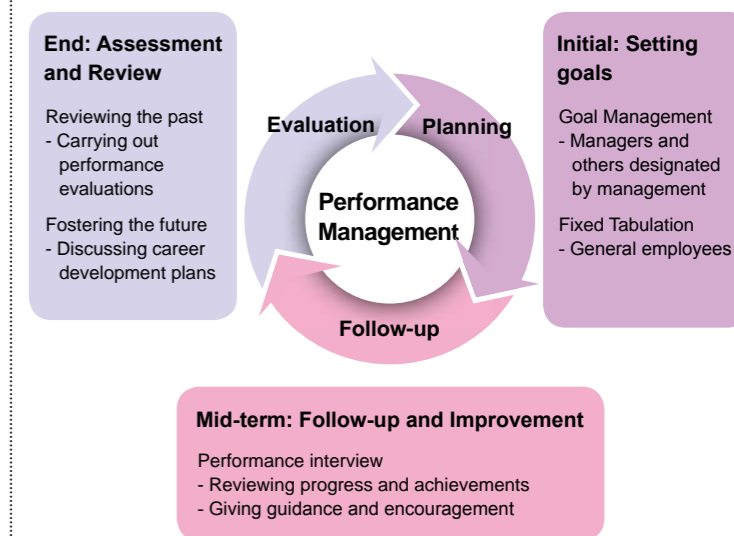
6.5 Performance Evaluation and Career Planning

In order to realize corporate strategic & annual goals and strengthen organizational effectiveness, this group's employees are all subject to regular performance evaluations. Our performance management system is built around a cycle of first identifying goals, then conducting follow-up improvements and revisions, and finally undertaking review and assessment. In performance evaluations, this takes the form of annually reviewing employee performance

and setting future career development goals. The results of these evaluations are also used to facilitate human resource management decisions, such as determining more effective bonuses, promotions, adjusted salaries, and talent development.

Through management and employees discussing annual objectives, important work items, and measures & indicators, the group's performance management system ensures the company's goals are in line with those of departments and individual employees. Over the year, regular checks of project progress and effectiveness are conducted along with inspections of the maturity of employees' capabilities and their future training and development focus. Through this, we ensure employees continue to be professionally competitive. Additionally, annual training programs offer professional training, management skills training, financial licensing training, and external training, providing support for individual employees' career development and personal growth, while also improving the overall performance and productivity of departments and facilitating the achievement of the company's profitability and business development goals.

At the end of each year, direct supervisors and employees must discuss and set employee goals for the coming year based on the results of the final performance evaluation, supporting continuing employee growth and impact; at the same time, they must also set training and development goals for the coming year in order to strengthen employees' work-related knowledge and ability while also equipping them with professional skills for the future, starting off the performance management cycle for the new year. Through effective performance management and employee training and development, we land a one-two punch of spurring corporate performance and facilitating employee growth.



Chapter 7

Improving Environmental Performance

The impact of global warming and climate change has continued to expand over recent years, accelerating the pace of adjustments of industrial structure & policy and increasing the volatility of the financial markets. This makes it one of the greatest challenges to corporate sustainability. In order to protect against the impact of climate risk on economic development, the industrial world has been calling ever more strongly for reductions in fuel usage and carbon emissions. Yuanta Financial Holdings continues to implement fuel and carbon reducing programs, striving to a variety of voluntary actions to reduce energy, paper, and water consumption and improve energy efficiency. Additionally, the group encourages its customers to make use of digital services so that we can all uphold our responsibility to the environment.

7.1 Our Green Workplace

Being in the financial services industry, our subsidiaries and operating locations are located in cities and towns, and as such our office facilities in no way harm legally protected environmental preserves or the habitats of flora and fauna. Despite not having high levels of resource consumption, industrial pollution, and manufacturing waste, as citizens of Earth, we are nonetheless committed to environmental sustainability and upholding our social responsibility to care for our planet and treasure our resources. The group's positive efforts both internally and externally with regard to protecting the environment have all been actively encouraged and implemented, and we hope that every ounce of effort will help reduce our impact on the environment as we pursue balanced corporate and environmental development.

To provide a better office environment for our employees and create office buildings that are a model of efficiency, our headquarters was from the start planned with green architectural concepts in mind, making it not only a yardstick for such buildings in the future, but also giving it an educational function. Located on Dunhua South Road in Taipei City, this green building has met Water Conservation Index, Daily Energy Saving Index, Interior Environment Index, Water Resources Index, and Sewage and Garbage Index standards. Related environmental management measures include:



Dedicated Environmental Management Unit

- The building management committee regularly dispatches people to keep the environment clean and beautiful.
- The group has neither breached environmental law nor been subjected to fines or sanctions. Additionally, none of the land owned or managed by the group is located in protected areas such as habitats rich in biodiversity or other nature preserves, and thus has no impact on environmental protection efforts.



Environmental Greening and Beautification

- On the building's rooftop are planted shrubs, while on the northern and western sides of the building are shrubs and trees respectively. These plants include old growth and plants known to attract birds and butterflies, further adding to the green design.



A Clean and Healthy Workplace Environment

- The entire building is a smoke-free area; any employees who smoke must do so outside, in the designated smoking areas. Additionally, cleaning and disinfection of the environment is undertaken regularly.
- Environmental cleaning expenses in 2014 totaled \$9.467 million, with the result being a clean, comfortable, healthy working environment in which all our employees can achieve at their best.



Environmental Cleanup Expenses for the Company

Units: NT\$ thousands

Item	2012	2013	2014
1. Environmental Cleaning	7,870	7,870	8,550
2. Flooring Crystallization	295	292	292
3. Garbage Handling	294	276	270
4. Exterior Cleaning	273	260	292
5. Building Disinfection	47	42	39.5
6. Full Building Rodent Elimination	0	0	0
7. Water Tower Cleaning	24	24	23
8. Carpet Cleaning	10	60	0
Total	7,934	8,824	9,467

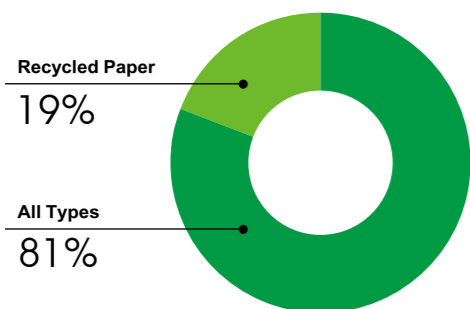
Green Services and Reducing Paper Usage

Each of this group's subsidiaries strives to provide green services, reducing paper usage, streamlining workflows, and reducing processing time, sparing no effort in contributing to the protection of the environment. Green services are as laid out below:

- Promoting the use of electronic ordering, reducing the paper used for the writing and printing of documentation.
- Producing online brochures to replace printed ones.
- Promoting the use of electronic statements, reducing paper used for printing along with postal expenses.
- Reports and research documents are readable online, reducing paper used in printing and sending documents.
- Encourage online enrollment for investment seminars, reducing manpower required for documentation and paper used in postage.
- Using electronic signing of trading documents, reducing paper used for documentation and improving storage space.
- Encouraging online reservations for new accounts, reducing the time and manpower required for opening new accounts.
- A customer service center has been established on the website, reducing the time required by customers calling in and employees solving their problems.

Through occasional emails, the company has in recent years promoted separating garbage, recycling, reducing fuel usage and carbon emissions, and green purchasing—among other environmentally friendly measures—among its employees, as well as launching several promotional activities, including 2009's establishment of an electronic document management system. Since this move into digitalization of company documents, some 1.2 million documents have passed through the system, effectively leading to a reduction in the amount of paper used. Currently, statistics on paper purchasing expenses are used by the group to evaluate paper usage. Both our banking and life insurance subsidiaries actively promoted a reduction in paper usage in 2014, resulting in a significant drop in paper purchasing expenses year-on-year compared with 2013. Additionally, the company and all subsidiaries have shown a gradual year-on-year drop in paper purchasing expenses as a result of active promotion of green services, helping facilitate stable business growth.

Paper Purchasing and Recycling for 2014



Additionally, the company has designed touching electronic cards for employees to send to customers for festivals and holidays, communicating our warmth to those customers while also reducing the carbon emissions that result from the printing of paper materials. Our unwavering commitment to environmentally friendly development has made Yuanta Financial Holdings a leader in green finance.

Paper Goods Purchase Costs for the Group

Units: NT\$

Company	2012	2013	2014
Yuanta Financial Holdings	91,612	101,163	81,459
Yuanta Securities	13,129,318	11,676,281	10,511,129
Yuanta Bank	10,006,960	9,431,049	12,094,388
Yuanta Life	5,191,910	4,766,160	13,228,971
Yuanta Securities Finance	51,748	45,072	28,811
Yuanta Futures	236,183	651,535	548,083
Yuanta Funds	364,947	265,164	231,034
Yuanta Investment Consulting	93,041	67,714	67,863
Yuanta Asset Management	45,555	31,777	29,205
Yuanta Venture Capital	13,869	8,354	7,142

Digitalizing Services

At every stage of this group's operations, we are actively looking for practical, feasible ways to save energy, and going paperless is an important part of green services. In 2014, our securities subsidiary continued to promote automated channels (online/mobile ordering) for trading, encouraging its customers to make greater use of online and mobile services. By the end of December 2014, electronic trading accounted for 48% of securities brokerage, and the number of customers using electronic trading for both our securities and futures subsidiaries is continuing to grow, effectively reducing the amount of paper and associated energy being consumed.

In response to the growing green lifestyle, our securities subsidiary is actively encouraging its customers to apply for electronic statements, as well as promoting the particular features of digital accounts and electronic trading, pushing a move to paperless statements and documentation. As a result, in 2014, the total number of such statements sent out to customers was up to 1 million, up 10% on the previous year. In order to protect the interests of customers in the event of their having changed email addresses and not received their electronic statements, the company is particularly attentive to any emails that fail in sending, requesting the relevant branch contact the customer and confirm their address. Such measures have greatly increased the monthly success rate of electronic statement sending, and the number of customers making use of these statements is continuing to grow.

In recent years, disasters associated with climate change, including floods, storms, and droughts, have increasingly threatened to inflict financial losses on companies and impact the safety of their employees. At the same time, rising power and water prices are leading to rising operating costs, and thus lower profits. Seen from a different perspective, these risks also may present opportunities to our subsidiaries. Climate change may spur changes in investor behavior, for example. In the past, ordering models could be impacted by typhoons or dramatic summer heat/winter cold, influencing investors' willingness. The changing climate has reduced opportunities for investors to place orders on the floor, and more and more are turning to electronic ordering, spurring growth in electronic trading as a percentage of overall trading and creating important opportunities for subsidiaries to expand into e-commerce.

Electronic Trading Usage Statistics

Company	Item	2012	2013	2014
Yuanta Securities	Securities Brokerage Share of Electronic Trading	38.50%	42.70%	48.00%
	Wealth Management Share of Electronic Trading	16.66%	30.74%	39.88%
Yuanta Futures	Share of Electronic Trading	66.96%	72.42%	67.16%

Usage of Electronic Statements

Units: Accounts

Company	2012	2013	2014
Yuanta Securities—Brokerage	893,117	915,895	997,430
Yuanta Securities—Wealth Management Trusts	81,124	121,070	144,339
Yuanta Bank	199,209	372,735	503,502
Yuanta Funds	133,115	136,137	160,812
Yuanta Futures	—	—	Domestic: 95448 International: 64271

(As of April 8, 2015)

7.2 Carbon Reduction Measures and their Effectiveness

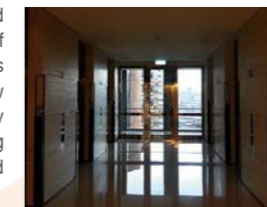
This group is highly aware of the impact climate change has on the economic, financial, and legal environment. As such, in addition to diversifying our operations and developing new businesses based on our existing niches, we also adjust our operating procedures, business strategy, and investment decisions as necessary. On top of this, through education and training, we raise our employees' understanding of climate risk and improve their ability to adapt accordingly, reducing potential operating risks to the company while also continuing to strive for environmental sustainability.

Energy management is an important part of our daily operations. Through practical measures we are able to promote concrete ways to reduce energy usage and carbon emissions, and we encourage our employees to implement them and do their part for environmental sustainability. Our Administrative Management Department also publishes weekly records of inspections of the building's air conditioners and lighting, ensuring effective follow-up management as necessary.

Concrete Measures for Reducing Carbon Emissions and Saving Fuel

Lighting Fixtures

- The reflective aluminum louvers we use on our lighting are computer designed, and can precisely control the angle of the light, ensuring it does not reflect directly onto computer screens. Additionally, the electronic ballasts reduce flickering when the lights are turned on while also extending their useful life. This approach is in line with green architecture Energy Saving Index.
- The stairwells of each floor located on non-Western-facing sides of the building do not have curtains installed, the aim being to allow them to be lit during the day by natural light, further extending the lifespan of the lighting and reducing energy consumption.



Air Conditioning

- The control panels of each of the air conditioners on each floor of the building are locked and set from the central control room in accordance with the Taipei City Government's Taipei Municipal Government Ordinance For Industrial and Commercial Energy Saving and Carbon Reduction Guidance and Self-Administration, with people dispatched regularly for temperature spot-checks.
- In addition, after everyone else has left, the central control room employees undertake final checks and compile a record.

Elevators

- Elevators are divided into two groups: those that stop on odd floors and those that stop on even floors, thus reducing the number of floors each has to stop at.
- During non-rush-hour times and on non-working days, only one elevator is left operating.



Parking Ventilation

- Outside of the start and end of the working day, the parking lot ventilation system operates for 20 minutes each hour, thus helping keep cars safe, employees healthy, and energy usage down.

Video- and Audioconferencing

- Both the headquarters of Yuanta Financial Holdings and the Yuanta Securities head office (located in the Datong Building) are equipped with video- and audioconference facilities, enabling employees to meet with people in different areas or countries. In addition to facilitating more effective communication through this system, this also reduces the time and expense otherwise involved in traveling for meetings, cutting back on transportation-related energy consumption and carbon emissions.



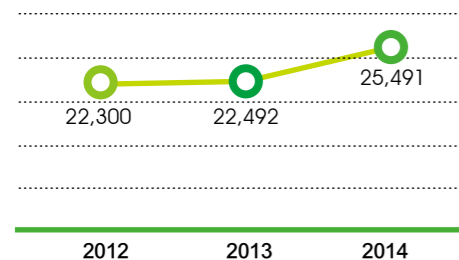
Energy Saving and Carbon Emissions Reduction Promotion

- When going up or down floors, use the stairs instead of the elevator, getting exercise while also saving energy.
- The average office temperature may not be lower than 26°C.
- Where the sun shines directly into the office, shades have been set up to reduce heat coming from the sun.
- Unplug any office equipment that will not be used for a long period of time.
- Turn off lights when leaving the office.
- Business machines and personal computers are all set to automatically enter power-saving standby mode.
- When using faucets, use a moderate level of water, and after usage, be sure the faucet is tightly turned off.
- Buy products bearing the Green Mark.
- Advertising and signage is turned on during specified hours, and turned on and off through timer switches.

Reducing Business Trips, Improving Work Efficiency

In terms of fuel usage, this company's primary demand comes from transportation, shuttling employees to and from the buildings of subsidiaries. Through optimal management of operations and the purchasing of hybrid vehicles, we have been able to reduce fuel usage. Additionally, through video- and audioconferencing we have reduced the need for transportation and travel times, effectively increasing work efficiency and reducing transportation-related carbon emissions.

Video- and Audioconferences



Usage of Energy Resources

Yuanta Financial Holdings has for a long time been concerned with environmental issues, including energy savings and reductions in carbon emissions. To this end, we have put in place environmentally friendly and energy saving measures throughout our hardware and software systems with the aim of using systematized management and replacement of less energy efficient equipment to effectively reduce power consumption and other indirect forms of energy usage. As a result of such measures, the group saw a 1.02% decrease in energy consumption in 2014 when compared with 2012, along with a reduction of 91.29 tonnes of carbon dioxide emissions.

Additionally, prior to Yuanta Life taking up residence on the second (partial), seventh, and eighth (partial) floors of Yuanta Financial Holdings' headquarters, a full renovation took place. This renovation required the use of large machinery, and with the addition of 24-hour server facilities and a policy production room, in 2014 our headquarters saw an increase in power usage over 2013.

Energy Resource Usage Statistics for Yuanta Financial Holdings Headquarters

Item		2012	2013	2014
Direct Energy Resources	Gasoline (L)	—	—	12,446
	Emissions Factor (kgCO ₂ e/L)	—	—	2,2631
	Carbon Emissions (kgCO ₂ e)	—	—	28,167
Indirect Energy Resources	Total Electricity Consumption (kWh)	5,599,400	5,394,800	5,542,400
	Electricity Emissions Factor (kgCO ₂ e/kWh)	0.532	0.522	0.521
	Carbon Emissions (kgCO ₂ e)	2,978,881	2,816,086	2,887,590
Total	Floor Area Used (m ²)	14813.39		
	Electricity Carbon Emissions Strength (kgCO ₂ e/m ²)	201.09	190.10	194.93

Note 1: Emissions Factor source: EPA Greenhouse Gas Emissions Factor Management Table (v6.0.1), Bureau of Energy Electricity Emissions Factor.
 Note 2: In 2012-2013 our gasoline usage valuation system was not yet implemented, leaving us unable to properly estimate gasoline usage levels, and as such there is no data to report.
 Note 3: Data scope: Yuanta Financial Holdings headquarters (building, company shuttles, company vehicles).

7.3 Water Usage Management

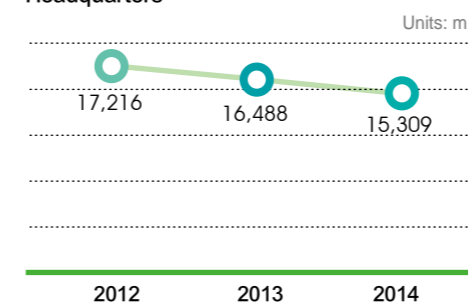
100% of the water used by this company is from local water supplies, with no direct access to groundwater, waterways, or any other sources of water. Water at our offices and operating locations is provided for the use of employees and customers, producing no significant impact on the environment through waste water. All water used is processed through the sewage system, after which it is released into waterways or the ocean. As such, there are no concerns regarding major leaks nor threats to the environment.

Through the use of water-saving equipment, rainwater recycling, and employee education in water-saving measures, along with new automated, sensor-based water facilities, water usage continued to decrease in the 2012-2014 period, with some 1,907m³ of water saved in 2014 compared to 2012, an 11.07% reduction in water consumption. Into the future, we will continue to plan more comprehensive water resource management policies and measures, hoping to further reduce the consumption of water, wasting of natural resources, and impact on environmental water resources caused by our operations.

The company's water saving measures and waste water treatment methods are as follows:

- All toilets in the building use a water-saving two-stage flush valve, while urinal flushing is sensor activated; both toilets and urinals are Water Label certified.
- Bathroom faucets are all Water Label certified; single-handle faucets in break rooms have their flow level adjusted down and have exhortations to save water posted nearby to remind employees.
- A rainwater recycling and filtration system has been set up to provide water for toilets, urinals, and watering of plants in open spaces.
- The building's waste water treatment facilities include a sewage treatment tank and dedicated sewage line. Sources of waste water include toilets and garbage collection areas, while miscellaneous drainage is handled by the processing facilities on the fifth basement floor and the dedicated sewage line on the first floor in accordance with the demands of both environmental law and green architecture.

Water Usage Statistics for Yuanta Financial Holdings Headquarters



7.4 Waste Management

Break rooms on each floor of the Yuanta Financial Holdings headquarters have separated garbage cans. To categorize garbage for recycling/reuse, we have used environmental protection training to educate our employees, while there is a space set up for garbage collection on the fifth basement floor, where the entire building's garbage is collected and sorted again. This garbage is cleared away every day and the space is cleaned regularly. Between 2012 and 2014 we saw ongoing reductions in waste production, with 2014 showing a reduction by 4,330 kg in recyclable waste on the 2012 figure.

Measures to educate employees on garbage sorting and recycling include:

- Using plastic or ceramic cups rather than paper cups, reducing the usage of the latter.
- When printing documents, set the printer to print on both sides of the paper to help reduce paper usage.
- Use scrap paper for printing non-official documents, or cut it up to use for notes.
- Make more use of e-mail, digital flyers, and digital bulletin boards to replace their paper equivalents.
- Reuse envelopes and document bags.
- Reduce usage of solvents like glue or correction fluid.
- Make more use of refillable ballpoint pens or fountain pens.
- Office garbage is separated into general, recyclable, and food waste.
- Discarded batteries can poison the earth and should not be mixed in with general garbage; instead, take dead batteries to convenience stores or supermarkets to turn them in for easy recycling.
- When eating out, use environmentally friendly chopsticks, and use handkerchiefs rather than disposable paper towels.



In February 2015, the British-based Waste & Resources Action Programme released a report commissioned by the Global Commission on the Economy and Climate entitled "Strategies to Achieve Economic and Environmental Gains by Reducing Food Waste." In this report, WRAP noted that "7% of all global greenhouse gas emissions (GHGs), or 3.3 billion tonnes per year, are due to food waste," and thus "less food waste leads to more efficiency, more economic productivity and reductions in emissions of greenhouse gases that contribute to climate change." Through environmental education and advocacy, this group is continuing to encourage our employees to reduce food waste, promoting the concept of cherishing food to help alleviate the burden on the environment and the economy caused by food waste. In 2014, we saw a reduction in food waste of 1,118 kg over 2012, a clear illustration of the commitment of our employees to this cause.

Waste Statistics for Yuanta Financial Holdings Headquarters

Treatment Method		Item	2012	2013	2014
Recycling	Aluminum		12	9	12
	Iron		241	40	197
	PET Bottles		529	420	649
	Paper		14,636	13,828	10,229
Total			15,418	14,297	11,087
Composting	Kitchen Waste		2,095	1,409	977

IT Equipment Replacement Statistics for the Group, 2014

Item	Treatment Method	Sold	Donated	Scrapped	Total
Computer		145	28	2,266	2,439
Screen		121	85	14,248	14,454
Printer		2	—	292	294
Print Server		—	—	83	83
Fax		—	—	112	112
Photocopier		—	—	6	6
PC Server		—	—	19	19
Notebook Computer		—	—	17	17

7.5 Supplier Management

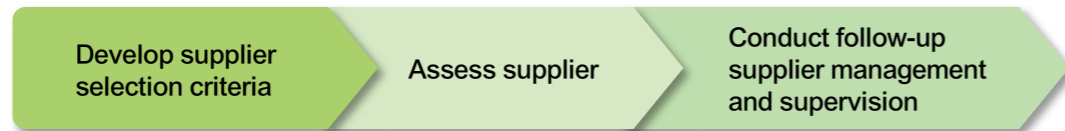
All procurement by this group is done through a fair and transparent process of negotiations in order to avoid conducting transactions with any suppliers with murky ethical records. Internally, procurements are conducted in accordance with a contract checklist, and contracts with suppliers include integrity clauses. Suppliers are also required to sign a Declaration of Commitment to Integrity, further reducing purchasing risk.

In 2014, this company's suppliers included suppliers of database maintenance, equipment and information maintenance, systems upgrades, and architectural engineering. These suppliers are primarily sourced locally, from Taiwan, with 2014's ratio of purchases in New Taiwan dollars to purchases in foreign currencies at 99: 1. In line with the company's Integrity Management Best Practices and

Behavioral Guidelines, we have laid out a Procurement Contract Signing Checklist and include integrity clauses in contracts, facilitating evaluations of contracts with external suppliers regarding the outright purchase and sale of products they own. The Declaration of Commitment to Integrity that is attached to the checklist is to be

signed by suppliers also serves as evidence that the signatory has completed the checklist. Additionally, when the company signs a procurement contract, the supplier is expected to 100% comply with the integrity clauses and the Integrity Management Best Practices and Behavioral Guidelines.

Group Supplier Selection Process



In the future, Yuanta Financial Holdings plans to incorporate CSR clauses into these supplier contracts, requiring suppliers to adhere to environmental, occupational health and safety, and labor rights laws and regulations, thus taking practical measures to get suppliers working with us to uphold our responsibility to society.

Green Purchasing

This group uses e-mail to promote green purchasing and related concepts among our employees and the purchasing departments of our subsidiaries. In these emails, we explain green purchasing and how to prioritize legally compliant green products; we also list out government-approved green products, including those that have

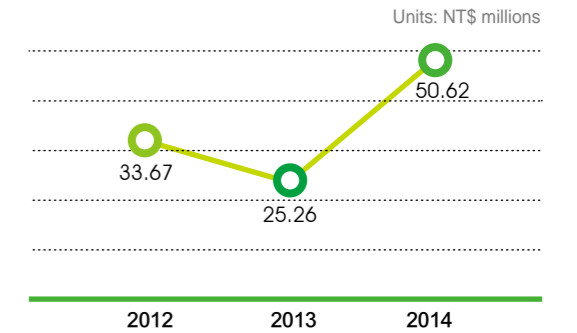
received Green Mark approval from the EPA; those that are in line with our requirements for use of renewable materials, low pollution, recyclability, and resource efficiency; and products with the same or similar functionality as others, but with greater potential to benefit society or reduce social costs. In addition, we also implement training programs for purchasing employees and share with them relevant information.

In 2011, the group participated in the Taipei City Government's Non-Government Enterprises and Organizations Green Purchase Plan, as well as proactively responding to the call for green purchasing. Yuanta Financial Holdings has been recognized by the Taipei

City Government as a Benchmark Business for Green Purchasing for four consecutive years (2011-2014), and according to statistics, the group made over \$50 million in green purchases over 2014.

We believe that through a core of leveraging cash flow and increasing wealth value, the finance industry can play a crucial role in influencing society. While using cash flow to create wealth value, we can raise environmental and social added value, or reduce risks to the environment or society. In the future, this company will continue building on its green purchasing concepts and pass these down to its subsidiaries, further doing our part in working toward a greener Earth.

Green Purchasing Statistics for the Group



Chapter 8

Supporting the Community



The Yuanta Financial Holdings team has for years been a strong supporter of the community and is committed to "giving back to society as we benefit from it." As such, our subsidiaries donate funds through the Yuanta Cultural and Educational Foundation, and through activities in four main directions—Public Welfare and Community Education, Awarding Academia and Training Talent, Safe Societies and Learning the Law, and Advancement of the Arts and Cultural Education—we strive to take concrete actions toward upholding our corporate social responsibility.

Through monthly electronic newsletters and annual reports posted to the company website, the Yuanta Cultural and Educational Foundation describes in detail its efforts to help the underprivileged, foster healthier lifestyles, care for the community, protect the environment, cultivate talent, foster industry-academia exchanges, sponsor the arts, and encourage education in the law. In addition to sharing this information with the whole company, we also hope that these efforts will combine to create an ongoing force for good in the community.

8.1 The Yuanta Cultural and Educational Foundation

This year, the Yuanta Cultural and Educational Foundation enters the 14th year of its long-term investment in cultural and charitable service aimed at creating a more cultured, healthier Taiwan with a higher standard of living. In 2014, the foundation held 65 independent activities, 143 joint activities, and 177 sponsored activities, a total of 385 activities over the course of the year. This is a 1.2-fold increase over 2012, and a clear illustration of our ongoing commitment to

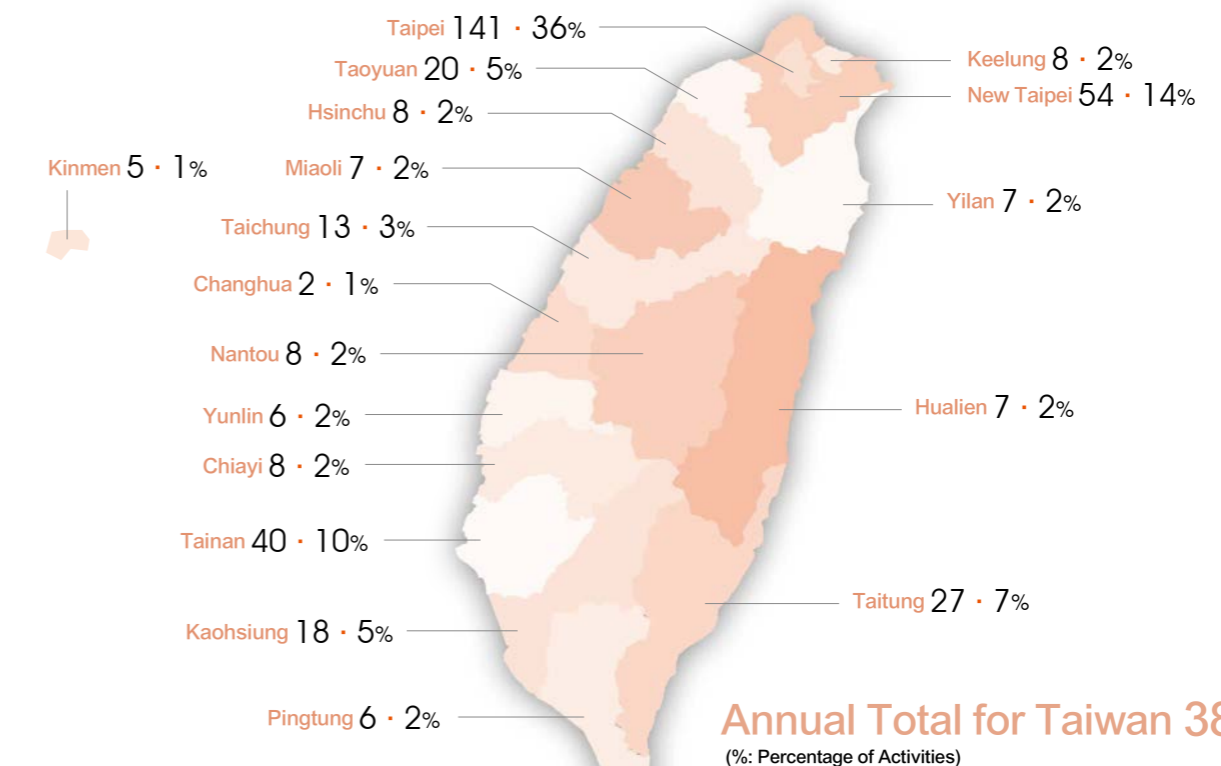
serving society. For its outstanding performance in social welfare and education, the foundation was recognized by the Ministry of Education in its evaluations of educational foundations for three consecutive years (2011-2013). Every Thursday the foundation holds project review meetings, selecting partners and sponsorship plans solicited from throughout society through application of its evaluation criteria and annual budget.

Into the future, the group intends to continue reaching out to charitable forces with the aim of fostering discussion, action, and the sharing of the power of love with people in all walks of life. Through its practical actions, the foundation is realizing Yuanta Financial Holdings' commitment to corporate social responsibility and helping adults and children alike make dreams into realities, fulfilling a promise the group has made to society. We will continue to give our all to help make Taiwan a precious, fertile land ready to cultivate a brighter, warmer future.

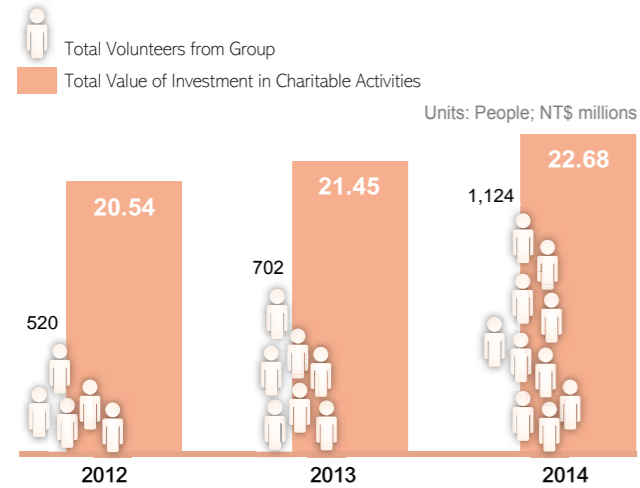
Yuanta Cultural and Educational Foundation Activity Statistics, 2014

Item	2012	2013	2014
Independent Activities	65	47	65
Joint Activities	4	183	143
Sponsored Activities	103	56	177
Total	172	286	385
Activity Concentration (events/week)	3.3	6	7

Yuanta Cultural and Educational Foundation Activities by City/County, 2014



Charitable Performance of Yuanta Cultural and Educational Foundation, 2014



Total Investments into Charitable Activities, 2012-2014
64.68 (millions)

Donation Income for Yuanta Cultural and Educational Foundation, 2012-2014 (focused on Yuanta Financial Holdings subsidiaries)

Donor	2012	2013	2014
Yuanta Securities	14.00	14.00	17.60
Yuanta Securities Finance	8.00	3.50	2.64
Yuanta Funds	5.00	3.50	4.40
Yuanta Bank	5.00	7.00	11.00
Yuanta Futures	1.00	3.50	3.96
Yuanta Venture Capital	1.00	1.75	2.65
Yuanta Asset Management	1.00	1.75	2.20
Total	35.00	35.00	44.45

8.2 Public Welfare and Community Education

The Yuanta Cultural and Educational Foundation has long believed that education is the cornerstone of better lives and realized dreams. As such, we strive to help underprivileged groups learn and grow, with a particular focus on educating and guiding children in remote rural areas. It was for this purpose that we established the Yuanta Dreams Taking Off Scholarship program, giving underprivileged children a more level educational playing field and helping them build their self-confidence. This foundation brings together the expansive channels and rich manpower of Yuanta Financial Holdings into a powerful force for good, promoting volunteer service and facilitating access to more beneficiaries across a broader scope.

The foundation's efforts in regards to public welfare and community education are built around six elements: the Dreams Taking Off Project, assisting the Hualien-Taitung area, caring for children and young people, caring for the environment, promoting health and well-being, and working with NPOs. Highlights and results of these efforts are laid out below:

Yuanta Dreams Taking Off Project

Project Title :
Providing Summer and Winter Classes to Rural Middle Schoolers

Implementation Method :
We sponsor a group of volunteer instructors composed of students and faculty from Fu Jen Catholic University to help them provide summer and winter classes to children from 99 underprivileged homes in the Wugu District of New Taipei City and Fuxing District of Taoyuan City.

2014 Results :
So far, a total of 433 children from districts on the urban outskirts have taken advantage of these classes. In the past four years, the program has cultivated 11 college students, and so far a total of 364 FJU students have ventured out into rural areas to provide guidance and mentorship.



Project Title :
"Care, Service, Growth, and Learning" Scholarship Program

Implementation Method :
We are committed to the long-term support of 30 students currently in education, providing each senior high school student with a \$10,000 scholarship each semester and each college student (including vocational schools) a \$20,000 scholarship each semester.

2014 Results :
In total, 176 students have received Yuanta scholarships; 151 people have participated in Scholarship Development Camps; and we have helped 45 students from impoverished backgrounds continue their rise through the educational system, and in 2013 we had our first student to successfully test into a college music program.



Caring for Hualien and Taitung

Project Title :
Caring Cup Baseball Match

Implementation Method :
With our sponsorship of the 21st Caring Cup Baseball Match, teams from schools in Aboriginal villages were able to keep going, while the event also provided excellent exercise for local student participants.

2014 Results :
A total of 1,000 students from 48 teams were invited to Taitung to participate.



Project Title :
Improving Rural Children's Reading Skills

Implementation Method :

- Since 2010, we have supported Kids' Bookhouse by subsidizing the hiring fees for teacher Minghan Chen.
- We sponsor the Taitung County "Send Word to the Mountains" project, gifting one-academic-year subscriptions to the Mandarin Daily News to schools that successfully apply. Our hope is to use the Mandarin Daily News as a means to boost children's reading skills and comprehension.

2014 Results :

- A total of \$348,750 has been spent on supporting tuition.
- In total, 21 classes and two libraries at 13 elementary schools across Taitung County have received subscriptions.



Caring for Children and Young People

Project Title :
The Edison Adventure Supporting Journeys into Science

Implementation Method :
We sponsor the National Taiwan Science Education Center's "Edison Adventure" project, which invites underprivileged children from single-parent, widowed, separated, immigrant, Aboriginal, and impoverished families to explore and experience the world of science at the Center.

2014 Results :

- In 2014, 4,000 students joined the learning journey.
- Over the past four years, we have helped over 10,000 children venture into science.



Project Title :
Yuanta Happy Day Bringing New Hope and Education to Underprivileged Children

Implementation Method :
For the Yuanta Happy Day event, we invited children from the Taiwan Fund for Children and Families' Northern District Support Center and the Cathwell Service's Jonah House to take part in a visit to the Science Center. Yuanta employees and their families served as volunteers, accompanying the children through an unforgettably happy day and experiencing for themselves the joy of giving.

2014 Results :

- We began expanding our Happy Day and Volunteer Day type activities in 2013, helping hundreds of children experience the Science Center.
- In 2014, over 100 children took part with the help of 32 volunteer employees and family members.



Caring for the Environment

Project Title :
Discovering Butterflies and Witnessing Joy

Implementation Method :
Children from Rong-Guang Social Welfare Institution were invited to visit the 2014 Discover Butterflies in Taipei exhibition and DIY classes.

2014 Results :
21 children and 29 volunteers participated.



Project Title :
Yuanta Conservation Class

Implementation Method :
In the course of this one-month event, Internet users were invited to take part in online quiz games to gain a better understanding of the environment, thus fostering environmental education through new media.

2014 Results :
During the event, there were a total of 477,963 page views and 18,177 unique visitors, of whom 3,274 successfully completed the event.

Promoting Health and Well-Being

Project Title :
Yuanta Loving Heart Blood Drives

Implementation Method :
In May and November 2014, employees of Yuanta Financial Holdings and its subsidiaries were called on to take part in the Yuanta Loving Heart Blood Drive by donating blood, a concrete way of contributing to society.

2014 Results :
889 employees participated, donating a total of 975 bags of blood; over the past four years, 3,235 employees have donated 3,317 bags of blood.

Project Title :
The "Liver Train" Goes Full Steam Ahead to Serve Rural Villagers

Implementation Method :

- We have cooperated with the Liver Disease Prevention & Treatment Research Foundation since 2007, and in 2014 that cooperation took the form of offering free liver cancer and hepatitis screenings in Beigang, Changhua County; Zhuangwei, Yilan County; and Longjing, Taichung City.
- Over the seven years, over 1,000 people have volunteered, serving over 10,000 people across Taiwan.

2014 Results :
Yuanta has also dispatched hundreds of employees to rural areas to volunteer at liver disease prevention and treatment events, helping almost 5,000 rural Taiwanese so far get free screenings.

Working with NPOs

Project Title :
Rescuing the Garlic Growers

Implementation Method :
Working with the Garlic Bank and the Welldoer Volunteer Service Organization, we developed the "Suspended Garlic" event, funding the purchase of 4 tons of garlic to be stored at a logistics station. Then, charitable groups including the Garden of Hope Foundation, Taiwan Fund for Children and Families, and FJU Rural Volunteer Team were invited to make use of their charity systems to distribute the garlic to underprivileged families.

2014 Results :
This is the first such effort to link agricultural surplus with underprivileged families, helping protect the livelihoods of farmers with surplus crops while also providing free, fresh food to families in need.

Project Title :
Yuanta Public Interest Lectures

Implementation Method :
In 2011, we began holding the Dreams Taking Off series of public interest lectures to promote charity and the public interest. In 2014, we invited Chen Yue-ching, chair of the Cancer Care Foundation; Mennonite Christian Hospital president Peter Huang; Taiwan Alzheimer Disease Association secretary-general Tang Li-yu; Lin Yu-ju, secretary-general of the Taiwan Motor Neuron Disease Association; and other such figures to share their experiences.

2014 Results :

- Through the Yuanta Public Interest Lectures we aim to encourage community education, build a strong platform for the public interest, and support the goals and ideals of NPOs through an attitude of service.
- After three years of hard work, the Yuanta Public Interest Lectures have established a strong reputation in the public interest sphere.



Yuanta Futures—Financial Literacy Courses

To more broadly help the general public and ordinary investors with their investment banking needs and raise their financial literacy, since 2013 Yuanta Futures has held regular Financial Literacy Promotion Courses, covering active study, publications, and financial education. In 2014, 1,972 such free courses were provided to the public.

	Item	2013	2014	Units
Members	Multicharts Members	539	728	Accounts
	Taiwan Life	323	154	Accounts
Publications	Bull and Bear Big Winner	280	1	Books
Free Courses	Three Categories: Introductory Seminars, Knowledge+, Easy Learning	2,150	1,972	Events
	Paid Courses	Professional Courses, Possession of the Golden Pavilion Series	180	353

Yuanta Securities and Yuanta Futures—Better Options and Brighter Futures

In an effort to improve understanding of the financial markets among young people and cultivate a strong and knowledgeable new generation of investors, in Q4 2014 Yuanta Futures and Yuanta Securities joined forces to launch the Better Options and Brighter Futures project. Focusing on futures and options, two low-threshold investment products, this project aims to cultivate a proper understanding of investment concepts among younger, smaller investors through educational films, interactive online games, and tips from top investors.

A. Campus Campaign: In cooperation with the Taiwan Academy of Banking and Finance, Yuanta Securities launched a series of on-campus lecture events entitled "Better Options and Brighter Futures on Campus." In 2014, this project held events at Takming University of Science and Technology, Kainan University, and Asia University, with approximately 250 people participating. After the rapturous welcome these received, in the first half of 2015 they were followed by events at 10 schools, including National Tsing Hua University, National Taipei University of Business, and Yuan Ze University, with over 1,000 students taking part.

B. Ordinary Investor Education: Between September and December of 2014, Yuanta Securities held some 833 seminars at its 162 branches nationwide, with nearly 10,000 people attending.

8.3 Awarding Academia and Training Talent

The Yuanta Cultural and Educational Foundation is committed to training financial professionals. Through internships, scholarships, and academic competitions, the foundation helps create a pool of reserve talent for the company. And by sponsoring academic conferences and industry-academia exchanges, the foundation helps elevate domestic financial research and promote the exchange of information between the academic and professional sides of the financial world. In 2014, Yuanta held 34 academic and training events, with over 3,000 people taking part.

With regard to "awarding academia and training talent," the foundation approaches the issue from four directions—cultivating talent, academic research, industry-academia exchange, and general sponsorships. Highlights of our 2014 efforts and results are as below:

Cultivating Talent

Project Title :
Summer Research Paper Grants

Implementation Method :
Over seven years, students have pursued research topics from across the spectrum of our subsidiaries, sharing their particular expertise with one another while also participating in competitions and pursuing awards. Each grant is valued at \$40,000.

2014 Results :

- Every year, 20 people receive training, and thus far we have helped cultivate over 100 financial professionals.
- Between 2008 and 2014, we have given out \$5.6 million in grants.



Project Title :
25th Accounting Elite Cup Debate Competition

Implementation Method :
We are long-time supporters of the Accounting Elite Cup Debate Competition and Cross-Strait Conference/Debate Invitational.

2014 Results :

- In 2014, a total of 24 teams—approximately 400 people—took part.
- Between 2008 and 2014, we have sponsored the event with a total of \$700,000.

Academic Research

Project Title :

Chinese Business Case Research Cooperation Framework Program

Implementation Method :

Since 2011 we have sponsored National Taiwan University's cooperation with Renmin University of China, an effort that in the past five years has produced 50 Chinese-language publications focused on Chinese business case studies.

2014 Results :

- Formally entering its fourth year, the project has already produced over 30 case studies of large-scale cross-strait business operations.
- Between 2011 and 2014, our sponsorship totaled \$8 million.

Project Title :

2014 Annual Meeting of the Taiwan Finance Association

Implementation Method :

We sponsored the 2014 International Conference and Annual Meeting of the Taiwan Finance Association, with recipients receiving \$50,000 to attend the top international financial meetings (AFA, WFA, EFA).

2014 Results :

- These efforts have effectively raised the standard of internationally oriented financial development, financial theory, and empirical research, as well as promoting the advancement of financial scholarship and practical exchange & development both domestically and internationally.
- Between 2009 and 2014, our sponsorship totaled \$1.3 million.

Industry-Academia Exchange

Project Title :

Chinese Family Company CSR Reports—Cross-Strait CSR Conferences

Implementation Method :

Professor Chung Hsi-mei of the Research Center for Chinese Family Firms has carried out a study of family-firm-established foundations, with a focus on the case of the Yuanta Cultural and Educational Foundation. Her work has also been presented at a conference held by the Family Enterprises Committee of the Center for Private Economic Studies of CASS.

2014 Results :

Prof. Chung has pointed to the Yuanta Cultural and Educational Foundation as being very representative of the spirit of social responsibility involved in the development of such foundations in Taiwanese family firms.



Yuanta Securities—Adopt-a-Campus Project

In order to deepen the younger generation's views on investment, in October 2014 Yuanta Securities launched the Adopt-a-Campus Project, with branches nationwide proactively working with finance and business departments and clubs at tertiary education institutions around Taiwan. Making use of our deep roots in schools and clubs, through this project we are able to strengthen the practical understanding of the financial markets among students. By the end of 2014, a total of 161 departments and clubs had been adopted, which each branch making full use of its professional knowledge of finance and investment products to have a positive impact on the area and help schools reinforce correct understandings of finance and financial behavior.

In addition to working with current students on their financial knowledge, Yuanta Securities also works with schools to provide employment opportunities and seek out promising financial talent. Thus far, some 17% of new hires for Yuanta Securities have come through the Adopt-a-Campus Project, with the company sparing no effort in helping new graduates find employment opportunities.

Yuanta Futures and Yuanta Life—Campus Internship Program

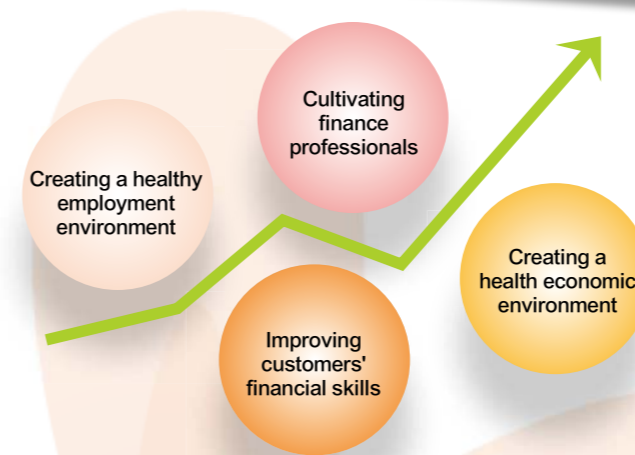
By providing more practical internship opportunities to college students, we help them get an early experience of the realities of the workplace, understand the development of the industry, and discover their true passions, while also cultivating appropriate work attitudes and professional ethics. In 2012, Yuanta Futures launched the Campus Internship Program, giving students the chance to integrate theory and practice, as well as to determine the direction of their future careers and cultivate the necessary job skills.

The program is divided into four parts: pre-internship introductions and training, mid-internship guidance, mid-internship visits, and post-internship reports. Through comprehensive curricula and feedback, Yuanta Futures and Yuanta Life have implemented a progressive education model that leads students through the practical side of the industry and helps them integrate into the workplace environment.

From 2012 through 2014, Yuanta Futures established industry-academia partnerships with 19 schools across Taiwan, including National Taichung University of Science and Technology, National Chung Cheng University, National Chung Cheng University, National Taipei University of Technology, Feng Chia University, National Kaohsiung University of Applied Sciences, National Kaohsiung Normal University, National Kaohsiung First University of Science and Technology, and Chang Jung Christian University. A total of 127 people have participated in these internships. In 2014, Yuanta Life began working with the Department of Insurance & Financial

Management and the Department of Banking & Finance at Takming University of Science and Technology in participating in the Ministry of Education's Technical and Vocational Educational Reconstruction Project. A total of 16 interns participated, greatly increasing their competitiveness and employability through the project; after the project's completion, 72% of interns stayed with the company. Thanks to providing an excellent learning environment through academia-industry cooperation, Yuanta Life has become the first-choice internship destination for students in the insurance departments of the schools involved.

We plan to continue offering internship opportunities into the future, not only sharing our educational resources and responsibilities, but also cultivating the kinds of professionals the industry needs early, making another step toward our goal of sustainable operations.



8.4 Safe Societies and Learning the Law

The Yuanta Cultural and Educational Foundation has a long history of involve in issues of community safety and legal education. We appreciate how difficult it can be to start again after serving a custodial sentence, and so not only do we support the Taiwan After-Care Association, we also visit rehabilitation centers to support the patients. Additionally, we encourage inmates to learn new skills, and we are actively involved in anti-drug promotions and child protection, helping Taiwanese society become more peaceful and prosperous. The foundation strives to call attention to social issues and inspire participation; in 2014, it received its first honor from the Ministry of Justice, as well as presenting an award for successful individuals or groups working in the protection of rehabilitated former inmates.

With regard to "safe societies and learning the law," the foundation approaches the issue from three directions—anti-drug activities, former inmate rehabilitation and protection, and protecting children and young people. Highlights of our 2014 efforts and results are as below:

Anti-Drug Activities

Project Title :

Yuanta and Paper Windmill The Saving Faust Project

Implementation Method :

Working with the Paper Windmill Arts and Educational Foundation, Yuanta has launched the Saving Faust Project, aiming to keep Taiwanese youth away from drugs. Starting in November 2012, the project is expected to run for nine years, visiting 934 junior high schools across Taiwan with its anti-drug performances.

2014 Results :

So far, the project has visited 94 schools, with a total audience of 76,478 students.



Former Inmate Rehabilitation and Protection

Project Title :

Sponsoring the Taiwan After-Care Association

Implementation Method :

We are long-time supporters of the Taipei chapter of the Taiwan After-Care Association, holding events and activities for rehabilitated former inmates to help them develop the job skills they need to reintegrate into society.



2014 Results :

- Held a 10-week Sand Painting Art Workshop.
- Between 2011 and 2014, our sponsorship totaled \$1.65 million.

Protecting Children and Young People

Project Title :

Good Neighbors Protect Children

Implementation Method :

April 28 has been designated as Child Protection Day, aiming to not only teach proper parenting to the community, but also to raise awareness of child abuse and our collective ability to take action and help children escape the dark cloud of abuse.

2014 Results :

We have been involved in child protection for 27 years, helping care for some 10,000 children and young people each year who have suffered abuse and are crying out from the dark corners of society.

8.5 Advancement of the Arts and Cultural Education

The Yuanta Cultural and Educational Foundation combines charity and art, and since 2011 has held the Yuanta Public Interest Arts Fest, inviting social welfare organizations and rural schools to enjoy high-quality performances and cultivate a passion for the arts. Since its inception, the fest has hosted performances by 50 arts and cultural groups for the benefit of over 170 organizations. By enabling these organizations to take in performances from a variety of artistic forms for free, we help them relieve the pressure of modern life, cultivate their spirits, and expand their horizons.

In 2014, the fest hosted 89 performances and invited 20,727 people to freely take part in the event, a significant success.

For more information on Yuanta Financial Holdings' charitable activities, please see the [Yuanta Financial Holdings corporate website](#), under **Corporate Social Responsibility > Corporate Citizenship**, where you will find a selectable table of corporate citizenship events and activities by year and quarter.

Paper Windmill Advances on the Outlying Islands

To introduce strong anti-drug messages into schools, in 2012 the Yuanta Cultural and Educational Foundation and Paper Windmill Arts and Educational Foundation joined forces for the Saving Faust Project, which is touring all of Taiwan's junior high schools. The hope is that through the spectacular stage show, the seeds of drug abuse resistance will be planted in the minds of Taiwan's youth. In June 2014, the project made its first visit to Kinmen, traveling to Jinhua, Jincheng, Jinning, Jinsha, and Lieyu Junior High Schools, marking the project's first time having performed at schools in each of Taiwan's special municipalities, provincial cities, and counties. Through bringing the Saving Faust Project to Kinmen, we aim to reach the children of the islands at an early age and help them avoid the temptations or missteps as they grow up. Additionally, we hope to inspire a love and appreciation of the theater through our performances.



Appendix



INDEPENDENT ASSURANCE OPINION STATEMENT

Yuanta Financial Holding Co., LTD 2014 Corporate Social Responsibility Report

The British Standards Institution is independent to Yuanta Financial Holding Co., LTD (hereafter referred to as Yuanta Financial Holdings in this statement) and has no financial interest in the operation of Yuanta Financial Holdings other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for Yuanta Financial Holdings only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Yuanta Financial Holdings. 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 Financial Holdings only.

Scope

The scope of engagement agreed upon with Yuanta Financial Holdings includes the followings:

1. The assurance covers the whole report focused on systems and activities during the 2014 calendar year on the Yuanta Financial Holding Co., LTD and its 9 subsidiaries in Taiwan, information relating environmental performance is mainly from Yuanta Financial Holdings' headquarter building (located in No. 66, Sec. 1, Dun Hua S. Road, Taipei) and information on social welfare activities incorporates the work of the Yuanta Cultural & Educational Foundation.
2. The evaluation of the nature and extent of the Yuanta Financial Holdings's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2014 Yuanta Financial Holding Co., LTD Corporate Social Responsibility Report provides a fair view of the Yuanta Financial Holdings CSR programmes and performances during 2014. We believe that the 2014 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Yuanta Financial Holdings's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta Financial Holdings's description of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI G4 guidelines 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 Financial Holdings's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers and staffs on Yuanta Financial Holdings's approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 56 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G4 guidelines is set out below:

Inclusivity

This report has reflected a fact that Yuanta Financial Holdings has been seeking the engagement of its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Yuanta Financial Holdings's inclusivity issues, however, the future report should be further enhanced by the following areas:

- Continually watch latest CSR development in supply chain management to correspond in society's needs for future reporting.

Materiality

Yuanta Financial Holdings publishes sustainability information that enables its stakeholders to make informed judgements about the company's management and performance. In our professional opinion the report covers the Yuanta Financial Holdings's material issues, however, the future report should be further enhanced by the following areas:

- Encouraging during the enhancement of the materiality identification process, it may consider international peers' practices in dealing climate change risks to develop the carbon management strategies in corporate level.

Responsiveness

Yuanta Financial Holdings has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Yuanta Financial Holdings is developed and provides the opportunity to further enhance Yuanta Financial Holdings's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the Yuanta Financial Holdings's responsiveness issues, however, the future report should be further enhanced by the following areas:

- Encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.

GRI G4 guidelines

Yuanta Financial Holdings provided us with their self declaration of 'in accordance' with the Guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Yuanta Financial Holdings's social responsibility and sustainability issues, however, the future report will be improved by the following areas:

- Continuously focus on the implementation of sustainability procedures and programs within the practices of financial service along with the newly developed Standards.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the Yuanta Financial Holdings'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 and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 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
26 May, 2015




Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

BSI Taiwan is a subsidiary of British Standards Institution.

GRI G4 Content Index for “In accordance” – Core

Note 1: ☉ Fully disclosed ○ Partially disclosed

Note 2: External Assurance: “√” meant the indicator was assured by the independent party, British Standards Institution (BSI)

GENERAL STANDARD DISCLOSURES				
General Standard Disclosures	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)	External Assurance
STRATEGY AND ANALYSIS				
G4-1	☉	1.A Message from the Chairman	3	✓
ORGANIZATIONAL PROFILE				
G4-3	☉	3.1 About the Company	16	✓
G4-4	☉	3.1 About the Company	16	✓
G4-5	☉	3.1 About the Company	16	✓
G4-6	☉	3.1 About the Company	16	✓
G4-7	☉	3.1 About the Company	16	✓
G4-8	☉	3.1 About the Company	16	✓
G4-9	☉	3.1 About the Company	16	✓
G4-10	☉	6.1 Our Safe and Healthy Workplace	52	✓
G4-11	☉	6.2 Remuneration Policy and Benefits System	55	✓
G4-12	☉	7.5 Supplier Management	66	✓
G4-13	☉	3.1 About the Company 3.2 Operating Status	16 17	✓
G4-14	☉	4.4 Internal Controls and Auditing Mechanism	30	✓
G4-15	☉	The company has yet to sign the relevant economic, environmental and social charters, principles, or other initiatives	-	✓
G4-16	☉	3.4 Participation in Domestic and Foreign Organizations	20	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	☉	3.2 Operating Status	17	✓
G4-18	☉	2.3 Identification of Material Aspects	9	✓
G4-19	☉	2.3 Identification of Material Aspects	9	✓
G4-20	☉	2.3 Identification of Material Aspects	9	✓
G4-21	☉	2.3 Identification of Material Aspects	9	✓
G4-22	☉	About this Report	1	✓
G4-23	☉	2.3 Identification of Material Aspects	9	✓

STAKEHOLDER ENGAGEMENT				
G4-24	☉	2.2 Stakeholder Engagement	7	✓
G4-25	☉	2.2 Stakeholder Engagement	7	✓
G4-26	☉	2.2 Stakeholder Engagement	7	✓
G4-27	☉	2.2 Stakeholder Engagement	7	✓
REPORT PROFILE				
G4-28	☉	About this Report	1	✓
G4-29	☉	About this Report	1	✓
G4-30	☉	About this Report	1	✓
G4-31	☉	About this Report	1	✓
G4-32	☉	About this Report GRI G4 Content Index	1 81	✓
G4-33	☉	About this Report	1	✓
GOVERNANCE				
G4-34	☉	4.2 Functional Committees	27	✓
G4-36	☉	2.1 Corporate Social Responsibility Management	6	✓
G4-38	☉	4.1 Our Governance Structure and Operating Situation	24	✓
G4-41	☉	4.1 Our Governance Structure and Operating Situation	24	✓
G4-44	○	4.1 Our Governance Structure and Operating Situation	24	✓

G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	⊙	4.5 Risk Management	31	✓
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	⊙	4.2 Functional Committees	27	✓
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	○	6.2 Remuneration Policy and Benefits System	55	✓

ETHICS AND INTEGRITY

G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	⊙	4.3 Establishing a Code of Conduct	29	✓
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	⊙	4.2 Functional Committees	27	✓
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	⊙	4.2 Functional Committees	27	✓

SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)	External Assurance
	DMA	Aspect-specific Disclosures on Management Approach (Financial Service)	3. About Yuanta Financial Holdings	15	✓
Economic Performance	G4-EC1	Direct economic value generated and distributed	3.2 Operating Status 5.2 Innovation and Diversification in Financial Products and Services	17 37	✓
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	7.2 Carbon Reduction Measures and their Effectiveness	64	✓
	DMA	Generic Disclosures on Management Approach	7.4 Waste Management	66	✓
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	7.3 Water Usage Management	65	✓
	G4-EN23	Total weight of waste by type and disposal method	7.4 Waste Management	66	✓
	DMA	Aspect-specific Disclosures on Management Approach	6. Caring for Employees 6.2 Remuneration Policy and Benefits System	51 55	✓
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	6.1 Our Safe and Healthy Workplace	52	✓
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.2 Remuneration Policy and Benefits System	55	✓
	G4-LA3	Return to work and retention rates after parental leave, by gender	6.2 Remuneration Policy and Benefits System	55	✓

Labor/ Management Relations	DMA	Generic Disclosures on Management Approach	⊙	6.2 Remuneration Policy and Benefits System	55	✓
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	⊙	6.2 Remuneration Policy and Benefits System	55	✓
	DMA	Aspect-specific Disclosures on Management Approach	⊙	6.1 Our Safe and Healthy Workplace	52	✓
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○	6.2 Remuneration Policy and Benefits System	55	✓
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	⊙	6.1 Our Safe and Healthy Workplace	52	✓
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	⊙	The company is in the financial services industry, and due to the particular nature of this industry, did not have workers with high incidence or high risk of diseases related to their occupation	-	✓
	DMA	Generic Disclosures on Management Approach	⊙	6.3 Professional Development	57	✓
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	⊙	6.3 Professional Development	57	✓
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	○	6.3 Professional Development	57	✓
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	⊙	6.5 Performance Evaluation and Career Planning	60	✓
	DMA	Generic Disclosures on Management Approach	⊙	6.4 Employee Code of Conduct	59	✓
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	⊙	6.4 Employee Code of Conduct	59	✓
	DMA	Aspect-specific Disclosures on Management Approach	⊙	8.Supporting the Community	69	✓
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	⊙	8.Supporting the Community	69	✓
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	⊙	The company's locations are all in metropolitan areas; it does not have any negative impact on local communities.	-	✓
	DMA	Aspect-specific Disclosures on Management Approach	⊙	6.4 Employee Code of Conduct	59	✓
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	⊙	6.4 Employee Code of Conduct	59	✓
	G4-SO5	Confirmed incidents of corruption and actions taken	⊙	In 2012-2014, the company did not have any cases of corruption	-	✓

Product and Service Labeling	DMA	Aspect-specific Disclosures on Management Approach	⊙	5.1 Our Financial Products and Services	34	✓
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	⊙	5.2 Innovation and Diversification in Financial Products and Services	37	✓
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	⊙	5.3 Legal Compliance in Products and Services	45	✓
	G4-PR5	Results of surveys measuring customer satisfaction	⊙	5.5 Customer Satisfaction and Complaints Mechanism	48	✓
	DMA	Generic Disclosures on Management Approach	⊙	5.3 Legal Compliance in Products and Services	45	✓
Marketing Communications	G4-PR6	Sale of banned or disputed products	⊙	5.3 Legal Compliance in Products and Services	45	✓
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	⊙	5.3 Legal Compliance in Products and Services	45	✓
	DMA	Generic Disclosures on Management Approach	⊙	5.4 Protecting Customer Privacy	47	✓
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	⊙	5.4 Protecting Customer Privacy	47	✓

GRI G4 Financial Services Sector Disclosures

Aspect	DMA and Indicators	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)	External Assurance	
Product Portfolio	FS1/DMA	Policies with specific environmental and social components applied to business lines	⊙	5.3 Legal Compliance in Products and Services	45	✓
	FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines	⊙	4.5 Risk Management	31	✓
	FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	○	5.2 Innovation and Diversification in Financial Products and Services	37	✓
	FS4/DMA	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	⊙	2.1 Corporate Social Responsibility Management	6	✓
	FS5/DMA	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	⊙	4.5 Risk Management 7.5 Supplier Management	31 66	✓
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	⊙	5.2 Innovation and Diversification in Financial Products and Services	37	✓
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	⊙	5.2 Innovation and Diversification in Financial Products and Services	37	✓
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	⊙	5.2 Innovation and Diversification in Financial Products and Services	37	✓

Audit	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	⊙	4.4 Internal Controls and Auditing Mechanism	30	✓
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	⊙	2.1 Corporate Social Responsibility Management	6	✓
Active Ownership	FS11	Percentage of assets subject to positive and negative environmental or social screening	⊙	5.3 Legal Compliance in Products and Services	45	✓
	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	⊙	This currently does not apply to Yuanta, but Yuanta has plans for it in the future	-	✓
Local Communities	FS13	Access points in low-populated or economically disadvantaged areas by type	⊙	5.1 Our Financial Products and Services	34	✓
	FS14	Initiatives to improve access to financial services for disadvantaged people	⊙	5.2 Innovation and Diversification in Financial Products and Services	37	✓
Product and Service Labeling	FS15	Policies for the fair design and sale of financial products and services	⊙	5.1 Our Financial Products and Services 5.2 Innovation and Diversification in Financial Products and Services	34 37	✓ ✓

ISO26000 – Social Responsibility Guidelines

Category	Core Subjects and Issues	Related Report Section(s)	Page(s)
Organizational governance	Decision-making processes and structures	4. Corporate Governance in Practice	23
	Due diligence	6. Caring for Employees	51
	Human rights risk situations	6.4 Employee Code of Conduct	59
	Avoidance of complicity	4.1 Our Governance Structure and Operating Situation	24
Human rights	Resolving grievances	6.2 Remuneration Policy and Benefits System	55
	Discrimination and vulnerable groups	6.3 Professional Development	57
	Civil and political rights	6.4 Employee Code of Conduct	59
	Economic, social and cultural rights	6.4 Employee Code of Conduct	59
	Fundamental principles and rights at work	6.4 Employee Code of Conduct	59
	Employment and employment relationships	6.3 Professional Development	57
Labor practices	Conditions of work and social protection	6.2 Remuneration Policy and Benefits System	55
	Social dialogue	6.2 Remuneration Policy and Benefits System	55
	Health and safety at work	6.1 Our Safe and Healthy Workplace	52
	Human development and training in the workplace	6.3 Professional Development	57
The environment	Prevention of pollution	7.1 Our Green Workplace	62
	Sustainable resource use	7.1 Our Green Workplace	62
	Climate change mitigation and adaptation	7. Improving Environmental Performance	61
	Protection of the environment, biodiversity and restoration of natural habitats	7.1 Our Green Workplace	62

Fair operating practices	Anti-corruption	6.4 Employee Code of Conduct	59
	Responsible political involvement	2.2 Stakeholder Engagement	7
	Fair competition	3.2 Operating Status	17
	Promoting social responsibility in the value chain	8. Supporting the Community	69
	Respect for property rights	3.3 Operating Policies and Corporate Mission	19
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	5.3 Legal Compliance in Products and Services	45
	Protecting consumers' health and safety	5.3 Legal Compliance in Products and Services	45
	Sustainable consumption	7.5 Supplier Management	66
	Consumer service, support, and complaint and dispute resolution	5.5 Customer Satisfaction and Complaints Mechanism	48
	Consumer data protection and privacy	5.4 Protecting Customer Privacy	47
	Access to essential services	5.2 Innovation and Diversification in Financial Products and Services	37
	Education and awareness	8.2 Public Welfare and Community Education	71
Community involvement	Community involvement	8. Supporting the Community	69
	Education and culture	8.3 Awarding Academia and Training Talent	74
	Employment creation and skills development	5.2 Innovation and Diversification in Financial Products and Services	37
	Technology development and access	8.2 Public Welfare and Community Education	71
	Wealth and income creation	8.5 Advancement of the Arts and Cultural Education	77
	Health	8.4 Safe Societies and Learning the Law	76
	Social investment	8. Supporting the Community	69

Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies

Content	Related Report Section(s)
Chapter 1 General Principles	2. Yuanta CSR 3. About Yuanta Financial Holdings 4. Corporate Governance in Practice
Chapter 2 Exercising Corporate Governance	2. Yuanta CSR 4. Corporate Governance in Practice
Chapter 3 Fostering a Sustainable Environment	7. Improving Environmental Performance
Chapter 4 Preserving Public Welfare	5. Strengthening Customer Relationships 6. Caring for Employees 8. Supporting the Community
Chapter 5 Enhancing Disclosure of Corporate Responsibility Information	2. Yuanta CSR 4. Corporate Governance in Practice
Chapter 6 Supplementary Provisions	2. Yuanta CSR



Yuanta Financial Holdings



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