

We Create **Fortune**

CSR

Report 2016



Yuanta
Financial Holdings



About this Report

Yuanta Financial Holdings continues to actively promote and implement the concepts of Corporate Social Responsibility (CSR), including proactively disclosing CSR-related information on the official Yuanta website and simultaneously uploading to the Taiwan Stock Exchange's Market Observation Post System (MOPS). In this way, we both provide our multiple stakeholders with CSR materials for their reference and inspire more companies to engage in CSR and work with us toward a more sustainable future.

Report Publication

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Yuanta Financial Holdings issues annual reports on non-financial information and published Yuanta Financial Holdings 2016 CSR Report in June 2017 (hereafter referred to as "this report"). This report covers the performance of the Group in three dimensions—financial, social, and environmental—as well as the management of the Group on and its response to material issues.

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

The Company issues CSR reports each year in both Chinese and English, all of which can be found for download in the Corporate Social Responsibility section on the Yuanta Financial Holdings website.

Previous report issued: June 2016

Reporting Period

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The information and implemented performance data disclosed in this report is for the year 2016 (1/1/2016-12/31/2016), with some content drawn from before 1/1/2016 or after 12/31/2016 where necessary to ensure complete information on projects and activities.

Scope and Boundaries of this Report

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This report sets organizational boundaries based on consolidated reporting principles, covering Yuanta Financial Holdings' ten subsidiary companies, while its disclosure scope is primarily focused on Taiwan-based operations and activities. For more detail on the particular scope of the data disclosed, please refer to the notes appended to each table. Environmental performance data currently takes as its primary disclosure location the headquarters of Yuanta Financial Holdings, with some data drawn from Datong Building, Chengde Building operations and Yuanta Life's newly-occupied headquarters. Statistical information on staff and workplaces covers the overseas subsidiaries. With regard to social data, in addition to the information on the Group's community investments disclosed and finance friendly service of the subsidiary companies within this report, the primary scope of information disclosed is the performance of the Yuanta Cultural and Educational Foundation.

All financial figures within this report are calculated in New Taiwan Dollars (TWD). All aspect statistics are calculated in

adherence to international standards, including indicating the adopted unit.

Report Writing Principles

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This report was compiled and structured in accordance with the Global Reporting Initiative's 2016 GRI Standards, and incorporates content in line with the GRI Disclosures Indexes (including the G4 Sector Disclosures—Financial Services), the United Nations Sustainable Development Goals (SDGs), ISO 26000 guidance on social responsibility, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Report by TWSE Listed Companies, and the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies. This reflects our commitment to actively keeping pace with international trends in sustainability.

This report is not only in accordance with the GRI Standards, but also based on the spirit of Integrated Reporting laid out by the International Integrated Reporting Council (IIRC), and thusly undertakes information disclosures regarding the Company's business model and value creation process.

The procedures involved in the reporting process of this report are in accordance with the reporting principles of the GRI 101 Standards (including the four principles that define the contents of the report and the six principles that define report quality to ensure that the content focuses on material topics and provides high-quality information).

Report Assurance

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In order to ensure the reliability of the information disclosed in this report, with the agreement of the Board of Directors, the Company has commissioned a third party, the BSI Group, to conduct the assurance. The data and information published in this report have been subjected to verification of inclusiveness, materiality, and responsiveness through the BSI Group's AA1000AS:2008 and GRI Standards. Having been through assurance, this report has been verified as being in accordance with the GRI Standards Core option and AA1000 Type I Moderate Assurance standards. The BSI Group's independent verification report is included in the appendix to this report for detailed reference.

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A Message from the Chairman

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The Yuanta Financial Holdings 2016 CSR Report is the product of the company's seventh year of efforts to compile and disclose CSR information, and not only did it follow the latest GRI Standards published by the Global Reporting Initiative in 2016 but also received assurance by an international third-party organization. This year we incorporated the spirit of Integrated Reporting (IR) for the first time to make the key information we disclosed more focused, transparent, and in line with strategic standards and principles, as well as covering the Company's short-, medium-, and long-term operating strategies, thus helping the public better understand the ideas and actions of Yuanta Financial Holdings and also enabling the disclosures to better meet the expectations of our stakeholders and keep the Company's overall development in line with international trends.

Looking back on 2016, despite the rapid changes in the financial environment, thanks to all of our staff's efforts, the Company's economic performance and corporate governance remained robust and performed outstandingly. This included an annual consolidated net profit of \$14.3 billion, basic earnings per share of \$1.16, and return on equity of 6.86%, with profits growing over 2015.

With regard to corporate governance, Yuanta Financial Holdings was recognized in the Asset Corporate Awards 2016, run by internationally renowned magazine *The Asset*, earning for the third consecutive year their highest honor, the Platinum Award for Excellence in Governance, CSR and Investor Relations. This illustrated the clear achievements of the Company in our work to implement corporate governance and promote CSR in recent years, efforts which have earned us high praise from international investment organizations.

While pursuing economic performance, Yuanta Financial Holdings has not forgotten the importance of CSR, taking concrete steps to promote carbon reduction and energy saving, green purchasing, digital financial development, serving underprivileged customers, responsible investment, and other such avenues of sustainable operations. Highlights include:

On the environmental sustainability front, the Company has placed a high degree of focus on climate change and its impact on the global

environment. After approval by the Board of Directors, through our environmental policy we implemented measures to address energy management, carbon reduction and energy saving, and reduction of greenhouse gas emissions. In 2016, we laid out a proactive plan for our Securities, Banking, Life Insurance, Securities Finance, Funds, Investment Consulting, Futures, Venture Capital, and Asset Management subsidiaries to implement ISO 14001, ISO 50001, and ISO 14064-1, as well as to follow international standards for operating systems and disclosure of emissions data. In April 2017, we received an assurance opinion statement from the independent third-party organization BSI Group, becoming the first financial holdings company in Taiwan to have all subsidiaries pass environmental assurance.

Secondly, in response to governmental environment policy, the Company has not only actively participated in the purchasing of green energy, it has also strengthened green supply chain management. Since November 2015, purchasing contracts have incorporated CSR terms or involved the signing of an environmental sustainability and human rights commitment which clearly lays out the labor conditions, occupational health and safety, environmental protection, and labor rights and regulations suppliers are to comply with. Any that do not comply with these will have their contracts terminated in accordance with the relevant stipulations. This serves as a demonstration of the Group's commitment to implementing supply-side CSR. In 2016, the Group achieved a 100% signing rate of said contracts among suppliers. The Group has also been recognized by the Taipei City Government as a Benchmark Business for Green Purchasing for six consecutive years (2011-2016), receiving certificates of appreciation from the Environmental Protection Agency of the Executive Yuan praising our outstanding performance in green purchasing for five years running.

With regard to the promotion of digital finance, the Company's subsidiary Yuanta Securities has launched a number of innovative services, including (1) becoming the first securities company to simultaneously provide an "underwriting" system for mobile bidding and purchasing in January 2016, offering a one-stop means for satisfying investors' need for bidding and purchasing; (2) launching a lending functionality in May 2016, offering the first app in Taiwan that can use stock loan turnovers, providing money as quickly as two hours through a fully digital application process; (3) launching a stock lending functionality through the Yuanta Wanshitong app in September 2016, bringing together online lending, borrowing, repayment, balance inquiries and matchmaking into one and enabling investors to make more agile use of their stocks. Last year, Yuanta Wanshitong was honored by *Wealth Magazine* with the Consumer Finance Brands and Financial Holdings CSR Awards' Best Securities FinTech Innovative Application Award and the Best Digital Securities Award, as well as Business Today's 10th Wealth Management Banking and Securities Evaluation's Best Digital Innovation Award.

In terms of serving underprivileged customers, the Company's Yuanta Bank subsidiary's official website includes an accessible, informative interest and exchange rate services page, earning an A+ certification from the National Communications Commission in September 2016. This page provides visually impaired users a means to use the bank's online financial services through screen readers, braille displays, and other similar devices. At the same time, Yuanta Bank and the Company's other banking subsidiary Ta Chong Bank have also incorporated accessibility requirements into their ATM purchasing standards; in 2016, all 494 ATMs set up across Taiwan were accessible ATMs, meeting the goal set in 2015, helping all customers enjoy a convenient, secure financial trading environment, and realizing the international trend of financial inclusion advocated by the United Nations.

Concerning responsible investment, in February 2016, in line with the Company's investment policy, the Yuanta Life subsidiary added CSR rules regarding investment targets, investment mechanisms, and targeted selection in line with the "Principles for Responsible Investment." Yuanta Life also drafted several governing rules to be adhered to, along with the "Investment Processing Procedures for Capital Projects for Public or Social Benefit," aiming to set goals for investment performance, sustainable management, and social justice. In 2017, the Company expects to have applied rules for social responsibility in investment across all subsidiaries. In addition, the Company's Yuanta Funds subsidiary signed the Taiwan Stock Exchange's Stewardship Principles for Institutional Investors, announcing its commitment to stewardship and ongoing focus on communication and interaction with investee companies to improve long-term investment efficiency and create greater value for customers and beneficiaries.

Looking ahead to 2017, the Company aims to continue establishing a corporate culture of corporate governance best practices and looking after the best interests of shareholders. Through this, we strive to establish transparent and open channels for communication with stakeholders, fostering positive interactions and pursuing more economic, social, and environmental benefits. Through this CSR Report, we hope to illustrate our efforts and achievements in regard to the economy, the environment, and Social Philanthropy. 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 and dedicate ourselves to CSR.

Chairman, Yuanta Financial Holdings

Wang Rong-Jou

Rong-Jou Wang



1 Corporate Governance

- Promote and internalize CSR concepts.
- Refine corporate governance policies and actions.



2015 | 2016

- Taiwan's Securities and Futures Institute awarded us an A++ rating in the Information Disclosure Evaluation of Public and OTC Companies for the **fourth consecutive year**, becoming the only company in the financial sector to receive this award.
- Yuanta Financial Holdings and Yuanta Futures received rankings in the **top 5%** in the second Corporate Governance Evaluations, achieving scores of **99.62**.
- In January, Yuanta Financial Holdings, Yuanta Securities, and Yuanta Bank received certificates of excellence in the Taiwan Corporate Governance Association's CG6010 (2015) Corporate Governance Systems Evaluation, becoming the **first** Taiwanese companies to do so.
- Yuanta Financial Holdings and Yuanta Funds received rankings in the **top 5%** in the third Corporate Governance Evaluations for the third consecutive year.



2 Economic Development

- Improving company's asset scale and economic performance.
- Continuing to increase total number of operating locations.
- Continuing to increase total number of staff.
- Actively expanding in overseas markets.



2015 | 2016

- Total Assets: NT\$ **1,551.1** billion
- Net income attributable to parent company: NT\$ **10.817** billion.
- Total Employees: **10,038** people.
- Yuanta Securities established subsidiary companies in Hong Kong and the UK.
- Acquired PT Yuanta Securities Indonesia and Tong Yang Savings Bank (Philippines).
- Total Assets: NT\$ **2,162.2** billion
- Net income attributable to parent company: NT\$ **13.414** billion.
- Acquired Ta Chong Bank in 2016, creating consolidated total banking assets of more than NT\$ **1.3 trillion** and market share of 3%.
- With acquisition of Ta Chong Bank, the total number of banking locations grew from 88 to **152**.
- Total Employees: **12,144** people.
- Acquired Hanshin Savings Bank Korea and KKTrade Securities Thailand.



3 Employee Development

- Build a thoroughly proficient talent pool.
- Increase employee benefits and health programs.
- Assist staff in career development.



2015 | 2016

- Yuanta e-Academy Training: **193,041** students.
- Yuanta Employee Stock Ownership Plan (ESOP) Meeting: **8,056** participants.
- Yuanta e-Academy Training: **359,474** students.
- Yuanta Employee Stock Ownership Plan (ESOP) Meeting: **8,145** participants.
- Taking the lead in the industry with regard to launching group pension annuity policies to protect the future retired lives of staff.

4 Social Development

- Offer Financial Friendly Service
- Continuing to hold various activities and volunteer events for the benefit of the community, effectively internalizing within the group concepts of philanthropy.



2015 | 2016

- In 2016, we expect to have completed ensuring all ATMs around Taiwan are accessible ATMs; in 2015, the total of accessible ATMs was **155**, up 108 on 2014.
- A total of **1,389** Yuanta volunteers participated in philanthropic work.
- Total Value of Charitable Activities Expenses NT\$ **38.75** million.
- Complete deployment of **494** accessible ATMs across Taiwan.
- Yuanta online banking set up an accessible, informative interest and exchange rate services page, earning an **A+ certification** from the National Communications Commission in September 2016 and providing visually impaired convenient access to the bank's online financial services.
- A total of **2,647** Yuanta volunteers participated in philanthropic work, nearly **double** that of the previous year.
- Total Value of Charitable Activities Expenses: NT\$ **51.31** million.



5 Environmental Development

- Subsidiaries are gradually strengthening organizational environmental management, GHG inventory, and energy management capabilities.
- Continued to promote waste and water resource management.
- Continued encouragement of major suppliers to sign our environmental sustainability and human rights commitment, jointly working to uphold Corporate Social Responsibility (CSR).
- Continued response to and promotion of "green purchasing", along with strengthening of green purchasing management processes.



2015 | 2016

- In November, Yuanta Financial Holdings implemented ISO 14001 Environmental Management Systems, and expects this to be gradually expanded to all subsidiaries in 2016.
- Subsidiaries are gradually **implementing ISO 14001**, ISO 14064-1, and ISO 50001 international standards.
- Recycling and Waste Management **9,832** kg.
- Water Usage **14,885** m³.
- Fulfilled the commitment made in our 2014 CSR Report to request all 589 major suppliers of all group subsidiaries sign an environmental sustainability and human rights commitment, with a completion rate of **92.2%**.
- Recognized by the Taipei City Government as a Benchmark Business for Green Purchasing for **five consecutive years**.
- In late March, Yuanta Financial Holdings had earned ISO 14001 Environmental Management Systems certification, while **9 subsidiary companies had also completed implementation**.
- Yuanta Securities and Yuanta Funds have completed implementation of ISO 10464-1 and received assurance; Yuanta Bank has completed implementation of ISO 50001 and received assurance.
- Recycling and Waste Management **6,643** kg.
- Water Usage **13,977** m³.
- Required all 330 suppliers to include in their procurement contracts and environmental sustainability and human rights commitment, **achieving a completion rate of 100%**.
- Recognized by the Taipei City Government as a Benchmark Business for Green Purchasing for **six consecutive years**
- For **five consecutive years** the Environmental Protection Agency of the Executive Yuan has issued certificates of appreciation for our outstanding performance in the promotion of environmental protection and implementation of green purchasing.



Material Topics Identification and Management

3.1 Stakeholder Engagement

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Aligning corporate social responsibility with its business strategy is the source for Yuanta Financial Holdings to create its future competitiveness. Therefore, the Group shall proactively and extensively understand and continue to respond to the needs of the various stakeholders in the process of implementing corporate social responsibility; this report is one of the ways to respond to those needs, and lead stakeholders to understand the effects of the Group's operations on economic, environmental and social levels.

Yuanta Financial Holdings continues to work to maximize benefits simultaneously for the Group, our customers, and our stakeholders, providing direction and support for all of the stakeholders of the Group. In order to more thoroughly understand the thoughts and needs of our stakeholders, Yuanta's Center for the Promotion of Corporate Social Responsibility works with the various departments in the Group and shares the experience of our counterparts in the financial industry. With a focus on considerations of the AA1000 Stakeholder Engagement Standard (dependency, responsibility, tension, influence and diverse perspectives), we identified seven groups of stakeholders, namely shareholders/investors, customers, staff, government agencies, suppliers, the community, and media to work to establish strong communications channels.

In 2007, in order to reinforce the supervisory function of the Board of Directors and the Audit Committee, the company introduced the Rules of Comments and Complaints to the Audit Committee by Stakeholders, along with a mailbox for stakeholders and staff suggestions or complaints to the committee under the "Audit Committee" section of the website, with persons designated to handle any complaints that may be filed, as well as to promote communication between the board and stakeholders including staff, customers, and investors. Additionally, in order to enhance the complete communication between the Group and stakeholders, we incorporate 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. Moreover, to provide stakeholders with dedicated channels for information and service, in 2015 the Group established an "Investor Services" subsection within the "Investor Relations" section of the website, along with a "Stakeholder Engagement" subsection under the "Corporate Social Responsibility" section. The Company also hopes to make use of these communication channels to obtain feedback and opinions from stakeholders on the issues they are concerned with.

Into the future, the Company plans to set up surveys under the CSR section of the website, inviting stakeholders to respond to issues of concern to them. This serves as an important reference for us in our ongoing development of CSR projects and related plans.

Issues of Concern, Methods, and Channels in Stakeholder Communication

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Stakeholder Group	Issues of Concern	Communication Methods and Channels	Communication Frequency	2016 Communication focuses and performance
Shareholders and Investors <ul style="list-style-type: none"> Top 10 shareholders and directors Ordinary shareholders Institutional shareholders Foreign shareholders Public shares Credit rating agencies 	Operational performance Shareholder equity Corporate governance Integrity management Brand image Transparency of information disclosure Legal compliance	<ul style="list-style-type: none"> Maintain English and Chinese websites with "Investor Relations" sections Convene annual shareholder meeting Hold annual bidirectional communication meetings with institutional investors Participate in annual domestic and foreign investor conferences Accept annual credit rating Issue annual corporate and CSR reports Occasionally disclose latest information on company website and Market Observation Post System 	Regularly Annually Occasionally Irregularly Annually Annually Occasionally	<ul style="list-style-type: none"> Profit margin increased to 24.00%, with net asset value per share of NT\$16.96. Through a three-pronged development strategy, in 2016 the Company acquired Ta Chong Commercial Bank, further expanding profit opportunities in the three prongs of securities, banking, and insurance, developing a stable profit structure to respond to investors' expectations for post-acquisition performance. In January 2017, the long-term rating outlook of Yuanta Financial Holdings and its main subsidiaries was adjusted to "stable." Yuanta Financial Holdings participated in Bloomberg ESG Survey for first time in late January, 2016; in 2016, a total of 90 financial institutions worldwide participated in the Bloomberg ESG Survey (RobecoSAM Corporate Sustainability Assessment), with Yuanta Financial Holdings ranking 36th.
Customers <ul style="list-style-type: none"> 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 	Service quality Customer rights Risk management Brand image Secure information trading Protection privacy Innovative financial products	<ul style="list-style-type: none"> Set up customer service and complaints line in "Stakeholder Engagement" section Set up customer service center and provide dedicated customer service and online service mailbox Develop online service and mobile service app Hold investment and financial seminars, lectures, and forums Conduct annual customer satisfaction surveys Hold project activities Provide electronic newsletters and a variety of investment research reports 	Regularly Regularly Regularly Annually Annually Daily and monthly	<ul style="list-style-type: none"> In response to the growing trend toward digital finance, in July 2016 Electronic Commerce Office was renamed the Digital Development Division, aiming to supervise and consolidate the development of digital finance operations across subsidiaries and strengthen the Group's overall digital competitiveness. Customer Service Center: Served a total of 2.528 million people (including Securities, Yuanta & Ta Chong Banks, Life Insurance, Futures, and Funds). Financial Management and Investment Activities: A total of 4,248 (including Securities, Yuanta & Ta Chong Banks, Life Insurance, and Futures).
Employees <ul style="list-style-type: none"> Labor representatives from trade unions and labor management meetings Campus interns (potential employees) New employees Current employees Departed employees Retired employees 	Training and development Cultivation of Talent Workplace health and safety Employee benefits Performance evaluations Corruption Employee communication channels	<ul style="list-style-type: none"> Set up a staff complaints mailbox in the Stakeholder Engagement section of the website, as well as establishing internal communication channels for employees Create a "Yuanta e-Academy" learning platform Set up ESOP and retirement fund supervisory committee Hold summit Carry out performance evaluations Convene trade union meetings and labor-management meetings Hold club activities Send electronic newsletters with important information Hold meetings of various frequencies, including weekly, monthly, and annually business performance reviews and committee meetings 	Regularly Regularly Regularly Annually Annually Quarterly Quarterly or monthly Monthly Occasionally	<ul style="list-style-type: none"> Ahead of changes in domestic governmental policy and regulation (e.g. the "one fixed day off and one rest day" policy), the Company collected relevant information and sought outside experts to hold related classes to ensure affected staff were fully aware in advance of their rights and duties. In 2016, we received a total of 807 students from 17 schools on field trips and practical exchanges, as well as cooperating with 15 schools to provide seminars and lessons on financial practices to 980 students, and signed industry-academia cooperation agreements with 71 schools to take on a total of 219 interns and help cultivate rising finance industry talent.
Government agencies <ul style="list-style-type: none"> Financial Supervisory Committee Ministry of Finance, Ministry of Economic Affairs, Ministry of Labor Securities and Futures Bureau, Investigation Bureau, Department of Labor Taiwan Stock Exchange, Taipei Exchange Securities and Futures Institute, Fair Trade Commission Taipei City Government and related agencies 	Carbon reduction and energy savings Greenhouse gas inventory Green procurement Transparency of information disclosure Credit monitoring mechanism Business auditing systems Legal compliance	<ul style="list-style-type: none"> Establish and maintain good interactions with relevant authorities through dedicated liaison channels Cooperate with the competent authorities on relevant supervision and inspections Participate in meetings and seminars with the competent authorities, providing timely advice and promoting financial literacy education Disclose latest information on company website and Market Observation Post System Participate in governmental evaluations Carry out bidirectional communications through official documents Issue CSR reports 	Regularly Occasionally Occasionally Occasionally Regularly Occasionally Annually	<ul style="list-style-type: none"> In 2016, the Company was subject to no penalties by competent authorities. Additionally, in September 2016, the Financial Supervisory Commission's Financial Examination Bureau conducted an inspection of the Company, with the resulting report received in February 2017; relevant oversights are currently being looked into, with remedies being reported to the competent authorities, and as of the end of February 2017, no actions have thus far been advised by said authorities.
Suppliers <ul style="list-style-type: none"> Subcontractors Contract manufacturers Buyers 	Integrity management Green procurement Fair pricing and contracts Supplier management Human rights and equality	<ul style="list-style-type: none"> Draft procurement management approach Establish procedures for acquisition or disposal of assets Prioritize procurement of environmentally and socially friendly products Request the signing of integrity management commitment and incorporate CSR terms into contracts for further promotion of both integrity management and CSR Occasionally hold case communication & negotiation meetings and contracting negotiation meetings 	Regularly Regularly Regularly Regularly Occasionally	<ul style="list-style-type: none"> Regular interaction with suppliers, total of 104 successful renegotiation sessions with 90 suppliers participating in 2016 Regular review of supplier compliance, including regular annual inspections, revealing an overall compliance of 100%
Community <ul style="list-style-type: none"> Residents of areas around operating locations Community residents NPOs and NGOs 	Community care Charitable donations Promotion of the arts Conservation activities	<ul style="list-style-type: none"> Participate in public organizations and associations Issue annual results and CSR reports Hold and support social, academic, artistic, and environmental activities Hold press conferences Hold investment and finance education seminars Charitable blood donations Care and concern for the community and the underprivileged Contributions for the public good 	Regularly Annually Occasionally Occasionally Occasionally Occasionally Regularly	<ul style="list-style-type: none"> Charitable, academic cultural and environmental events held by the Foundation: 468, with over 140,000 beneficiaries. Activities including neighborhood cleanups, caring for the elderly, promoting community health, and helping the underprivileged: A total of 153 volunteers have taken part, with a total of 1,257 care packages distributed. Three "Yuanta Happy Day" events were held, one each in northern, central, and southern Taiwan, helping 35 educational and social welfare groups and benefiting a total of 753 underprivileged children. A total of 59 outstanding students from 8 tertiary institutions and 14 senior high schools received the Yuanta Scholarship for Outstanding Underprivileged Talent.
Media <ul style="list-style-type: none"> Electronic, print, online media Specialist finance media 	Operational performance Innovative financial products Legal compliance	<ul style="list-style-type: none"> Publish press releases, hold press conferences, and engage in advertising Hold meetings on emergencies 	Occasionally Occasionally	<ul style="list-style-type: none"> Yuanta Financial Holdings was awarded the Excellence in CSR by a Financial Holdings Company Award in the Wealth Magazine Finance Awards for the first time in 2016. Yuanta Financial Holdings held 120 press conferences.



3.2 Reviewing Material Issues and Material Topics

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Since March 2015, Yuanta Financial Holdings has followed the international AA 1000 standard and GRI G4 guideline as a reference for the Center for the Promotion of Corporate Social Responsibility's procedures for the identification of material issues, and as a reference to assist members in identifying the material issues that should be disclosed in CSR reports. The process by which the Company identified material issues has included collecting, sorting, identifying, and verifying the issues, and further reviewing previous years' reports to identify material issues to be included in the CSR report.

In January 2016, the Company held a special Stakeholders Forum, inviting stakeholders to discuss and provide suggestions regarding the material issues from the CSR report and Yuanta's overall CSR structure. Representatives indicated a high degree of agreement with the identified material issues and aspects, with no major adjustments proposed. A number of ideas were offered regarding the future promotion of CSR. From the results of this forum, we found that the 25 material issues identified in March 2015 already cover the main issues of concern among stakeholders, and as such this report continues to follow these 25 issues.

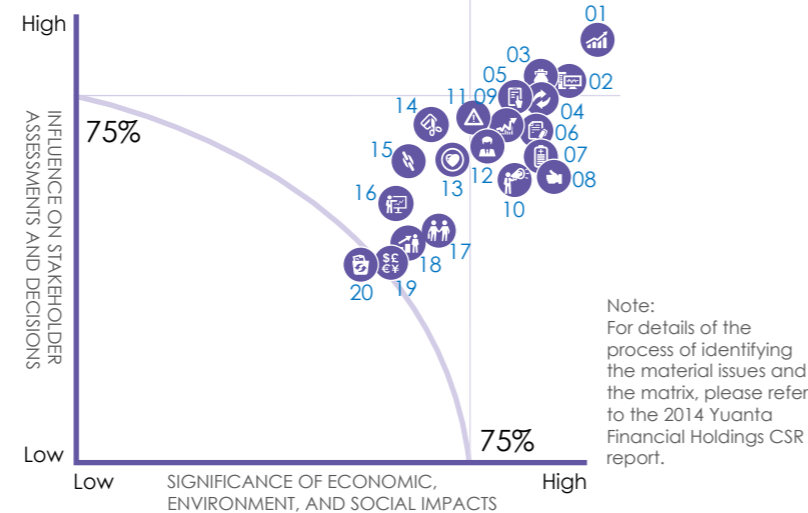
In the process of compiling this year's report, we continued to focus on these 25 material issues. Further, in accordance with the GRI Standards, through DMA discussion sessions on this year's material issues from perspectives including stakeholder inclusiveness, sustainability context, materiality, and completeness, reviewed the material topics in the GRI Standards and our report content, thus adjusting the 25 identified material issues down to 20. These were then linked to 14 topics in the GRI Standards, primary amongst which were the two issues of "responsible lending" and "environmental risks of collateral" being linked to "products/services beneficial to the environment or society," and the two issues of "service quality and customer satisfaction" and "customer relations management and complaints mechanism" being

integrated into and explained in ordinary disclosure. Additionally, raw materials procurement and use" was deemed not to fall within the scope of our material issues. After the aforementioned adjustment, the materiality of "economic, environmental, and social impacts" and "influence on the assessments and decisions of stakeholders" was re-expressed in the material issues matrix, serving as an important basis for this year's report. The process and results of the abovementioned review have been approved by the convener of the Center for the Promotion of CSR and were finalized after confirmation by the chairman of the Board of Directors.

Process for Identifying Material Topics, 2016



Material Issues Matrix Diagram



Prioritizing Material Issues and Identifying Material Topics and Boundaries

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Prioritizing Material Issues	Corresponding Material Topic*	GRI Standard Indicator	Scope of Main Conflicts
01.	Operational performance GRI 201: Economic Performance	201-1 201-2	Product Portfolio**
04.	Sustainable Finance GRI 417: Marketing and Labeling	417-2 417-3	Product Portfolio**
05.	Auditing of business systems Audit**	FS9	Product Portfolio**
06.	Brand management Product Portfolio**	FS1/ Management Approach Disclosures FS6	Product Portfolio**



Economic



Product responsibility



Society



Labor



Human rights



Environmental

08.	Products/services beneficial to the environment or society Product Portfolio**	FS1/ Management Approach Disclosures FS2/ Management Approach Disclosures FS3/ Management Approach Disclosures FS4/ Management Approach Disclosures FS5/ Management Approach Disclosures FS7 FS8	Product Portfolio**
11.	Policies and measures to prevent criminal activity GRI 205: Anti-Corruption	205-2 205-3	Product Portfolio**
12.	Active ownership Active Ownership**	FS11 FS12/ Management Approach Disclosures	Product Portfolio**
02.	Customer privacy and data security management GRI 418: Customers Privacy	418-1	Product Portfolio**
03.	Promotion of transparent and efficient capital market GRI 417: Marketing and Labeling	417-1	Product Portfolio**
07.	Ability to plan products and services GRI 404: Training and Education	404-1 404-2 FS4/ Management Approach Disclosures	Product Portfolio**
10.	Protection of customer rights GRI 417: Marketing and Labeling	FS15/ Management Approach Disclosures	Product Portfolio**
09.	Improvement of financial literacy GRI 417: Marketing and Labeling	FS16/ Management Approach Disclosures	Product Portfolio**
13.	Charitable activities GRI 201 Economic Performance	201-1	Product Portfolio**
14.	Debt management services GRI 417: Marketing and Labeling	417-1	Product Portfolio**
15.	Talent attraction and retention GRI 401: Employment	401-1 401-2 401-3	Product Portfolio**
16.	Human resources development GRI 404: Training and Education	404-1 404-2 404-3	Product Portfolio**
17.	Labor/Management relations GRI 402: Employment	402-1	Product Portfolio**
18.	Labor conditions GRI 403: Occupational Health and Safety GRI 405: Diversity and Equal Opportunity	403-2 403-3 405-1 405-2	Product Portfolio**
19.	Equal access to financial services GRI 413: Local Communities	413-1 413-2 F13 F14	Product Portfolio**
20.	Waste management GRI 306: Effluents and Waste	306-2	Product Portfolio**

Note 1: Prioritizing material issues with reference to the Sustainability Accounting Standards Board (2014 SASB) and Sustainability Topics for Sectors: What do stakeholders want to know? (2013 GRI) and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (Taiwan Stock Exchange).

Note 2: While compiling reports in accordance with the GRI Standards, companies must identify material economic, environmental, and social topics. These material topics determine which topic-specific standards organizations use when compiling the said reports. GRI topic specific standards refer to each disclosure.

** Material topics under G4 Sector Disclosure—Financial Services.

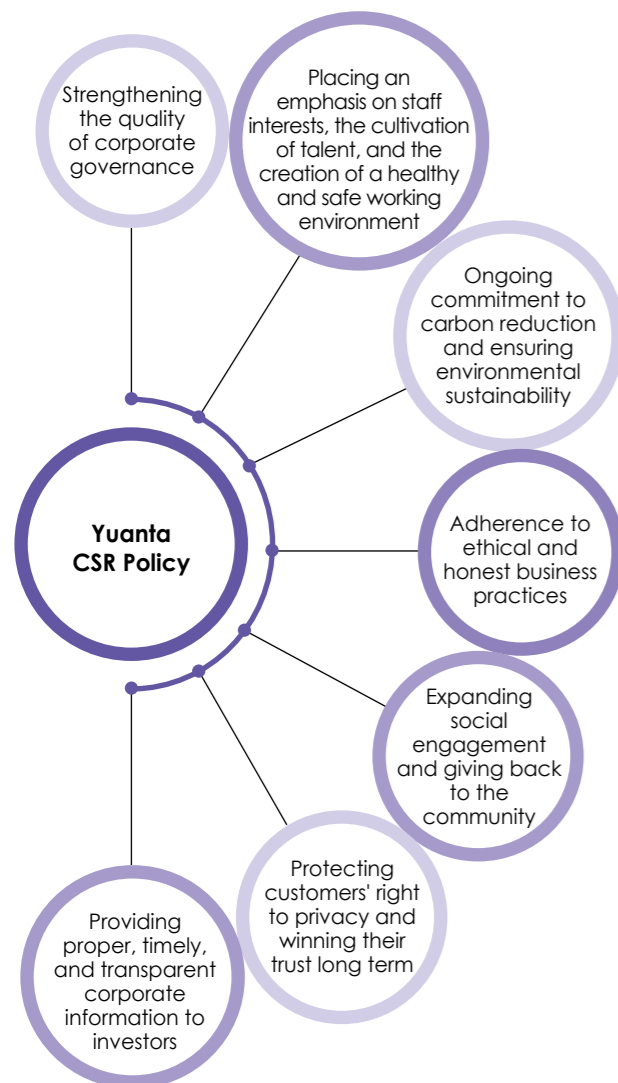
3.3 Corporate Social Responsibility Management

FS4/Management approach disclosure

Yuanta Financial Holdings has already made corporate social responsibility (CSR) part of its corporate governance. With many years of experience in CSR, the Group is working continually to propagate CSR concepts throughout its subsidiaries, working to develop CSR strategies and core values specific to the group as we work toward becoming truly sustainable.

The company was one of the first financial holdings companies to cooperate with the authorities and publicly disclose CSR information through CSR reports. In addition to the passing of its Corporate Social Responsibility Guidelines and Rules for Corporate Social Responsibility Policy and Management in 2010, in 2011 the Center for the Promotion of Corporate Social Responsibility was established, consolidating responsibility for CSR-related projects and efforts within the Group. Our CSR policies are focused in seven particular directions, each of which plays a fundamental part in the promotion and implementation of the concept of corporate citizenship.

Yuanta CSR Direction

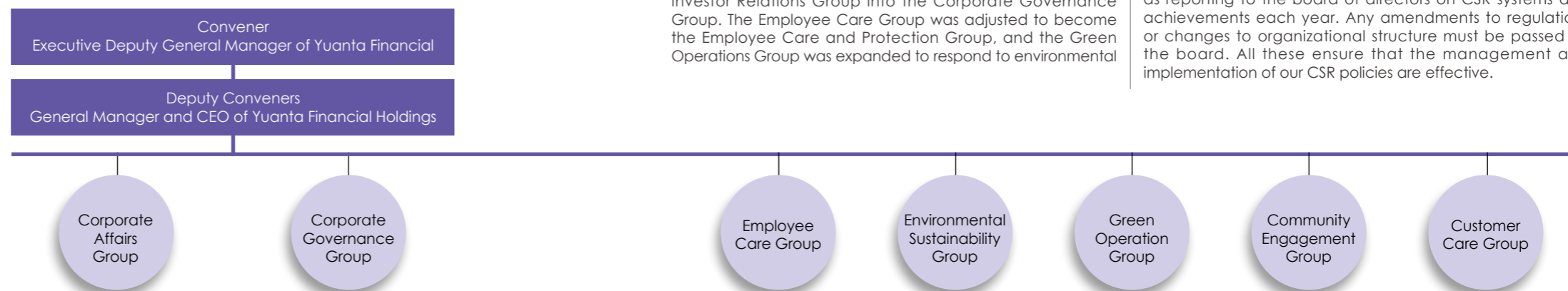


Center for the Promotion of Corporate Social Responsibility

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In 2011, Yuanta Financial Holdings established the Center for the Promotion of Corporate Social Responsibility. Based on CSR policy execution and direction, as well as issues of concern to stakeholders, the Center hosts eight main functional workgroups, covering general business affairs, corporate governance, employee care, environmental

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



Each workgroup's major duty, and its primary unit are laid out below

Functional Workgroup	Primary Unit
Corporate Affairs Group	
<ul style="list-style-type: none"> Formulating and reviewing CSR policies and management systems Regularly collecting CSR information on the setting of regulations, the effectiveness of their implementation, and the operating status of each functional workgroup. Disclosing CSR information. Preparing CSR reports Maintaining CSR information on the corporate website. Communicating the CSR information with media. 	<ul style="list-style-type: none"> Administration Dept. Institutional IR Dept. Compliance Affairs Dept. Legal Affairs Dept. IT Dept.
Corporate Governance Group	
<ul style="list-style-type: none"> Transparency of financial management and information disclosure Promoting corporate governance Corruption prevention Establishing communication methods and channels for investors Fulfilling the tax liability. Establishing reasonable internal procedures for corporate donations 	<ul style="list-style-type: none"> Corporate Planning Dept. Financial Management Dept. Internal Auditing Dept. Risk Management Dept. Human Resource Dept. Institutional IR Dept. Administration Dept. Compliance Affairs Dept.

sustainability, fair competition, community engagement, customer relations, and investor relations.

After 5 years of exploration and accumulated experience, the Company passed adjustments to the structure of the Center at the sixth meeting of the seventh term board of directors. To enhance the standing of the Center, we promoted the convener and the deputy conveners to the coordinator and the vice coordinators. The coordinator and the vice coordinators were assigned by the chairman on October 27th, 2016. With regard to the adjustment of the functional workgroups, Yuanta not only introduced additional conveners and vice conveners of every functional workgroup assigned by the coordinator to supervise the workgroups, but also integrated the business of the Fair Operations Group and Investor Relations Group into the Corporate Governance Group. The Employee Care Group was adjusted to become the Employee Care and Protection Group, and the Green Operations Group was expanded to respond to environmental

protection and climate change issues and promote green products and their business performance.

The adjustment not only granted substantial authority to the coordinator, but also clarified the vice coordinators' and the workgroups' authority to increase the sense of participation of the units responsible for the workgroups' affairs and facilitated their collaboration with the subsidiaries.

The working meetings they convened at least once every six months changed into each quarter, with additional meetings as needed, and immediately conducted follow-up action and quality verification. Additional functional workgroup meetings also push for amendments to CSR-related regulations based on practical experience, reporting to the convener, as well as reporting to the board of directors on CSR systems and achievements each year. Any amendments to regulations or changes to organizational structure must be passed by the board. All these ensure that the management and implementation of our CSR policies are effective.

Functional Workgroup	Primary Unit
Employee Care Group	
<ul style="list-style-type: none"> Education and training related to corporate social responsibility Establishing appropriate human resources management practices and procedures. Maintaining employees' rights and providing relevant information. Setting up effective programs of career development and training. Establishing communication methods and channels for employees Maintain employees' working safety 	<ul style="list-style-type: none"> Human Resources Dept. Administration Dept. Each subsidiary
Environmental Sustainability Group	
<ul style="list-style-type: none"> Establishing environmental management systems (including measures related to water conservation, carbon reduction, and greenhouse gas reduction). Purchasing office supplies and equipment with low energy consumption and green power. Proper disposal of waste Reusing and recycling energy-consuming items Supplier management Green procurement 	<ul style="list-style-type: none"> Administration Dept. IT Dept. Each subsidiary

Functional Workgroup	Primary Unit
Green Operation Group	
<ul style="list-style-type: none"> Promoting green operations Developing green credit, green products and responsible investment Promoting services and products with environmental and social benefits. 	<ul style="list-style-type: none"> Corporate Banking Division Digital Development Division Corporate Planning Dept. Each subsidiary
Community Engagement Group	
<ul style="list-style-type: none"> Promoting cooperation and exchanges of 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 programs. 	<ul style="list-style-type: none"> Yuanta Cultural & Educational Foundation Administration Dept. Each subsidiary
Customer Care Group	
<ul style="list-style-type: none"> Handling customer complaints Protecting customer information Maintaining customer rights 	<ul style="list-style-type: none"> Corporate Planning Dept. Compliance Affairs Dept. IT Dept. Administration Dept. Each subsidiary

3.4 Development Yuanta CSR Strategy Blueprint

The Group's Sustainable Development Vision

Yuanta Financial Holdings has developed its sustainability by establishing a sustainable operations management and service model, which includes providing more diverse financial products, greener financial services, and comprehensive customer care. By spurring an increased focus on sustainability issues through cooperation with our partners, we hope to create sustainable financial services and become an international benchmark for sustainable enterprise. In 2016, the Group began working on the Group Sustainable Development Strategy Blueprint, covering Yuanta Financial Holdings' short, mid, and long-term development directions and scope. It is our hope that by setting our vision and direction down clearly, we will be better able to gradually work toward our vision of sustainable development.

Yuanta Financial Holdings' Group Sustainable Development Strategy Blueprint

Yuanta Financial Holdings' Group Sustainable Development Vision

The Group actively works to communicate with stakeholders. Throughout the business process, we strive to be open, fair, and transparent as we deal with social issues like labor rights and human rights and environmental issues like climate change and biodiversity.

Through sustained long-term communication and a strict adherence to both domestic and international legal standards and codes of conduct, we aim to provide secure products and services to help solve problems. At the same time, we commit fully to promoting societal efforts toward sustainable living, hoping to become an international benchmark for sustainability.

Short-term
Development Scope: Yuanta Financial Holdings, Securities, Bank, and Life
Development Direction:

- Drafting of mid-/long-term integrated strategies
- Establish working groups
- Focus on key points and action plans

Mid-term
Development Scope: Yuanta Financial Holdings Group
Development Direction:

- Systematically promote and implement action plans
- Raise international attention to sustainability performance

Long-term
Development Scope: Yuanta Financial Holdings Group and Suppliers
Development Direction:

- Transfer and expand model projects
- Share results, values, and experience

In response to the Group's sustainable development strategic blueprint, the Center for the Promotion of Corporate Social Responsibility has not only set out annual goals at the start of each year, but also set out short-, medium-, and long-term working goals for corporate social responsibility, along with relevant action plans in 2016. The Center also launches timely adjustments in line with changes in the external environment, and regularly follows up on the progress of each of the functional workgroups.

In early 2016, the goals laid out by the Center covered 15 areas, including earning ISO certification for Yuanta Financial Holdings, Securities, Funds, and Bank; environmentally friendly energy savings; and a hierarchical restructuring of the Center for the Promotion of CSR. Each of these was implemented, with a successful completion rate of 100%. A total of five working meetings were convened over 2016, with member attendance of 100%, in which appropriate units tasked with follow-up action after each meeting's minutes and conclusions were verified by the Board of Directors.

In the future, in response to the continuing development of international sustainability issues and the growing focus on sustainability by both the Taiwanese government and local enterprise, the Center's goal is to consolidate the extant systems and organization of the Group, draft more refined plans, and work toward greater sustainability competitiveness.

Record of Meetings of the Center for the Promotion of Corporate Social Responsibility in 2016

- First Working Meeting** 2016 . 06 . 24
 - A report on the compiling of the Company's 2015 CSR Report.
 - Work Report, January-June 2016
 - Analysis of *Wealth Magazine's* CSR evaluation.
- Second Working Meeting** 2016 . 08 . 30
 - Formulating the Company's short-, medium-, and long-term working goals in CSR.
 - Organizational restructuring of the Center for the Promotion of CSR.
- Third Working Meeting** 2016 . 10 . 28
 - Explanation of the organizational and portfolio restructuring of the Center for the Promotion of CSR.
- Fourth Working Meeting** 2016 . 11 . 22
 - Amending the short-, medium-, and long-term working goals of the Center for the Promotion of CSR after recommendations from the independent directors.
 - Discussion of division of labor for disclosure indicators in the 2016 CSR Report.
- Fifth Working Meeting** 2016 . 12 . 21
 - 2016 Annual Work Report and 2017 Working Plan
 - Working plan for compiling of 2016 CSR Report.
 - Outline of *Global Views Monthly's* CSR survey and evaluation

Action Plans and Short-, Medium-, and Long-term Goals for Yuanta Financial Holdings

	Corporate Governance	Social relationship	Green Environmental Protection
Long Term Goal Have Yuanta Financial Holdings become a component stock of the Dow Jones Sustainability Indices	<ul style="list-style-type: none"> • Continue promoting CDP and ongoing gradual improvement in CDP evaluation results through continuing review of corporate carbon-reduction strategies • Collect information on latest selection processes, schedule, and evaluation criteria for DJSI component stocks • Develop and draft norms or policies considered important by DJSI ratings • Become a top-10% ranking company in the industry with regard to economic performance in three aspects of sustainable operations: economy, society, and environment 		
Medium Term Goal Actively participate in CSR evaluations at home and abroad	Green Operation Group <ul style="list-style-type: none"> • Signing up to the Equator Principles Environmental Sustainability Group <ul style="list-style-type: none"> • Developing "Yuanta Financial Holdings Climate Change Response and Management Principles" • Developing group response policy when the Ministry of Economic Affairs opens carbon trading mechanism Corporate Affairs Group <ul style="list-style-type: none"> • Establishing CSR report information management system and strengthen internal control mechanisms for CSR management and information 	Employee Care Group <ul style="list-style-type: none"> • Strengthening employee benefits program Community Engagement Group <ul style="list-style-type: none"> • Increasing the number of volunteers and the number of volunteer service hours • Encouraging staff to organize volunteer teams and serve the community 	Green Operation Group <ul style="list-style-type: none"> • Implementing solar energy branch • Implementing carbon footprint and water footprint banks • Combining digital finance and carbon neutrality to create branches with zero carbon emissions and digital services • Planning carbon footprint and carbon neutrality certification for ordering system services Environmental Sustainability Group <ul style="list-style-type: none"> • Starting in 2016, promote goals of making new corporate-owned buildings green buildings and obtaining green building certification for the said buildings • Make use of energy-efficient lighting for at least 30% of lighting in the corporate-owned buildings in the Taipei City • Make use of water-saving faucets for at least 30% of faucets in the corporate-owned buildings in the Taipei City
Short Term Goal Rise to the top 6 in <i>Wealth Magazine</i> financial holdings company CSR awards	Corporate Governance Group <ul style="list-style-type: none"> • Elevating position of Center for the Promotion of CSR to directly under Board of Directors • Adding stakeholder questionnaire Green Operations Group <ul style="list-style-type: none"> • Evaluating draft policies relating to promotion of green finance • Launching and promoting green finance Corporate Affairs Group <ul style="list-style-type: none"> • Strengthening disclosures and timely updating of the CSR website 	Customer Care Group <ul style="list-style-type: none"> • Comprehensively implementing customer satisfaction surveys and calling on all subsidiaries for overcoming the survey and facilitating the process consistency. Employee Care Group <ul style="list-style-type: none"> • Carrying out staff satisfaction surveys and disclosures Green Operation Group <ul style="list-style-type: none"> • Implementing green finance talent development plan 	Green Operation Group <ul style="list-style-type: none"> • Having Securities' ordering system use green electricity • Setting up green machine rooms Environmental Sustainability Group <ul style="list-style-type: none"> • Promoting ISO 14001 systems and certification of Yuanta Financial Holdings and its subsidiaries • Introducing ISO 14064-1 certification and ISO 50001 systems and certification in subsidiary companies • Establishing energy management policies and implementation plans • Drafting appropriate climate change response and management principles for Yuanta Financial Holdings • Supplier management and evaluation • Expanding the number and range of green purchases • CDP filing and researching short-term carbon reduction and energy saving action plan • Undertake to purchase green electricity
2016 <ul style="list-style-type: none"> • Introduced three major ISO management systems and earned certification. • Ranked in the top 5% in corporate governance evaluation. 			

3.5 Participation and Membership in Domestic and International Committees and Initiatives

The Yuanta Financial Holdings Group is committed to providing customers with the highest quality service through active participation in industry associations and exchange with others in the finance industry, speaking with authorities through association channels and, as appropriate, participating in the development of public policy, working together to create a more robust financial market. In addition, the Company has also begun actively getting involved in organizations pertaining to sustainability issues and in related advocacy work in hopes of doing its part to improve environmentally sustainable development in the finance industry.

In order to promote more vigorous development in the capital markets while also actively responding to the policy objectives of the competent authorities, Yuanta Securities has coordinated with the said authorities on multiple internal, interdepartmental research efforts, first making a number

of recommendations to relevant units and associations, including: (1) that the competent authorities further opens up loan business for securities firms; (2) that the Central Bank of the Republic of China opens up spot foreign exchange transactions involving New Taiwan Dollars to securities firms, and enable firms to execute foreign exchange derivative products; (3) that the Financial Supervisory Commission clarifies the application rules concerning domestic securities firms applying to become Qualified Foreign Institutional Investors (QFII) in the China region and to invest in negotiable securities in the China regional securities market; (4) that customers of securities firms should, when conducting margin purchases, purchase stocks from the securities firm itself or its parent financial holdings company; (5) that professional investors are qualified based on total assets without deducting the set value of other rights; (6) that the single-day trading limit on securities is removed, with a limit set such that it does not exceed 20% of the average number of successful trades of such negotiable securities conducted over the preceding 30 business days. The majority of the above recommendations were received positively by the Financial Supervisory Commission and entered into consideration for implementation.

Responding to CDP Initiatives 102-12

At the end of 2015, the Company made its first response to the advocacy work of the CDP (formerly Carbon Disclosure Project), **becoming a financial industry signatory of the CDP's climate change, water, and forestry projects from 2016.** We complimented the CDP on their efforts to promote sustainability worldwide. Although the CDP

has charged an administrative fee from 2017, we still decided to participate and place great emphasis on assessing the true value of the natural materials we use, as well as both the challenges and the opportunities presented by climate change. We hope that by working with the CDP, we will be able to help further popularize carbon reduction around the world.



Participation in Public Associations and Initiatives by Yuanta Financial Holdings and its Subsidiaries 102-13

Company Name	Participation in Public Associations and Initiatives	Participation
Yuanta Financial Holding	Bankers Association of Taipei	• Member representative
	Chinese National Association of Industry and Commerce, Taiwan	• Member representative
Yuanta Securities	Taiwan Securities Association	• Member representative • The chairman of the Board of Directors serves as the association's deputy chair; another few dozen managers also participate in the association's current 22 committees and 3 project groups in various positions. Of these, 3 serve as conveners and secretaries for committees, 4 as deputy conveners for committees and 1 as deputy convener for a project group, and 15 as members of committees and 2 as project group members.
	ROC Bills Finance Association:	• Member representative.
	Trust Association of the ROC:	• Member representative. • Serving as an executive director.
	Securities Investment Trust & Consulting Association of the R.O.C.	• Member representative
	Chinese National Association	• Member representative
	Financial Planning Association of Taiwan	• Member representative
	Securities Analysis Association, Chinese Taipei	• Member representative
	Public Company Transfer Agency Association of the ROC	• Member representative
	Taipei Foundation Of Finance	• Full Member
	Accounting Research and Development Foundation	• Full Member
Taiwan Corporate Governance Association	• Member representative • Participating in corporate governance evaluations	

Company Name	Participation in Public Associations and Initiatives	Participation
Yuanta Bank	Taiwan Securities Association	• Member representative
	ROC Bills Finance Association	• Member representative
	Trust Association of R.O.C.	• Participant in the Custodian Bank Group, Cash and Securities Group, Common and Collective Trusts Group, and Securitized and Real Estate Trusts Group. • Senior executive vice president Eric K. Chiu serves as supervisor. • Member, Finance & Taxation and Management Training Committees.
	Banker Association of the Republic of China	• Serving as a member of International Finance Committee • Serving as a member of Risk Management Committee
Yuanta Financial Holdings TC BANK	Bankers Association of Taipei	• Serving as a member representative (17th-session advisor)
	The Insurance Agency Association of the Republic of China	• Serving as a member representative for Northern Region
	The Bankers Association of the Republic of China	• Serving as a member representative and an alternate supervisor • Serving as a member of General Business Committee • Serving as a member of Electronic Payment Committee • Serving as a member of Credit Business Committee
	Bankers Association of Taipei	• Serving as a member representative and consultant
	R.O.C. Bills Finance Association	• Member representative
	Trust Association of R.O.C.	• Member representative
	Securities Investment Trust & Consulting Association of R.O.C.	• Member representative
	Insurance Anti-Fraud Institute	• Member representative
	Chinese Insurance Service Association	• Member representative
	The Non-Life Insurance Association of the Republic of China	• Member representative • Serving on several subcommittees (the Industrial Research Group, the Underwriting Research Group, the Actuarial Statistics Research Group, the Education and Training Group, the Group Insurance Research Group, the Financial Accounting Research Group, the Reinsurance Research Group, the Private Security Research Group, the Legal Research Group, the Investment Research Group, the Claims Research Group, the Policyholder Complaints Group, the Human Resources Development Research Group, the Communications Research Group, the Internal Controls and Auditing Research Group, Risk Management Research Group, the Cross-Strait and International Affairs Research Group, the Technological Applications Research Group, the Legal Compliance Research Group, the Information Technology Management Research Group)
Yuanta Life	Life Insurance Management Institute of the Republic of China	• Member representative
	Insurance Society of the Republic of China	• Member representative
	Actuarial Institute of Chinese Taipei	• Full Member
	Insurance Industry Death and Injury Rate Research Committee of the Taiwan Insurance Institute	• Member representative.
Yuanta Futures	Taiwan Futures Exchange	• Serving as a director • Serving as a member of the Trading Committee
	Chinese National Futures Association	• Serving as deputy vice president • Serving as convener of Cross-Strait Affairs Committee • Serving as members of various business committees (the Brokerage Committee, the Proprietary Trading Committee, the Consultancy Committee, the Cross-Strait Affairs Committee, the Management Affairs Committee, the Trusts Business Committee, the International Affairs Committee, the Auditing and Legal Compliance Committee, the Disciplinary Committee, the Finance Committee, the Education and Training Committee)
	Securities Investment Trust & Consulting Association of R.O.C.	• Full Member
Yuanta Funds	Chinese National Futures Association	• Full Member
	Pension Fund Association R.O.C.	• Full Member
Yuanta Securities Finance	Bankers Association of Taipei	• Member representative • Serving as director
	Taiwan Securities Association	• Member representative (after membership term is complete in December 2016, no longer served as member representative)
	Association for Research & Development of Corporate Organization, Taiwan	• Member representative
	Taiwan Corporate Governance Association	• Member representative
Yuanta Investment Consulting	Securities Investment Trust & Consulting Association of R.O.C.	• Member representative
	Hong Kong Business Association in Taiwan	• Member representative (after membership term is complete on 31 August 2016, no longer served as member representative)
Yuanta Venture Capital	Taiwan Venture Capital Association	• Member representative

Corporate Governance in Practice

4.1 Yuanta Business Model

External environment : International political and economic situation, regulatory restrictions, new consumer behavior, talent, sustainability challenges.

Corporate Governance

More than 450 Physical service Paths

Taiwan: **74%**
Overseas: **26%**

Virtual Path

Virtual Path: **25%**
Physical Path: **75%**

More than 20 kinds of business

Brokerage, investment banking, financial derivatives, credit trading, fixed income instruments, wealth management, stock transfer agency, electronic commerce, Consumer finance, corporate finance, financial products, online banking, mobile finance, Various types of insurance products, Futures brokerage, futures and options, Various types of trusts funds, private equity funds, discretionary investment business, offshore fund master agency, collateral refinancing of secured loans, Venture Capital, Sale of non-performing loans of financial institutions and quantitative research products

More than **9,550,000** customers
Business: **8.5%**
Individuals: **91.5%**



Brokerage business market share ▲ / **11.54%**
Investment bank underwriting business ▲ / **24.14%**
Underwriting corporate bonds and financial bonds ▲ / **20.63%**
Electronic Trading Business ▲ / **16.67%**



Post-merger total assets will be approx. ▲ / **NT\$1.3 trillion** and market share of approx. ▲ / **3%**



Initial year premiums for guaranteed products in 2016: \$1.335 billion, with almost **50%** growth on same period last year



Futures market share ▲ / **21.43%**
options market share ▲ / **15.72%**
foreign futures market share ▲ / **28.02%**



Public placement funds ▲ / **NT\$313.5 billion** market share approx. 14%.
ETF ▲ / **NT\$177.9 billion** market share approx. 70%.



Agent securities share ▲ / **80%**



Named "**Best Research Team**" in Taiwan region by *Asiamoney*



Investment Position ▲ / **NT\$2.4 billion**



ROE ▲ / **10.27%**

For more detailed information, please see the 4.7 Material topics: Economic Performance — Yuanta Economic Performance • p32.

4.2 About the Company and Operating Status

Yuanta Vision

With deep roots in Taiwan and striding the international market, Yuanta's goal is to become Asia's best financial services provider. Through integration of the Group's resources, we provide comprehensive cross-sector, cross-border financial services to satisfy our customers' financial needs, including investment, wealth management, financial planning, and cash flow integration, facilitating a "local life with global financial management."

About Yuanta

102-1 102-2 102-4 102-7 201-1
Yuanta Financial Holdings was established on February 4, 2002, is based in Taipei City, Taiwan, and is a comprehensive financial services firm with dominance in securities investment services. The Group carries out its business primarily in the Taiwan region, however in recent years it has gradually begun expanding operations in the Greater China area, setting up in Hong Kong, Shanghai, Beijing, and Shenzhen, as well as expanding into Korea in Northeast Asia, and ASEAN markets including Vietnam, Cambodia, the Philippines, Indonesia, Myanmar and Thailand.

In the Taiwan market, the Company occupies a leading position in a range of securities-related businesses across judicial person and individual commercial banking. Through integration, mergers, and synergies 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, venture capital, and asset management.

Brand Spirit

The company 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 value-added set of financial services. We hope that Yuanta Financial Holdings can be a source of direction and support for our stakeholders, working together to "create fortune" and "realize expectations."

Over the years, the Company has strived to build a corporate culture focused on serving as the best model of corporate governance and the pursuit of stakeholder interests. Working 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, social, and environmental results.

	The Asset Corporate Awards 2016 -Platinum Award for Excellence in Governance, CSR and Investor Relations		CG6010 (2015) Corporate Governance Systems Evaluation—Certificate of Excellence
	The Constituent Stocks of FTSE TWSE Taiwan 50 Index	The Constituent Stocks of Taiwan HC 100 Index	The Constituent Stocks of TWSE CG 100 Index
	Total Assets: NT\$ 2,162.246 billion	Capital: NT\$ 119,986 billion	Consolidated Net Profit NT\$ 14.30 billion
	Total Employees: 14,633 people (Including Overseas)	Number of Operating Locations: 450 (Taiwan: 334; Overseas: 116)	Company Address: 4F/10F/12F/13F, No. 66, Dunhua South Rd. Sec. 1, Taipei City; 2F-2/10F/12F-3/14F, No. 255, Nanjing East Rd. Sec. 3, Taipei City

Company Website: <http://www.yuanta.com>

Steady Development, Extending Abroad

102-4 FS6

The Group has strong roots in Taiwanese capital markets services; as of the end of December 2016, in the Taiwan region we had a total of 148 securities branches and 152 bank branches, with operations across Taiwan and employing over 12,600 financial service professionals. We work to provide a comprehensive financial services platform by strengthening personal finance, investment, cash flow management, and insurance planning to provide our customers with a full range of financial services. In 2016, the Group's market share in the securities brokerage business exceeded 12%, and in the financing business, 20%, far surpassing the market shares of our industry peers. 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 has transformed itself into a financial holdings company with two core pillars, those being securities and banking. These have also served as the core of the expansion of our overseas operations. We are active in countries participating in Asia-Pacific regional economic integration to seek out cooperative partners and, through the support of duplicate capabilities and back-office management mechanisms, set up stable operations in the Hong Kong, Korean, and Southeast Asian markets. We are also on the lookout for opportunities to enter the Chinese market, with our aim being to create a fully trans-Asia-Pacific, globally structured operation.

(1) Yuanta Securities' Overseas Expansion

Through regular meetings and business contacts, we have linked operations across mature capital markets in Taiwan, Korea, Hong Kong, and the United Kingdom, creating a system of multidirectional sharing of management knowledge, risk management mechanisms, and business leadership. As Yuanta Securities' Asian financial network grows ever more comprehensive, facilitating the Group's ability to capitalize on the transnational flow of investment funds, the Group is not only able to lead investment into the Chinese and Southeast Asian markets, but also help companies from across Southeast Asia to secure financing in the Taiwanese and Korean markets, creating more lucrative intermediary capital income.



Our operations in developing nations are primarily focused on Southeast Asia. In compliance with local laws, we enter into local market in small scale by mergers, acquisitions, and joint ventures and work with local brokerage teams to create a strong backbone for our business there and ensure strong and stable cash flow assessments. Having achieved a secure market position, we then actively work to expand services to juridical persons and to connect the operations of our various international subsidiary companies, aiming to keep pace with the rapid growth of the Southeast Asian capital markets and achieve the Group's strategic and profitability goals.

With regard to the Greater China market, China has long been among the most important segments of Yuanta Securities' overseas operations. While there are some significant differences in legislation between Taiwan and China, including Taiwanese securities firms still being unable to establish joint securities operations in China under the local legal system, the Group has already made moves to get a foothold in the Chinese market. In 2016, Yuanta Securities had already successfully applied for QFII status, and will soon be able to directly invest in mainland stock markets, futures, and bonds. We look forward to future relaxations in the legal system there, and to rapidly establishing links with that market.

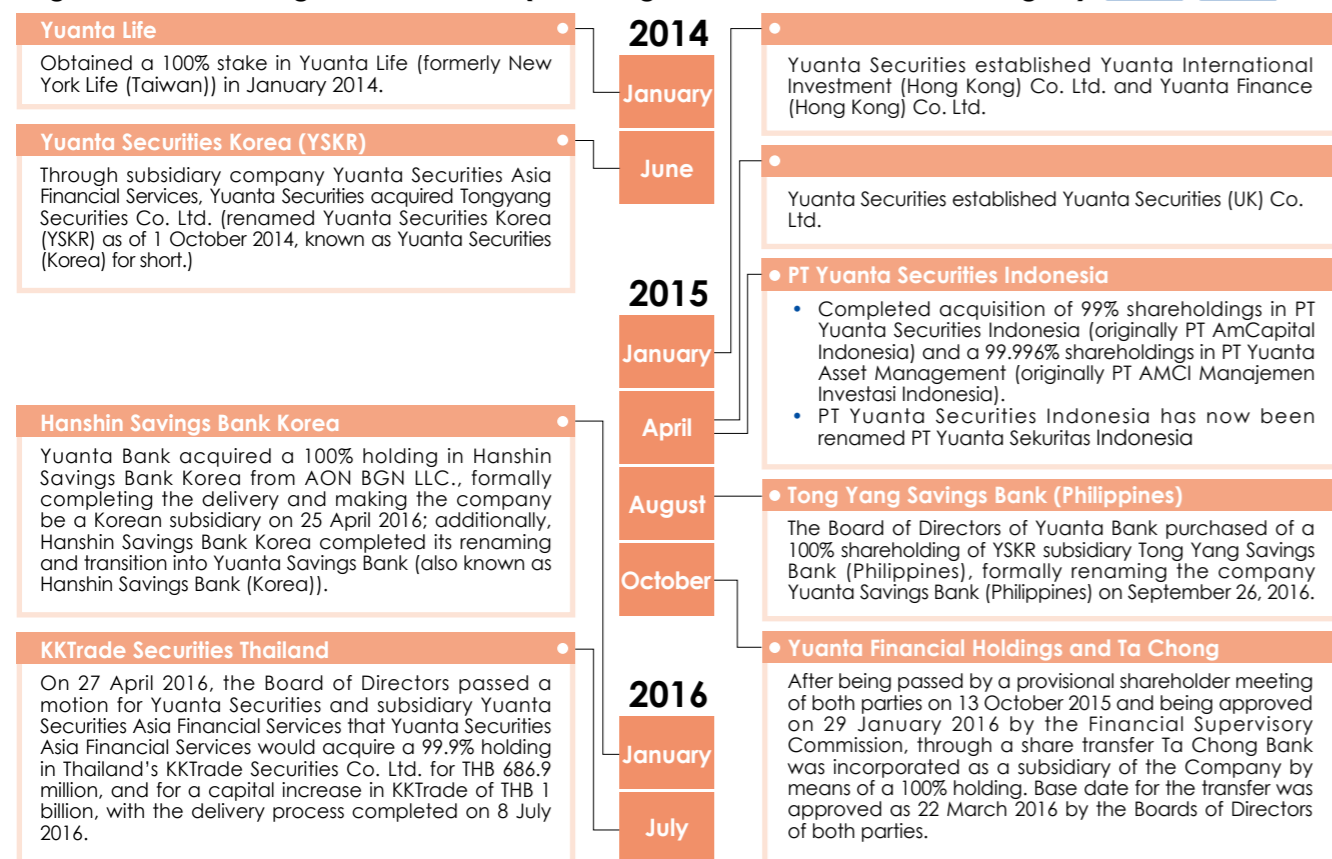
(2) Yuanta Bank's Domestic and Overseas Distribution

On 22 March 2016, Ta Chong Bank was formally incorporated into Yuanta Financial Holdings, and in 2017, we expect to have completed the merger of the two banks, creating post-

merger total assets of over \$1.3 trillion and a market share of approximately 3%. Moving to large-scale banking, we not only increase opportunities in the underwriting business, but also greatly enhance our competitiveness, leveraging economies of scale to our benefit. Yuanta Bank's current lending structure is based primarily on finance for juridical persons, while Ta Chong Bank is primarily focused on personal finance, meaning the two complement one another. In the future, we aim to make solid use of Ta Chong Bank's experience in this regard to strengthen our personal finance, credit business, and small- and medium-sized enterprises financing customer base, continuing to balance our lending structure and drive stable growth in interest income.

In terms of operating locations, post-merger Yuanta Bank's locations have grown to 152, located not only across the greater Taipei area, but also in a balanced distribution across the central and southern Taiwan. In the future, we aim to reorganize our locations, increasing securities operations and transfer rates and reducing capital expenses. With regard to overseas locations, Yuanta Bank has established a dedicated International Operations Department for the purpose of managing the said locations. Currently, our international structure includes subsidiary banks in Philippines and Korea, along with two offices in Myanmar and Hong Kong. In addition, Ta Chong Bank Hong Kong was established in 2014, and post-merger, this will serve as a primary part of Yuanta Bank's cross-strait operations. At the same time, our two existing subsidiary banks have established cooperative links, creating a prototype for future overseas business development.

Organizational Changes of 2014-2016 (including stock investments and mergers) 102-10 102-45



Note1: For more detailed information on organizational changes in 2014, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2014 Yuanta Financial Holdings Annual Reports p.1~2 - 89~91.

Note2: For more detailed information on organizational changes in 2015, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2015 Yuanta Financial Holdings Annual Reports p.1~2 - 97~99.

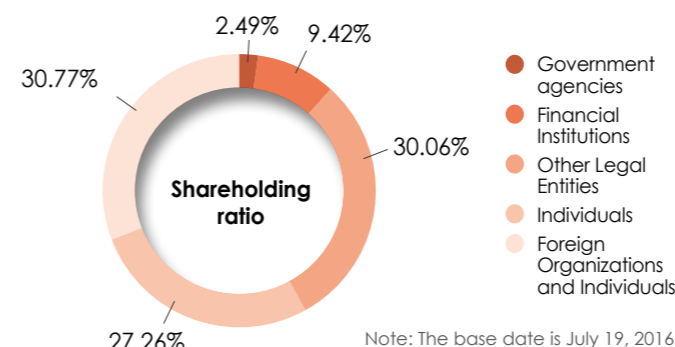
Note3: For more detailed information on organizational changes in 2016, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2016 Yuanta Financial Holdings Annual Reports p.1~2 - 112~115.

Note4: For more detailed information on domestic and international subsidiaries' holdings, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2016 Yuanta Financial Holdings Annual Reports p.12~14

Shareholding Structure

102-5 102-10 102-45

As of February 28, 2017, the Company had issued a total of 12,098,647,753 shares (including 100,000,000 shares of preferred stock).



Future Business Strategy

Since 2012, Yuanta Financial Holdings has pursued a three-pronged developmental strategy based on securities, banking, and insurance, launching staged development goals based on asset expansion with focuses on quality and quantity. In line with this three-pronged strategy, the Company has completed acquisitions of Polaris Securities, New York Life, and Ta Chong Bank and substantially expanded the scope of the Company's operations and gradually transitioning from a past primary focus on securities market operations into a twin-model approach covering both flow (securities) and stock (banking and insurance businesses).

In recent years, the global economy and financial markets have undergone significant changes, with the environment for profitability in finance becoming more challenging. In response to this and in order to develop new options, in the medium and longer term our development strategy has been adjusted from the aforementioned three-pronged strategy to the focus on solidifying our core and driving growth in a more comprehensive growth and development strategy. Each business unit is comprehensively reviewing its growth, along with a look into the Group's overall growth efficiency.

Looking to the future, the Company will not only continue to make integrity management part of the corporate culture, but also to put in place a comprehensive strategy for growth-driven operations. By building a business model based on both stock and flow, 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.

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For more detailed information on Yuanta Financial Holdings' finances and organization, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2016 Yuanta Financial Holdings Annual Reports p.4~6.

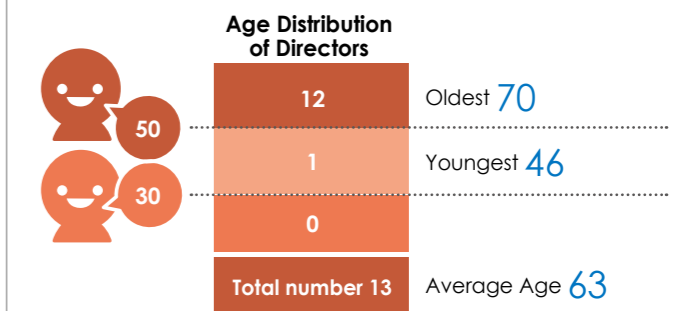
4.3 Corporate Governance Organization and Functional Committee

Members of the Board of Directors

102-22 102-23 102-26 405-1

On 16 June 2016, the Company convened the 2016 Annual Meeting of Shareholders to elect the seventh term directors (including independent directors). The directors serve a term of three years, from 16 June 2016 through 15 June 2019. All directors were re-elected. The Board of Directors was made up of 9 directors and 4 independent directors. All 13 were male, with

an average age of 63. There was no age restriction on serving on the Board of Directors, and no separate executive director. The members of the Company's Board of Directors have professional backgrounds and rich experience in the worlds of finance, industry, and academia.



Note: For more detailed information on the company's members of the Board of Directors, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2016 Yuanta Financial Holdings Annual Reports p.15~20.

The chairman of the Company Board is Mr. Wang Rong-Jou, and the president is Mr. Tony Shen. The board meets at least once each month, and in 2016 met a total of 17 times with an average attendance rate of 94%, meaning that the majority of directors and independent directors attended each meeting in person. Those who are for any reason unable to attend must commission other directors to represent them as per regulation. The Scope of Duties for Board Members of Yuanta clearly lays out the primary duties and responsibilities of directors, while governance body, senior executive and basic staff are clearly laid out in the Company's division of responsibilities and organizational hierarchy, putting in place a comprehensive, hierarchical system of authorization

Independent directors account for 31% of board members, with their role and function regarding both the Board and the Company's operations are clearly laid out in the Scope of Duties for Independent Directors.

Director Selection Process

102-24

The Company has set the Procedures of Director Election, laying out in detail the nine diverse requirements in terms of skills and qualifications required for Directors and the nomination and selection guidelines. The members of the board are also 100% equipped with the knowledge, skills, and personal qualities needed to carry out their duties.

More
For more detailed information on Yuanta Financial Holdings' director selection process, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance>Major Internal Policies>Procedures of Director Election.

Guidelines for the Selection and Services of Investment Directors and Supervisors

102-25

To facilitate proper management of investment matters, the Company has set out the Guidelines for the Selection and Services of Investment Directors and Supervisors. This is aimed at improving coordination between the Company and directors & supervisors involved in investment matters, protecting our investments through stronger management.

When directors or supervisors are assigned to investment matters by the Company, their qualifications and concurrent service

should be verified as being in compliance with relevant legislation through the Eligibility Checklist for Directors and Supervisors and the Stakeholder System Search Results. The person being appointed, the Company to which they are being appointed, and any others directly involved, should be made familiar with this in order to facilitate declarations to the competent authorities and other matters related to the task at hand.

Rules for Board Meetings

102-21 102-25

In order to establish a strong corporate governance structure, the Company has established the "Rules of Shareholders' Meeting Procedure". According to these guidelines, directors are expected to uphold a high level of self-discipline. When affairs involve the personal interests of directors themselves or the juristic person they represent, they should clarify their interests at board meetings. 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. In 2016, the directorship maintained a high standard of self-discipline, recusing themselves as needed.

More

- For more detailed information on Yuanta Financial Holdings' Board of Directors' operations and avoidance of conflicts of interest, please see the [Yuanta Financial Holdings website](#) under Investor Relations>Financials>2016 Yuanta Financial Holdings Annual Reports p.36~44.
- For more detailed information on Yuanta Financial Holdings' rules for board meetings, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance>Major Internal Policies.

Board of Directors (and Functional Committees) Performance Evaluation Process and Results

102-28

In order to improve the performance of its Board of Directors, the Company has established the Guidelines for Self-Assessment for Board of Directors (and Functional Committees). Each year, by means of questionnaire, the directors independently fill out an assessment, and at least once every three years external and independent professional organizations or scholars carry out assessments, with the results and plans for improvement then reported to the board as a whole. In 2016, each director expressed a positive assessment of the efficiency and effectiveness of the board, indicating that the board members all exhibit the desired skills and capabilities, and all act in compliance with relevant laws and regulations.

More

For more detailed information on Yuanta Financial Holdings' rules for the Board of Directors, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance>Major Internal Policies.

Improving Professional Capabilities of Directors

102-26 102-27 FS4/Management Approach Disclosures

As the highest organ of corporate governance for the Company, we insist on pursuing the greatest long-term value for shareholders in the Group and uphold social responsibility as a core value and management concept, using these to guide the Company through important business planning and execution of those plans through careful deliberation regarding economic, environmental,

and social aspects to ensure balanced development. In accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and our own Guidelines for Continuing Education for Directors, the full board actively participates in corporate governance related courses and seminars held by a variety of professional organizations. In 2016, the board as a whole engaged in a cumulative total of 96 hours of training, with every newly appointed or continuing director meeting the legally recommended standard of completing a minimum of 12 hours of continuing professional education in their first year and 6 hours in each following year.

Every year directors of each of the subsidiaries of the Group (including managers assigned to subsidiary directorship) organize corporate governance seminars themed around corporate governance, mergers & acquisitions, sustainable business, finance, and corporate social responsibility. These seminars aim to help directors have a deeper understanding and consideration of sustainable business and corporate social responsibility, equipping them to better fulfill their duties of supervision and guidance. In 2016, 3 such seminars were held, with 127 directors and managers participating.

Moreover, the Company also organizes Summit Forums each year for the directors and major managers. These forums discuss topics including domestic and international economic outlooks, trends and evolution in the industry, Asian political-economic culture, and health management for office workers, bringing in the latest outside knowledge to help our Directors in their conducting of business. We urge management in each subsidiary to ride the wave of global economic development while upholding concepts of sustainable business and actively pursuing innovative development in all aspects of business, and as the same time implementing sound corporate social responsibility. In 2016, a total of six Summit Forums were held, with 996 directors and managers participating in total.

Date (2016)	Subject and Plan	Number of Directors
3/4	Legal Issues of Note for Directors and Supervisors of Publicly Issued Companies	41
3/29	Digital Finance Innovation and Application	185
5/27	New Trends in Real Estate FinTech	129
6/17	Group Governance and Financial Holdings Governance	56
7/5	Big Reforms or Small Blessings: Developmental Trends and Challenges in Taiwan's Finance Industry Post-520	150
8/31	From Creative Thinking to Commercial Innovation	140
9/9	The Effects of Board of Directors Operations and Decisions	30
10/17	The New Business Culture of the Internet: The Power of the Social Groups	176
11/16	2016 to 2017: Economic and Industry Observations	216
	Corporate Governance Course	Total 127
	Summit Forums	Total 996

Faced with a new economic era of rapid innovation and transformation, a simple nine seminars a year is far from enough to meet the needs for education within the Yuanta Group. As such, the Company expects to introduce content from the Commonwealth Innovation Academy in 2016, making use of outstanding content generated through Commonwealth Magazine's 35 years of attention to issues in domestic and international politics, economics, and environmental matters, as well as social and cultural topics. By providing our staff with access to global sustainable development ideas and experiences, they are able to stay on top of trends in global management and innovation. We hope to have furnished Yuanta with the core competency to deal with future problems as we work hard to realize our sustainable



9 September 2016—"The Effects of Board of Directors Operations and Decisions" Corporate Governance Course



16 November 2016—"2016 to 2017: Economic and Investment Ideas" Summit Forum

Corporate Governance Organization of Yuanta Financial Holdings and Committees under the Board of Directors

102-18 102-31 102-35 102-36

Under the jurisdiction of the Board of Directors are the Audit Committee and Remuneration Committee, which, along with two special management committees that focus on risk management and integrity management, help to facilitate the refinement of our corporate governance, meeting regularly and reporting their results to the board, and ensuring that board members are kept up-to-date on the status of the Company. The responsibilities and operations of each group are as follows:

Committee Name (Year of Establishment)	Main Responsibilities	Operations
Audit Committee (Established in 2007)	Oversee the propriety of financial statements, the hiring/dismissal of accountants and ensuring their independence and performance, the effective implementation of internal controls, corporate compliance with laws and regulations, and the management of current and potential risks to the Company.	<ul style="list-style-type: none"> The committee is composed of four independent directors who were elected at the 2016 Annual General meeting. The committee meets at least once a month, convened by independent director Wu Shou-Shan. Further meetings are convened as necessary. In 2015, the committee convened 22 meetings. Average Attendance Rate: 97%.
Remuneration Committee (Established in 2010)	Assist the Board of Directors with good managerial focus and faithfully fulfilling the following responsibilities: (1)Formulating and regularly reviewing the Company's policies, mechanisms, standards, and structure pertaining to Directorial and managerial performance evaluation and remuneration. (2)Regularly evaluating and formulating the Company's remuneration of Directors and managers.	<ul style="list-style-type: none"> The committee is composed of four independent directors and meets at least twice a year; further meetings are convened as necessary. In 2016, the committee convened 8 meetings, with an average attendance rate of 97%. There is no external consultant in our Remuneration Committee.
Risk Management Committee (Established in 2012)	Assists the Board in supervising risk management implementation and ensuring risk management is consistent with the Company's policies, operating strategies, and short- and long-term development goals to facilitate the Company's meeting of these goals and implementation of these strategies.	<ul style="list-style-type: none"> Convened by the chairman of the Board of Directors and composed of the chairman and the general managers of subsidiary companies, heads of risk control, and other people as deemed appropriate by the convener. The committee meets each quarter, and reports resolutions to the Audit Committee and the Board of Directors. In 2016, the committee convened 5 meetings. Average Attendance Rate: 90%.
Integrity Management Committee (Established in 2014)	Assists the Board of Directors and management in supervising the integrity of operating procedures and the implementation of protective mechanisms, as well as ensuring that the measures are enacted against fraud as required by law, to improve the integrity of the management of the Company.	<ul style="list-style-type: none"> Comprised of managers from the Corporate Planning, Administration, Human Resources, Compliance Affairs, and Internal Auditing Departments and Convening meetings every two quarters. In 2016, the committee convened 2 meetings Average Attendance Rate: 100%.
Digital Development Strategy Committee (Established in 2016)	In view of development trends in digital finance, the committee works to integrate and coordinate the Group's digital finance development work	<ul style="list-style-type: none"> On 27 April 2016, the Company's Board of Directors passed an amendment to the Company's organizational charter and organizational map to include the Digital Development Strategy Committee.

Organizations Consolidated Across Group Subsidiaries under the Company General Manager

Yuanta Financial Holdings' reinvestment system covers 10 subsidiaries, including securities, banking, life insurance, etc. To

create greater shared benefits for both the Group's customers and our operating network, the Company and its subsidiaries not only convene regular meetings of management, but also work through the functional workgroups listed below to synergistically handle other business matters. The main details of each are:

(1) Committee

Committee Name (Year of Establishment)	Main Responsibilities	Operations
Financial Trading Performance Management Committee (Established 2007)	Responsible for coordinating and supervising the Group's financial trading affairs, with main responsibilities including assisting with drafting the trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating rates and supervising operational performance.	<ul style="list-style-type: none"> Currently convened by the president of the Group, with the chair of Yuanta Securities as deputy convener. In addition, the general managers of Yuanta Securities, Bank, and Futures, along with the chief financial officer and chief risk officer make up the remaining five members of this seven-person committee. Meetings are convened at least once a month, with more meetings convened as necessary. In 2016, the committee convened 12 meetings. Average Attendance Rate: 89.58%.
Product Sales and Marketing Committee (Established 2009)	Primarily coordinates the product development, cross-selling business of each channel, and shared marketing strategy planning. Aims to leverage our combined resources for overall business synergy.	<ul style="list-style-type: none"> Convened by the president of Yuanta Financial Holdings and additionally comprised of management from the Company and all subsidiaries. Meetings are convened at least once per quarter, with more meetings convened as necessary. In 2016, the committee convened 4 meetings. Average Attendance Rate: 83.80%.

(2) Division

Office Name (Year of Establishment)	Main Responsibilities	Operations
Digital Development Division (Renamed from the Electronic Commerce Office in 2016)	Responsible for planning the overall electronic blueprint and supervising and integrating company's electronic commerce business. Provides practical support and navigation for subsidiaries in this age of digital finance, monitors trends in the electronic commerce market, strengthens group digital competitiveness, and helps group gain a competitive advantage in the digital era.	<ul style="list-style-type: none"> On 29 June 2016, the Company's Board of Directors passed an amendment to the Company's organizational charter and organizational map to rename the Electronic Commerce Office as the Digital Development Division. Included in the purview of the Division are the digital finance departments of five major subsidiaries (Yuanta Bank, Securities, Life, Futures, and Funds), jointly establishing new business models and competitive advantages. Every month the chief executive of the Division convenes a Digital Development Division and Subsidiaries Meeting, sharing experience and results to help subsidiaries with their digital development and improve synergy across the group.

4.4 Material topics: Audit – Auditing Mechanism and Risk Management

The Importance of Risk Management and Auditing

103-1 103-2 103-3

Without adequate preventative and response measures in place, external risk factors like international political instability, social instability, widespread Internet crime, financial crises, and climate change can potentially have tremendous impacts on and cause substantial losses for companies, leaving them unable to meet the expectations of their stakeholders, uphold their responsibilities, or achieve their enterprise development goals.

Auditing systems can not only protect against fraud, they can also provide early identification of potential internal and external risks, preventing or reducing the chance of crises arising. In this way, our auditing system helps the Group properly implement risk management and legal compliance, thus ensuring stronger corporate governance.

The Company has established a sound risk management policy, along with effective corporate governance and internal control mechanisms, and through independent internal auditing, conducts reviews and audits of operations. In 2016, the Company's audit results showed no major deficiencies.

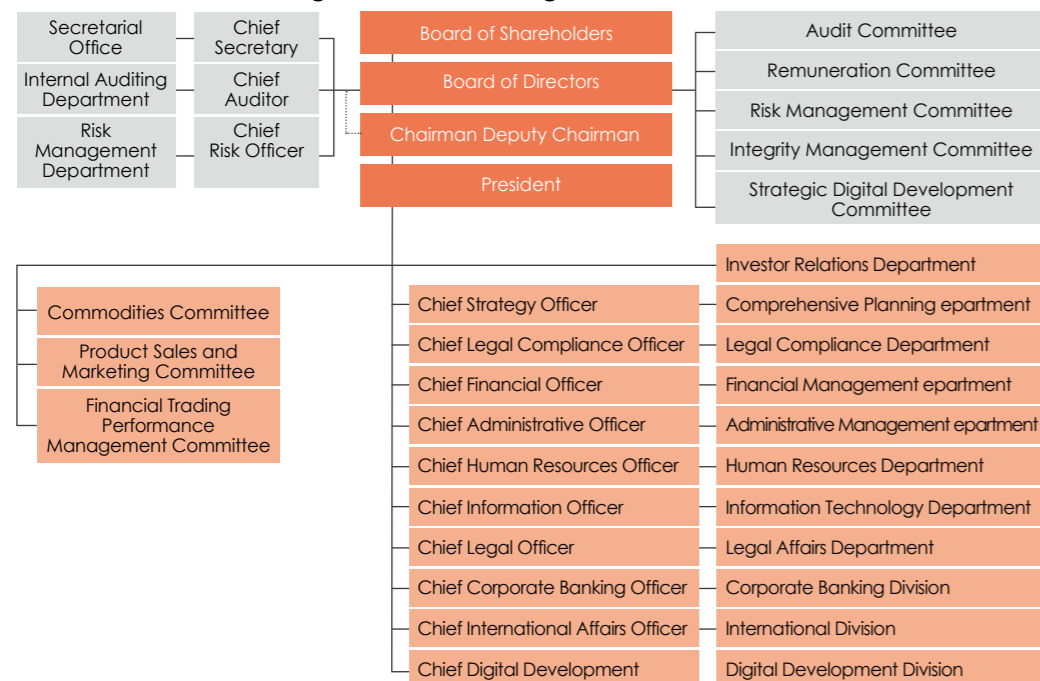
Risk Management Organization

102-29 102-30

The risk management structure of the Company includes the Board of Directors, the Audit Committee, the Risk Management Committee, upper management, the Risk Management Department, the Legal Compliance Unit, the Legal Affairs Unit, and various other departments. The Group's subsidiary companies have also established independent risk management units in accordance with their respective operating scales and risk attributes.

Board of Directors The highest risk management decision-making unit, with primary responsibilities including appraising our risk management policies and major risk management processes, as well as appraising annual risk limits and supervising the implementation of risk management processes.	Audit Committee Assist the Board of Directors with risk management duties, with primary responsibilities including appraising Company's risk management policies and major risk management processes, as well as auditing annual risk limits and assisting the Board with supervision of implementation of risk management processes.
Risk Management Committee Assists Audit Committee and Board of Directors in carrying out risk management duties, with primary responsibilities including carrying out annual review of risk limits, reviewing risk management reports, integrating and coordinating inter-subsidiary risk management issues, and promoting awareness of major risk management matters.	Upper Management Review risks involved in the operating activities, ensure completeness of the risk management processes, and effectively control associated risks.
Risk Management Department An independent department under the Board of Directors, with primary responsibilities including elaborating risk management processes, establishing effective methods of measuring risks and systems for managing them, monitoring and analyzing risks, and offering timely warnings and reports.	Legal Compliance Unit Implement legal compliance risk management, verify that each unit's business affairs and legal compliance risk management processes are in accordance with relevant standards, and assist with evaluation of potential legal compliance risks in business matters.
Legal Affairs Unit Implement legal risk controls, and assist with evaluation of potential legal risks in business affairs, legal documents, and contracts.	All business departments Responsible for front-line risk management. Before implementing business plans, departments must review the various risk management practices and ensure they are in compliance.

Yuanta Financial Holdings Governance Organizational Chart 102-18

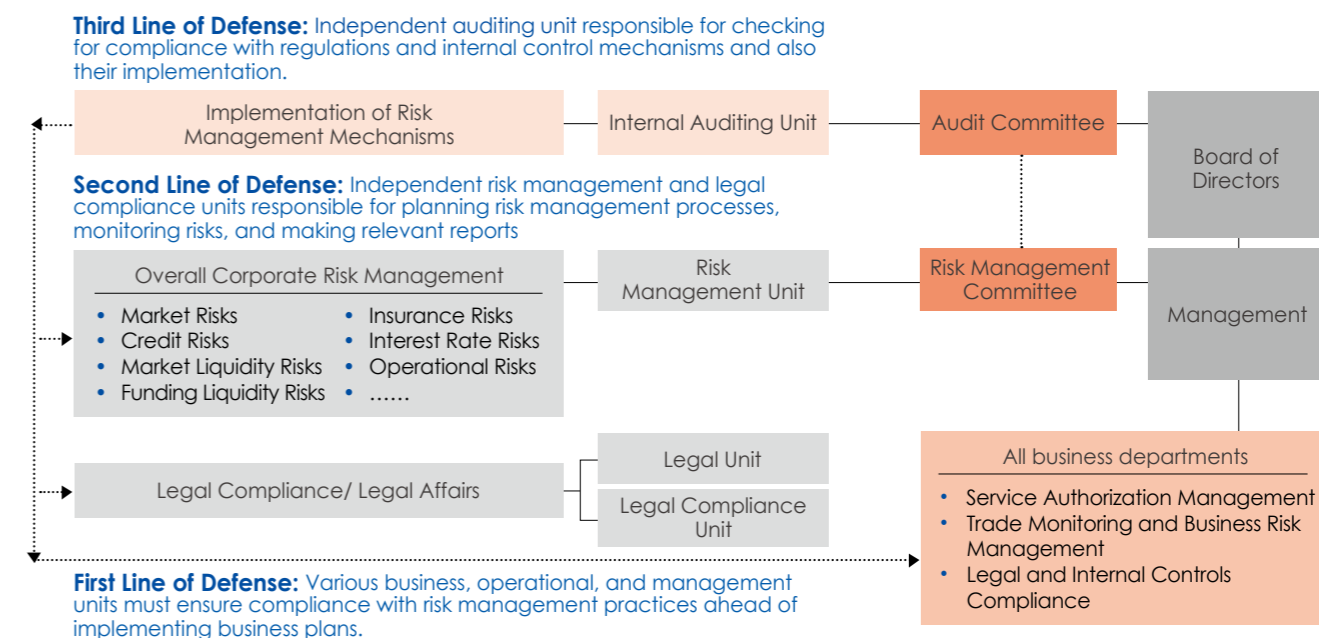


Note1: The Information Management Office, which was originally established to integrate the information management affairs of the Company, was formally abolished on 29 June 2016 at the second meeting of the seventh-term Board of Directors, at which the Board passed an amendment to the Company's organizational charter and organizational map removing the office in light of its inability to meet organizational operating goals at the present point in time.

Note2: On 29 June 2016, at the second meeting of the seventh-term Board of Directors, the Board passed a motion to rename the Electronic Commerce Office as the Digital Development Division in response to the Group's moves to develop in the field of digital finance.

Note3: On 29 June 2016, at the second meeting of the seventh-term Board of Directors, the Board passed a motion to transfer the Comprehensive Planning Department from the direct supervision of the general manager to that of the Chief Strategy Officer.

Risk Management Organization Chart



Risk Management Policy

103-2 FS2/Management Approach Disclosures

FS9/Management Approach Disclosures

In order to establish risk management standards for the Company and ensure the integrity, effectiveness, and reasonableness of our risk management, we have established a specific Risk Management Policy to serve as the supreme guiding principle for our risk management efforts. Various risk management systems are based on this policy, to tackle each category of risk and its potential impact on operational stability and capital security.

The risk management systems cover market risks, credit risks, market liquidity risks, funding liquidity risks, interest rate risks, insurance risks, operational risks, legal compliance risks, legal risks, and other risks related to business operation. Subsidiaries shall, in line with risk management policies, establish appropriate business portfolio, business scale, and capital scale risk management systems in order to effectively manage the various risks they assume.

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

Risk Management and Corporate Social Responsibility

103-2 FS2/Management Approach Disclosures

FS9/Management Approach Disclosures

The Company has established a comprehensive and effective risk management system, enabling the proper management of overall corporate risks, reducing the possibility of corporate operating risks leaking into society, and achieving the corporate social responsibility of risk management.

1. A robust risk management framework that adheres to financial supervision regulations

The risk management systems are in compliance with the supervision guidelines and principles of the competent authorities with regard to the respective business categories. We have set out appropriate capital adequacy standards and targets, adhering to the legally defined standards of adequacy and ensuring the operational safety and stability. We also help the public understand our operating conditions through the implementation of risk management information disclosure.

2. Implementation of "Know Your Customer" (KYC) policies and ensuring the protection of customer interests

In selling financial products, the Company sets approval processes for new kinds of products. We have also adopted an appropriate risk management framework and established financial product category-based management principles and a customer classification system.

3. Guaranteeing the financial security of creditors through proper use of external financing

With regard to the monitoring, management, and reporting of the use of funds, the Company adheres to competent authorities' regulations and our own systems for risk management regarding assets and liabilities. In this way, we maintain liquidity of financial assets, ensuring that liabilities remain at a moderate level within the assets and liabilities structure, an adequate level of liquidity is maintained, and the rights of our creditors are protected.

4. Proper management of overall risks to ensure the safety of shareholder equity

In accordance with the different characteristics of the risks facing different lines of business, the Company has developed a risk model that can effectively evaluate potential losses. Where our capital can adequately cover the largest of these potential losses, conditions for bearing such risks are planned out for each business item, effectively managing the overall capital risks faced by the Company and ensuring the rights of our shareholders are secure.

5. Staying vigilant regarding international developments in risk management and improving the culture of social risk management

The Company is focused on climate change and its impact on the global environment. Working within the scope of applicable legislation and the 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, as well as 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 our operational efficiency and safety.

More

For more detailed information on Yuanta Financial Holdings' risk management, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance>Risk Management.

Internal Controls and Auditing Mechanism

103-2 103-3 FS9/Management Approach Disclosures

The 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 their progress on improvement. It also provides a comprehensive evaluation of the effectiveness of the Group's internal controls as a reference for the Board of Directors, the president, the chief auditor, and legal compliance management. In addition, through communication and seminars with members of the Board of Directors and auditing staff, 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 their progress and ensuring that internal controls remain effectively implemented to facilitate our pursuit of corporate social responsibility. The aforementioned audits of regular business are held once each year, and the 2016 auditing plan was completed in accordance with regulations, with no significant deficiencies found.

The Group is required to comply with the Auditing Department and Legal Compliance Departments' annual audits of internal controls, personal information risk evaluations, and semi-annual legal compliance reviews and self-assessments. Such assessments shall be conducted by specified and confidential staff from a different unit under confidentiality. The 2016 audit results show no significant deficiencies.

Additionally, 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 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 on until they are completely addressed.

In 2016, the Auditing Department undertook a total of 21 inspections of subsidiaries and operations in order to protect customers, including management and issuing processes of consultancy investment analyses, resolution of cases of consumer disputes regarding wealth management, and compliance with money laundering prevention mechanisms. A total of 27 deficiencies were found, with responsible subsidiaries tasked with undertaking measures to address them. The improvement completion rate was 100%.

Audit Notification Mechanism

102-11

To facilitate early warnings of potential risks, the Auditing Department has established a Mechanism for Communication and Information Sharing between the department and the auditing units of subsidiaries. Every day, particular matters are responded to through the management information platform, every month the auditing platform communicates the results of auditing efforts and any irregularities, and any substantial occurrences or other deficiencies found by external audits that may incur significant losses or penalties will result not only in the chief auditor being promptly notified, but also in their communication to the Board of Directors and Audit Committee through monthly reports.

4.5 Material topics: Active Ownership – Responsible Investment and Stewardship

Institutional Investor Stewardship

103-1 103-2 FS12/Management Approach Disclosures

In recent years, the proportion of institutional investors focused on market trading has gradually risen, and the substantial funds collected and employed by such investors have a tremendous impact on both the markets and the companies being invested in. Whether investing or fulfilling their fiduciary duty, their actions should be conducted with an eye to the long-term benefits of those providing the funds (potentially including customers, beneficiaries, and shareholders in the institution investors themselves), with the investor paying attention to the operating status of the investee companies and, through shareholder meetings and votes, along with appropriate management-level dialog and interactions with the investee company, being part of the investee's corporate governance.

Under the guidance of the Financial Supervisory Commission, on 30 June 2016 the TWSE Corporate Governance Center issued the Stewardship Code for Institutional Investors. The Company's subsidiary Yuanta Funds became a signatory of the Code on 17 November 2016 and has disclosed its statement of adherence to these principles on the Center's [official website](#), as well as on the [Yuanta Funds official site](#).

By signing on to these principles, Yuanta Funds has declared its commitment to stewardship. All departments are required to adhere to these principles in their business operations and will continue to actively focus on communication and interaction with investee companies in order to enhance long-term investment efficiency and create value for customers and beneficiaries.

4.6 Material topics: Anti-corruption – Yuanta Integrity Management

The Importance of Opposing Corruption

103-1 103-2 103-3

In recent years, issues around corruption have come to light at home and abroad, with relevant legislation becoming more stringent in response. The Group places great emphasis on potential losses (including financial and reputational) that could be incurred by inability to comply with legislation—should there be any oversights in legal compliance, the impact on the Group's ongoing overseas expansion and globalization policies could be substantial; on the other hand, increased focus on corruption issues by the nation, including more severe punishment for money laundering and other such criminal acts, will not only help maintain financial order, but also improve Taiwan's image internationally.

The Company has set out its Corporate Governance Code of Practice, Integrity Management Guidelines, and Integrity Management Best Practices and Behavioral Guidelines, which lay out the rules and regulations that all Group staff must abide by. The Company has also established a sound reporting mechanism and encourages staff to report any illegal incidents. Additionally, it has set up a Crisis Response Management Team to respond to any conflicts that may have a substantial impact. Through reviewing externally arising social matters and providing internal training in and promotion of anti-corruption policies, the Company aims to establish an operating environment built around a high level of integrity. In 2016, the Company encountered no incidences of bribery or corruption.

Guidelines for Integrity Management and Behavior

102-16 205-3 FS15/Management Approach Disclosures

Yuanta Financial Holdings has set out its Code of Practice for Corporate Governance, implementing the highest standards of corporate governance with all staff expected to comply with the relevant rules of corporate self-regulation and, through training and education, ensure that proper 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 the Financial Supervisory Commission policies and the template from the Taiwan Stock Exchange, issued on October 25, 2011, and December 27, 2011, respectively, the Board of Directors passed the Yuanta Financial Holdings Integrity Management Guidelines and the Yuanta Financial Holdings Integrity Management Practices and Behavioral Guidelines (hereafter referred to as the Behavioral Guidelines). These Integrity Management and Behavioral Guidelines clearly lay out prohibited unethical and improper conduct. They also call for regular training, education, and promotion of ethical behavior, as well as appropriate reporting and disciplinary measures.

On 30 March 2015, the Company's Board of Directors passed an amendment to the Behavioral Guidelines to set the Integrity Management Committee as the unit responsible for the amendment, enforcement, and interpretation of the Guidelines, as well as for consultations regarding them and registering notifications, and conducting supervision efforts (hereafter referred to as the Company's responsible unit), directly under the management of the Board of Directors and reporting regularly to the Board.

The Company has not only established relevant rules and standards, but also employee working rules and an effective, appropriate set of internal control standards. Coupled with our legal compliance, risk management, and internal auditing mechanisms, these help ensure that the Company can continue operating effectively and prevent against fraud or serious negligence. In 2016, the Company encountered no incidences of bribery or corruption.

More

For more detailed information on major rules and legislation applicable to Yuanta Financial Holdings, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance>Major Internal Policies.

Anti-Corruption Policy Advocacy and Training

205-2

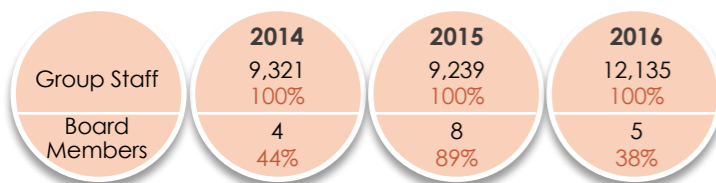
The Group regularly holds a course entitled Education in Business Ethics and Corruption Prevention in accordance with financial regulations, the Company's own Code of Ethical Conduct, and Behavioral Guidelines, with all staff required to attend classes and pass a test. The course seeks to remind participants of important legislation and cases, using relevant cases of penalties incurred within the industry or incidents from the news to provide more in-depth education regarding the law and penalties. Through a variety of channels, the Group continues to provide education to staff regarding the law and to ensure they have a correct understanding of business integrity and the ability to make the right decisions regarding it. Overall, the Company actively works to strengthen professional skills and work ethics, thus implementing legal compliance, integrity management, and corporate social responsibility. In 2016 all staff—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 various legal compliance training programs, familiarizing employees with orders issued by the authorities, case studies from the industry, and amendments to existing legislation. In 2016, the Group held 364 such courses and activities (online and off), with 92,716 participants for 86,981 hours of training, the average training per employee was 7.2 hours.

All employees of the Group are subject to both financial regulations and HR management guidelines and are evaluated for internal control and regulatory compliance as part of their performance reviews. Should either be breached, appropriate punishment or legal responsibility shall be implemented based on the severity of the breach, in order to protect the rights and interests of the Company and others with relevant interests.

Anti-Corruption Policy Training Data

Total Number of People Receiving Training in Business-related Anti-Corruption Policies



Note 1: Percentage of Staff Receiving Training = Total Number of Trainees/ Total Number of Staff of the Year

Note 2: Percentage of Directors Receiving Training = Total Number of Trainees/Total Number of Directors

Note 3: The Corruption Prevention Promotion refers to occasional lessons in the law involving case studies and explanations, used to aid Directors in their work, and do not count among training items.

Unethical or Illegal Conduct Reporting Mechanism

102-17

The Company has established and publicized an independent reporting mailbox and hotline both on the corporate website and the Company intranet. We encourage internal and external staff 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 staff, the staff member or members concerned would be subject to disciplinary action, and even dismissal should the incident be sufficiently serious. In addition, Yuanta Financial Holdings staff can submit inquiries to legal compliance units in case they have any questions regarding corporate ethics and relevant regulations.

Those staff members designated to investigate any reports shall declare in writing that the identities of both the reporter and the reported will remain confidential, and that the Company is committed to protecting any staff that report violations from improper treatment as a result of their report. Regarding the responsible units for the reporting mechanism, internal reports are handled by the Board of Directors, external reports the Administrative Management Department, and reports from governmental agencies by the Comprehensive Planning Department. Each undertakes regular reviews of reporting status and handling procedures, and then reports on measures for improvement to the Board of Directors. The Company's procedures for reporting incidents is publicly disclosed in Article 21 of the Behavioral Guidelines. In 2016, there were no incidents of internal or external complaints filed through this reporting mechanism.

More

For more detailed information on Yuanta Financial Holdings' reporting procedure, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility > Corporate Governance > Major Internal Policies > Professional Code of Ethics.

Crisis Response Management Team

102-11

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 a Crisis Response Management Team in accordance with these rules to be convened by either the president or executive vice president as assigned. The team is to be assembled of relevant management based on the extent and nature of the crisis. It will carry out analysis and evaluation of each case, staying vigilant regarding developments in the case and make recommendations or propose amendments to the response plan to meet actual requirements. In addition, each subsidiary is to draft its own emergency and disaster response policies in line with these rules in order to further promote effective management.

To effectively deal with emergencies and natural disasters, Yuanta Financial Holdings' Administrative Management Department will work with subsidiary companies to form emergency response teams, and immediately activate these teams in the event of an emergency or natural disaster. For example, when the Central Weather Bureau issues a typhoon notification, all branches are provided with early warning via e-mail and protective measures are activated. In the event of a disaster, help and support will be called for by telephone and Line instant messenger groups, with reports submitted to the competent authorities in accordance with legal requirements or information disclosed through specified methods.

Highlight

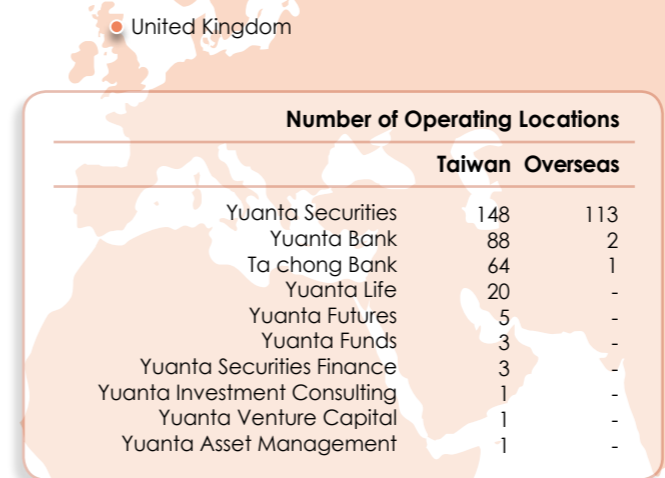
After the February 6, 2016 earthquake in Tainan, each branch promptly reported via Line to subsidiary management on any damage, with these subsidiaries' management departments in turn reporting to the Chief Administration Officer to ensure that he was fully informed of the damage. A unified deployment of manpower and material resources was then employed to protect the interests of the Company, shareholders, customers, and staff, with reports submitted to the competent authorities in accordance with legal requirements and information disclosed through specified methods.

4.7 Material topics: Economic Performance – Yuanta Economic Performance

Economic Performance

102-15 103-1 103-2 103-3

In the wake of 2016's Brexit referendum, major changes in the international political and economic situation, and the impact of the ever-growing volatility of the global financial market, in addition to the increasingly stringent financial regulations in place in Taiwan and the over-competitive nature of local financial institutions, it is becoming increasingly challenging to make a profit in the current financial environment. However, at the same time the Group is able to find profitable opportunities amidst these difficulties, and looking to 2017, with major countries introducing expansionary fiscal policy and economic growth driven by fundamental infrastructure investment, in December 2016 IHS forecasted global economic growth in 2017 would reach approximately 2.8%, surpassing 2016's 2.4% growth. There



In 2016, the number of Yuanta's domestic and international operating locations was 450 in total. (Taiwan: 334; overseas: 116)

Yuanta Securities

Securities industry

Brokerage, investment banking, financial derivatives, credit trading, fixed income instruments, wealth management, stock transfer agency, electronic commerce
Distribution of Operating Locations: Taiwan, Hong Kong, Beijing, Shanghai, Shenzhen, Vietnam, Korea, Cambodia, Indonesia, Thailand, United Kingdom

Yuanta Bank

Securities industry

Consumer finance, corporate finance, wealth management, trusts, financial products, online banking, mobile finance
Distribution of Operating Locations: Taiwan, the Philippines, Korea

Ta chong Bank

Securities industry

Consumer finance, corporate finance, wealth management, trusts, financial products, online banking, mobile finance
Distribution of Operating Locations: Taiwan, Hong Kong

Yuanta Life

Life insurance industry

Life insurance, injury insurance, health insurance, disability insurance products, products for the aged, micro-insurance products, investment-oriented products
Distribution of Operating Locations: Taiwan

Yuanta Futures

Futures industry

Futures brokerage, international/ domestic futures and options, new financial products
Distribution of Operating Locations: Taiwan, Hong Kong

Yuanta Funds

Fund industry

Issuing domestic and international equity, bond, balanced, combination, real estate securitization, asset securitization, index, exchange trade, high-yield bond, and futures trusts funds; private equity funds; discretionary investment business; offshore fund master agency
Distribution of Operating Locations: Taiwan

Yuanta Securities Finance

Securities finance industry

Margin trading, collateral refinancing of secured loans
Distribution of Operating Locations: Taiwan

Yuanta Investment Consulting

Investment consulting industry

Strategic, industrial, and case analysis, and quantitative research products; provision of detailed analytical models of all stocks studied; handling of discretionary accounts
Distribution of Operating Locations: Taiwan

Yuanta Venture Capital

Venture capital industry

Primarily companies in startup and expansion phase; secondarily mature companies
Distribution of Operating Locations: Taiwan

Yuanta Asset Management

Asset management industry

Sale of non-performing loans of financial institutions, disposition, integration, consulting, foreclosures
Distribution of Operating Locations: Taiwan

remains a need to pay close attention to national financial revenue and expenditure structures, rising trade protectionism, geopolitical risk, and a rebalancing of the Chinese economy having a spillover effect, all of which are factors introducing a level of uncertainty. With regard to the financial environment, in 2017 the United States will launch a policy of raising interest rates, benefiting the long-term overseas investment revenues of the life insurance industry, thus we must also be careful of short-term asset impairment. On the securities side, we see momentum in capital market trading and ongoing development of new revenue sources that could complement the incomes of brokers.

The Group will continue to implement corporate governance, risk management, and legal mechanisms while also setting out annual business plans, all in the hopes of fostering stability in the face of a variable financial environment, developing innovative revenue sources in new markets and pursuing a policy of achieving the greatest long-term value for shareholders.

Markets and Locations Where the Group Provides Services

102-2 102-6 102-7 102-45

The targets of the Group's service include both individual and juridical persons in need of financial services including investment, wealth management, and debt management.

Economic Performance of Subsidiaries in 2016



- In 2016, Yuanta Securities reported an annual net income after tax of \$7.441 billion and net earnings per share (EPS) of \$1.35, both ranking first in the industry.
- Our brokerage business market share was 11.54%, 3.22% above the next highest in the industry;
- Our average financing market share was 15.99%; our average margin market share was 22.76%, approximately 1.9% higher than the second-ranked securities firm;
- The underwriting and emerging stocks operations of our investment banking business each enjoyed market shares of 24.14% and 27.28% respectively, more than 5% higher than those of the second-ranked securities firms in each;
- The value of and number of the stocks issued were \$46.006 billion and 3,899 respectively, with market shares of 17.97% and 15.85% each, ranking first in the market;
- Not only did the bonds business rank first in the industry and was substantially greater than others in the industry, our underwriting of corporate and financial bonds was valued at \$58.2 billion, with a market share of 20.63%, 6.74% higher than the next highest securities firm; our asset swap bonds enjoyed a market share of 36.68%, 12.08% higher than the next highest securities firm; our asset swap options enjoyed a market share as high as 48.10%, 30.63% higher than the next highest securities firm; our credit linked notes business market share reached 44.42%, 28.38% higher than the next highest securities firm;
- Our wealth management trusts business reached a market share of 36.84%, 16.71% higher than that of the second place competitor;
- In stock futures, our market share was 10.95%, 1.8 times that of the nearest domestic competitor;
- Our lending business reached a market share of 66.61%, 52.84% higher than that of the second place competitor;
- In electronic trading, our market share was 17.19%, 1.6 times that of the nearest domestic competitor.



In 2016, Yuanta Bank's net income after tax was \$5.595 billion, making the business one of the few banks to enjoy maintained growth and strong performance. In the future, after fully merging with Ta Chong Bank, total assets will be approx. \$1.3 trillion and market share will be 3%, bringing us into the tier of large banks. After the merger, our corporate and consumer banking arms will complement one another, increasing the business opportunities we can take advantage of.



In 2016, Ta Chong Bank not only continued to reinforce its asset quality and risk management capabilities while reducing operating expenses and maintaining a favorable interest rate differential on deposits, it also pursued an expanded customer base, increasing what the company could contribute to customers through wealth planning and consulting strategies built around both customer behavior and products.



With a product development strategy focused on long-term-payment and guaranteed products supplemented by finance-type products, Yuanta Life also had deep roots in the Group's own banking and securities channels and a wide range of external financial channel partners, along with a grounded proprietary business structure. The company operated an agency channel and electronic commerce platform, and worked to optimize systems and administrative processes while expanding business and improving the quality of service provided to customers.



In 2016, Yuanta Futures' domestic futures and options market shares were 21.43% and 15.72% respectively, while its overseas futures market share was 28.02%, ranking first in the market in all three and greatly leading the industry in terms of annual pre-tax profits at \$990 million.



At the end of 2016, Yuanta's public offering of funds were valued at over \$313.5 billion, with a market share of 14%; the company's ETFs were valued at \$177.9 billion, with a market share stably holding at first place with almost 70%. In terms of overseas products, equity, and leveraged inverse products, all were similarly ranked at the top of the market.



Credit transactions are still the core of Yuanta Securities Finance's business, with a financing balance maintained around \$7 billion, occupying a share in the over brokerage business of slightly over 80%. By the end of 2016, the company's secured loans business was valued at \$8.52 billion. In 2017, the focus of business will be on secured loans, and in the future we expect the amount and operating margin of these to account for over 50%.



- In 2016, Yuanta Investment Consulting researched approximately 200 stocks in the Taiwan region, along with one research project into the Chinese negotiable securities business studying 26 companies.
- Additionally, in 2016 the Company was again named Best Research Team in Taiwan by the well-known finance magazine *Asiamoney*, while the Company's analysts also received 17 out of the total 19 analyst awards for the Taiwan region.



In 2016, Yuanta Venture Capital posted annual profits of over \$180 million, with a directly and indirectly managed investment position of approximately \$2.4 billion; at present, the financial structure of the Company remains sound.

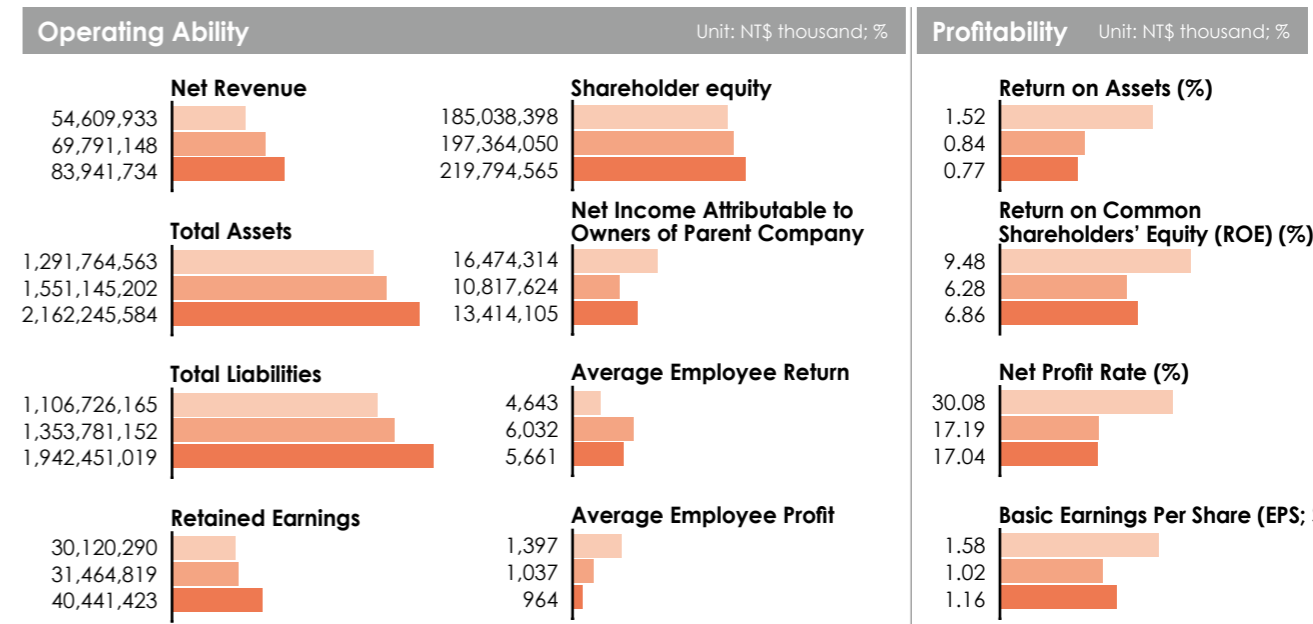


In 2016, Yuanta Asset Management's post-tax net profit was \$277 million, with an ROE of 10.27%. In the future, to respond to changes in the financial and market environment and to legal restrictions placed by the competent authorities, as well as significantly reducing bad debt cases, Yuanta Asset Management will work on adjusting its past, more traditional internal models, transitioning into a multi-revenue-handling model. Additionally, the Company will strive to open up domestic and foreign asset management business and study new operating models for the business.

Operating Performance and Direct Economic Value Generated and Distributed

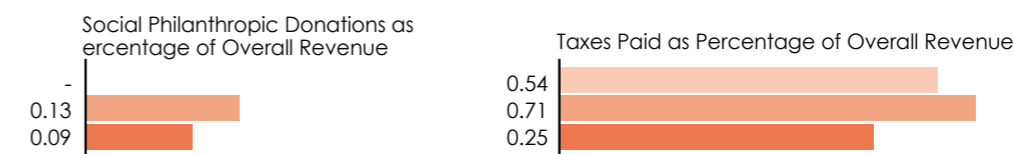
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2014 2015 2016



Direct Economic Value			
	Unit: NT\$ thousand; %		
	2014	2015	2016
Interest Revenue	20,008,841	24,636,845	32,563,583
Except for Net Interest Income	41,248,860	53,946,804	62,554,132
• Service Fee Abstract	12,366,026	13,283,098	16,749,220
• Insurance Business	9,092,537	24,779,209	29,413,918
• Investment Income	8,379,252	11,364,893	12,579,648
• Foreign Exchange Profits	2,418,976	1,858,778	(1,084,890)
• Other Revenue	8,992,069	2,660,826	4,896,236
Total	61,257,701	78,583,649	95,117,715

Economic Value Distributed			
	Unit: NT\$ thousand; %		
	2014	2015	2016
Operating Expenses	25,780,738	30,702,170	35,287,116
Employee Remuneration and Welfare	14,457,596	17,843,112	19,419,529
Dividends and Interest	8,904,351	9,187,806	4,325,818
Donations to Government Agencies*	5,000	34,856	50,503
Academic Donation Fund**	103,000	3,271	3,720
Social Philanthropic***	44,450	91,331	74,490
Political Contributions	—	—	—
Taxes Paid to the Government****	295,168	493,570	209,062
Total	49,590,303	58,356,116	59,370,238



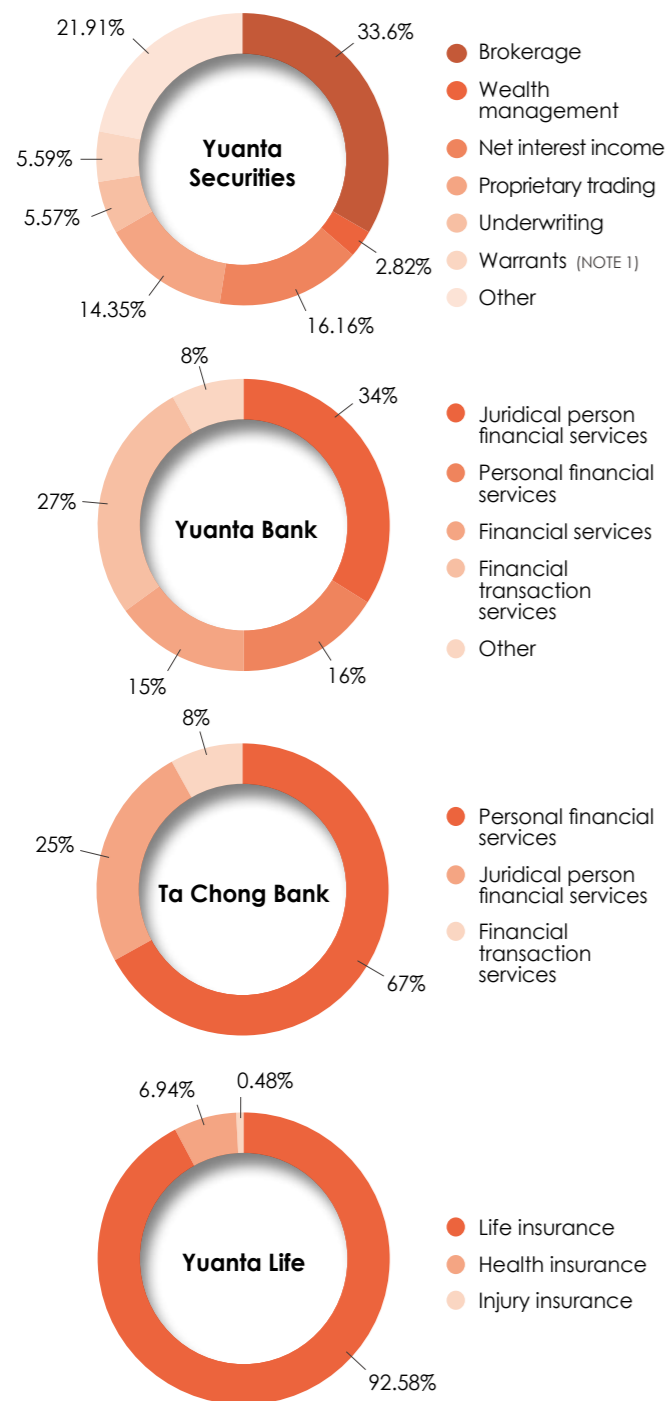
Economic value retained (Direct Economic Value - Economic Value Distributed)			
	Unit: NT\$ thousand; %		
	2014	2015	2016
	11,667,398	20,227,533	35,747,477

Note 1: Operating performance information sourced from the annual consolidated statements.
 Note 2: 2015 financial information was retroactively adjusted to track with changes in accounting policy.
 Note 3: * Includes a donation of disaster relief funds to Tainan City's Bureau of Social Affairs and the Taiwanese government's Small and Medium Enterprise Credit Guarantee Fund of Taiwan.
 ** Contains donations to Chengchi University, Jiaotong University, Kaohsiung Medical University funds.
 *** Donations for charitable purposes, including support and assistance to non-profit organizations and other social welfare activities.
 **** Profit-seeking enterprise income tax paid to the Republic of China government.

Percentage of Profit and Loss for each Subsidiary in 2016

	Securities	Yuanta Bank	Life Insurance	Securities Finance	Futures	Investment Trusts	Investment Consultancy	Asset Management	Venture Capital	Ta Chong Bank
2015年 (%)	66.24	33.51	(15.33)	2.65	5.26	3.65	0.01	2.06	1.95	-
2016年 (%)	45.54	34.24	(3.84)	1.90	5.11	5.18	0.01	1.70	1.10	9.06

Main Sources and Percentages of Revenue for Subsidiaries in 2016 FS6



Note 1: The revenue included hedging gains and losses on warrants, structured commodities, and equity options (sale, evaluation, dividends and securities lending losses), but did not include interest income, transaction tax, securities lending fees and handling expenses.

Business Outlook

103-3

Despite the rapid pace of change in the financial environment, the Company has for a long time now strived to create greater value for shareholders.

Highlight

In 2016 the Company posted consolidated post-tax profits of \$14.3 billion, basic earnings per share (EPS) of \$1.16, and return on equity (ROE) of 6.86%.

With the Company's stable revenues, in 2016 it was able to greatly increase net revenues through the acquisition of Ta Chong Bank.

The remuneration of the directors and supervisors includes director/ supervisor returns, business expenses, and earnings distribution, and in the 2014-2016 period, there were no incidences of directorial remuneration as a percentage growing beyond after-tax net profits.

Growth Statistics for Remuneration of Directors and After-Tax Net Profits

Item	2014	2015	2016
Remuneration of directors	81,083	80,411	96,371
Growth in remuneration of directors	7.23%	-0.83%	19.85%
Growth in net income attributable to parent company	113.67%	-34.34%	24.00%

Credit Rating

While the Group's overall capital level slightly weakened after the acquisition of Ta Chong Bank, it was able to preserve its growth strategy, which should help the capital level remain at a stronger level over the next two years. On 20 January, 2017, Taiwan Ratings adjusted the outlook for the Company and its major subsidiaries from "negative" to "stable."

More

For more detailed information on Yuanta Financial Holdings' credit evaluation, please see the [Yuanta Financial Holdings website](#) under About Yuanta > Credit Ratings.

Future Business Plans

The Company remains backed by outstanding asset quality and risk controls, and continues to strive for stable core competitive competencies and a full-scale drive for growth, implementing medium- and long-term development goals and strengthening overseas reinvestment effectiveness. The Company is pursuing a business plan for 2017 summarized as below:

(1) Yuanta Securities: Integration of Innovation and Renovation of Overseas Business

Building on a core of "big wealth management + big investment banking," through cross-border integration and innovation that spans departments and subsidiaries, we aim to grow business and profitability in a dynamic way. This mainly manifests in continued drives for channel transformation, developing stock products and wealth management business that increases recurring incomes; in the investment banking business, it takes the form of providing cross-border, cross-product integrated services. With regard to overseas deployment of business, our three main pillars include creating new opportunities in developed regional markets (Taiwan, Hong Kong, Korea) and expanding presence and business therein; preparing for joint ventures and other operations in the China market; and working on overseas reinvestment to create reasonable, stable returns as quickly as possible to create a new, growing, and dynamic engine for profit.

(2) Yuanta Bank: Restructuring for Greater Profitability

The merger between Yuanta Bank and Ta Chong Bank is expected to be complete in 2017. After the merger, Yuanta Bank's business and asset scope will be focused around increasing consolidated efficiency, adjusting business structure, building profitability, and a strategy of maintained market segmentation, differentiated product marketing, and customer risk-based pricing models, built on ongoing asset quality and efficient use of capital in the pursuit of stable growth. In addition, as well as consolidating

cross-border banking operations, the Company will also strengthen referrals and cooperation between Group subsidiaries, gradually increasing the proportion of profits accounted for by overseas business.

(3) Yuanta Funds: Actively Expanding Overseas Niche Products

In order to achieve growth-driven efficiency, not only will the Company work to improve operating efficiency through consolidation and innovation in business, reasonable positioning, passive fund operation organization, and human resource reallocation, it will also aim to take timely advantage of opportunities to expand overseas niche products including bonds, products, and hedging ETFs, growing the profit base.

(4) Yuanta Futures: Developing at Home and Abroad

In order to achieve its strategic goal of stable profit growth, the focus of the Company's business will not only be on stabilizing the market share and profitability of domestic brokerage, but also, through disciplined action, strengthening the stability and operational capacity of the trading team in order to increase its contribution. In addition, through active investment in overseas operations, the Company aims to promote consolidated futures in the Asia-Pacific region in the medium term, expanding its operational and profit base.

(5) Yuanta Life: Steady Growth

The business development strategy of Yuanta Life is focused primarily on meeting the needs of customers and profit margins on products, with development in the long term focused around guaranteed products and long-term deposit-oriented products, paired with a supplementary focus on finance-type products. Through stable growth in asset and adjustments in asset allocation, we aim to dilute old policy debt costs while also increasing returns on investments, controlling management of wealth, and working toward achieving an early balance between gains and losses.



Customer Service

5.1 Digital Financial Innovation

FS7 FS8 FS14
FS16/Management Approach Disclosures

Since the growth of Fintech has resulted in changes to the financial service model and more financial service models will rely on internet channels, Yuanta Financial Holdings group and subsidiaries including banking, securities, life insurance, futures, and funds have not only established their own dedicated units; the Group itself also established the Electronic Commerce Office to provide more synergistic management in this area in July 2014 and renamed it as the Digital Development Division in July 2016. In this age of digital finance, the office provides subsidiaries with direction and practical assistance, helping them stay on top of the latest trends and boosting the Group's overall competitiveness in the digital realm. This not only makes business more efficient, it also helps reduce the impact on the environment by going paperless, keeping up our efforts to be more environmentally friendly and do our part for the future of Taiwan while also becoming a competitive leader in the digital era.

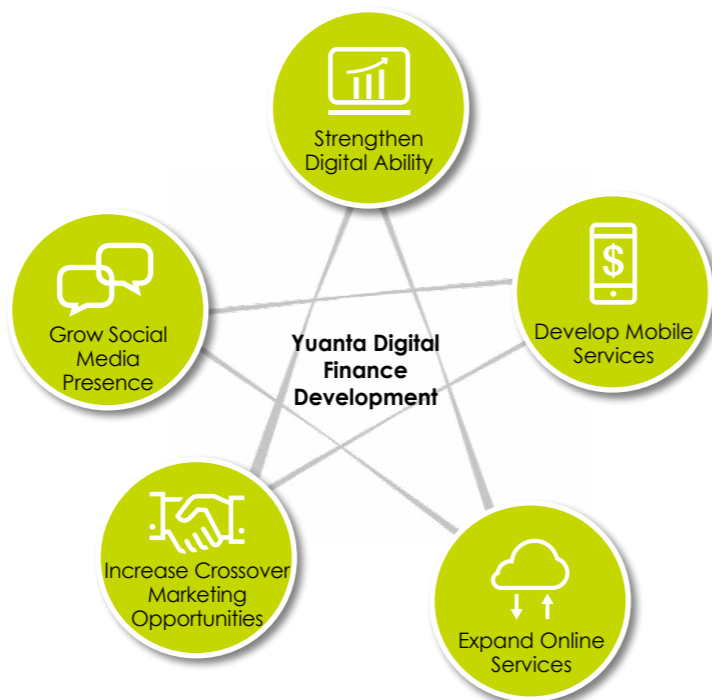
The global trend toward the digital has already had an impact on the trading habits of our customers. Financial business models and plans in Taiwan and abroad are rapidly evolving in response to the development of the Internet of Things, social media, mobile devices, digital analysis, and cloud computing. To meet this challenge, Yuanta is proactively responding to the "Finance 3.0" policy promoted by the competent authorities. We believe a great understanding of the trends in digital commerce development can make the Group more competitive and ready to seize on business opportunities. The Group's overall digital commerce development strategy is composed of five major directions, with descriptions below:

(1) Strengthening Digital Ability

The practice of strengthening the digital ability of the Group is as follows:

- To create a digital finance department for subsidiaries and to actively recruit professionals, the Group provides on-the-job training and external training classes; the most important part of helping staff level up their digital thinking and strengthen their customer orientation and digital skills is intragroup teamwork. By holding regular opportunities for members of various subsidiaries to share their experiences and skills in areas, we facilitate faster learning and accelerate our ability to take advantage of new opportunities in the market.

Five digital commerce development strategy



- Offer a full virtual channel from the inside out, and design a customer-centric experience to meet our customers' demands. In this way, we aim to provide a consistent service experience and bring to life our commitment to providing our customers with the most comprehensive, most efficient, and most value-added group services.
- Gradually implement large-scale data analysis applications across all subsidiaries; establish a research and reporting center; integrate the reporting regarding the Group, overseas subsidiaries, and external resources; provide a one-stop service center to not only serve staff and customers, but also improve work efficiency and reduce energy usage.
- Integrating similar services across subsidiaries, leveraging the strength of the Group to help subsidiaries get the best purchasing conditions and prices, helping cut costs and bring the Group's full synergies into effect.

(2) Developing Mobile Services

Mobile Service Development in All Subsidiaries in 2016

Yuanta Futures— Grasp Trends of Investment

- In September 2016, Yuanta Futures launched the mobile trading app Yuanta Futures Wizard, promoting it through a variety of channels and events. The app was widely praised by investors and earned an online rating of 4.8 out of 5.0. In December, the app was updated to include fingerprint recognition and personal information management functionality.
- 2017 will see the launch of an even more diverse range of market information, lessons, and information notification through the app.

Yuanta Securities— Innovating the Financial Experience

Yuanta Securities leads the industry with a number of innovative services, including:

- January 2016: Providing industry-first "Mobile Underwriting" bidding and purchase service
- May 2016: "Mobile Lending" service launched to offer borrowing and lending of funds for unrestricted purposes in coordination with the competent authorities
- June 2016: "Mobile Account Opening" service launched, offering online account-opening services for loans, securities loans, and wealth management services
- September 2016: Launching industry-leading mobile application for bi-directional lending, "Mobile Securities Lending"
- The one-stop, all-in-one financial services app Yuanta Wanshitong not only brings together our three major apps' transactional services—Action Point of Hope, Yuanta Wealth Creation, and Mobile Underwriting—

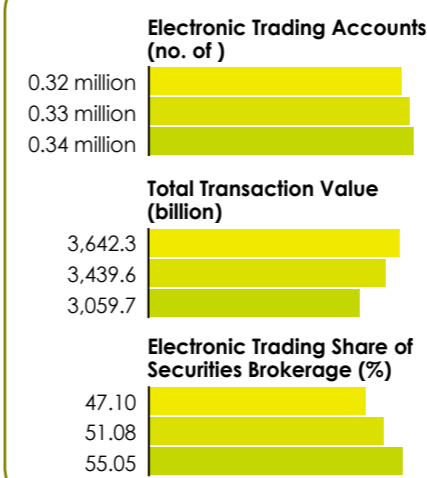
and offers feedback, intelligence, and other notification services. It also provides a comprehensive, cross-platform Fintech technological convergence, supporting fingerprint recognition and a variety of wearable devices. In 2016, the app earned the Company the Best Innovative Securities Fintech Application and Best Digital Securities awards in *Wealth Magazine's* Consumer Financial Brands and Holdings Companies CSR Awards, as well as Best Wealth Management and Securities, Best Digital Innovation, and Most Professional awards in *Business Today's* 10th Wealth Management, Banking, and Securities Evaluations.

- December 2016: Yuanta Securities' Yeswin, Point of Hope, and Action Point of Hope platforms accounted for 13.61% of all orders across the platforms, far ahead of others in the industry.
- For more information about Yuanta Securities mobile apps, please see [Yuanta Securities Website](#) > [Yuanta Wanshitong](#).

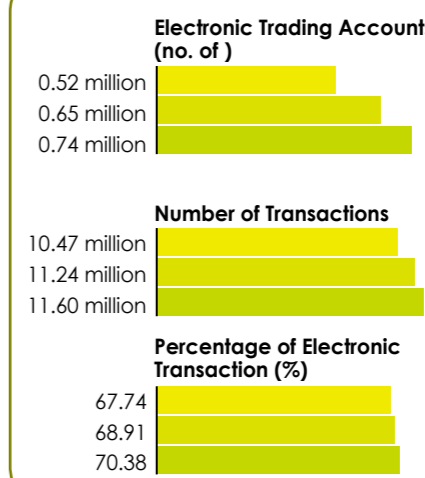
Electronic Trading Performance across Subsidiaries

2014
2015
2016

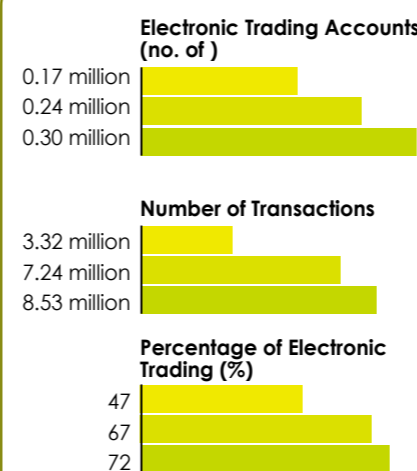
Yuanta Securities



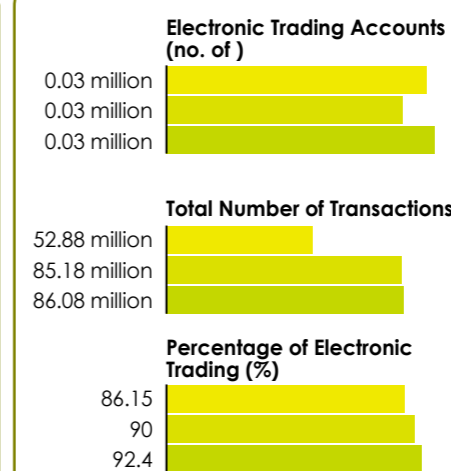
Yuanta Bank



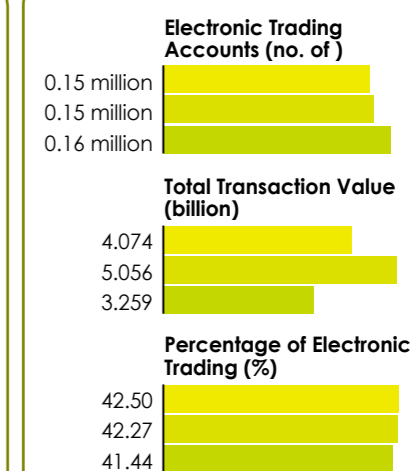
Ta Chong Bank



Yuanta Futures



Yuanta Funds



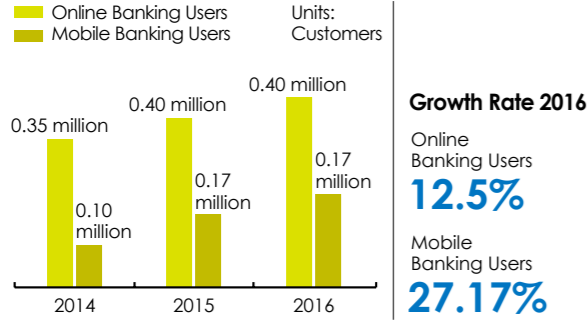
(3) Expanding Online Services

Digital Service of each subsidiary

Yuanta Bank— Caring for the Underprivileged and Establishing Accessible Banking Services

- In line with the Financial Supervisory Commission's promotion of a "Finance 3.0" digital finance environment, Yuanta Bank has promoted Yuanta e-Tellers in late March 2015, and this was joined by the mobile app in May 2015.
- Continue to extend the functions of Yuanta e-Tellers; we formally launched the online account opening services in March 2016.
- Carry out credit card section plan to facilitate customers' ability to quickly enter and consult credit card information in the future.

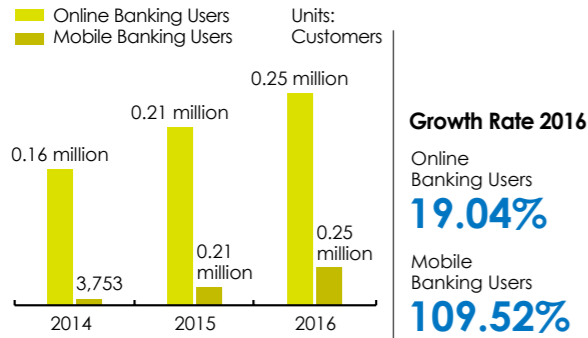
Yuanta Bank Performance in Digital Services



Ta Chong Bank— Encouraging Customers to use Digital Finance

- In line with the Financial Supervisory Commission's "Bank 3.0" campaign, Ta Chong Bank has launched 24-hour application counter service that provides an integrated virtual service platform.
- By the end of 2016, over 20 different financial services were available to be applied for entirely online through this platform, with over 70 thousands of applications and inquiries filed, a total of 19,640 customers using the service, and 37,978 applications for service.
- The bank will continue pursuing automation and digitalization of transaction and application activities, encouraging customers to use our digital platforms. As of the end of 2016, users of mobile banking services had already grown 109% on the previous year.

Ta Chong Bank Performance in Digital Services

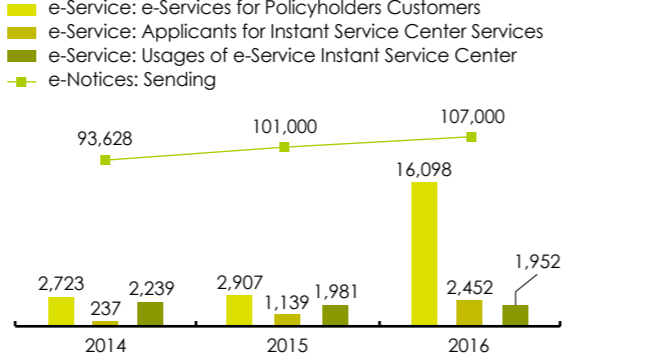


Yuanta Life— Creating and Providing a Variety of Electronic Services

Yuanta Life insists on promoting environmental awareness, green energy environments, and caring for the planet's resources. The Company has been particularly enthusiastic in promoting three electronic services along with continuing efforts to establish a digital mobile services platform.

- The aforementioned three services are:
 - Providing customers a "Policyholders Section" on the corporate website, where they can search for and download important information, apply to the Instant Service Center, and make use of e-services including updating policy contract information.
 - Reminding customers through regular payment notice and other e-notices, including notification of successful payments.
 - E-form services including a wide range of electronic forms and guidance through online information submission.

Digital Services and Performance



Note: Customers with passwords overdue for updating in 2014 and 2015 were not included among the Policyholders Section customer statistics.

- Online Digital Mobile Services Platform Services in 2016:
 - Mobile Policyholder Services: Launched in April 2016, customers are able to search for important policy details and other important information through their mobile app, as well as offering the Company a channel for sending marketing materials regarding insurance products directly to customers. The mobile app gives our customers ready access to timely information and the convenience of paperless service. As the end of 2016, about 9,734 people downloaded the App, and based on the number of customers, the download rate was the highest in the industry.
 - Mobile Business Services: Through the mobile app, Yuanta Life salesmen can look for details of customers' policies and get information on products through electronic marketing information to introduce to customers. Such a channel reduces hard-copy direct mail advertising and lists of product interest rates, thus helping us do our part for the environment.
 - Internet Policy Investment Platform: After receiving approval from the competent authorities on 23 August 2016, the platform was brought online on 26 September, and as of the end of February 2017, a total of 575 travel insurance policies were successfully applied for online, with premiums valued at a total of \$180,591. As each policy consists of 15 A4 pages, the total paper saving is 8,625 sheets of paper. Yuanta also updated policy post-sales service functionality and thus reduced administrative costs and improved service efficiency.

(4) Increasing Crossover Marketing Opportunities

Yuanta Bank — A Pioneer in Cross-Border Payment Services

- Since 2015, we have offered a variety of cross-border collection services, including the Yuanta School Network and the Alipay Scan & Pay Service. By late 2016, the value of such services was over \$700 million.
 - School Network: Since beginning a collection services agreement with Alipay in early 2015, we have launched the Yuanta School Network, providing Chinese students studying in Taiwanese schools the means to pay school fees through Alipay. In Q3 2016, we also launched an agreement with China UnionPay, and we look forward to providing a diverse range of expanded services to include domestic tertiary students. By the end of 2016, we had signed cooperative agreements with over 10 schools, and Chinese students had completed over 7,000 transactions through the service.
 - Cross-Border Scan & Pay Service (O2O): In December 2015, Yuanta Bank took the lead among domestic banks to provide a cooperative brick-and-mortar channels for Alipay cross-border collection services, including Scan & Pay Service. This enables Chinese students to experience greater convenience when purchasing items in Taiwan, and by coordinating marketing resources with Alipay, Yuanta Bank helps Taiwanese merchants expand their potential customer base. By the end of 2016, we provided O2O services to over 500 partner businesses.

(5) Growing Social Media Presence

Social Media Operations of Subsidiary Companies

Yuanta Securities— Deepening Social Operations and Communicating Financial Knowledge

- Yuanta Securities established Yuanta Yesfriend fan page, using lively and interesting social media engagement to communicate financial knowledge.
- Through the fan page and the official Yuanta Securities website, we provide online audiovisual education, enabling investors to learn more about all kinds of financial information products online.
- In January 2016, the Line account page of Yuanta Securities officially went online. It provides securities-related information and promotional services. By the end of February 2017, 6,316 people had added LINE@Yuanta Securities to their account.

Yuanta Bank— Showing Brand Vitality through Social Media

- What had originally been a Facebook fan page for credit card customers was renamed Yuanta Bank Diamond Life Fans, providing us a way to communicate information on financial products in a simpler way and to promote our digital finance services.
- In October 2016, we launched LINE@Yuanta Bank, extending our marketing reach through social media in the form of popular messaging service Line. By the end of February 2017, over 1,500 people had signed up for the service.

Yuanta Futures— Interacting with the Community to Promote Yuanta Futures

- With the establishment of a Yuanta Futures fan page, we are able to use a fresh and engaging approach to the usually abstruse topic of futures and options, as well as sharing financial knowledge, lessons, and research. Through such use of the vitality of social media, we are able to introduce Yuanta Futures to a wider audience.

Facebook Fan Page Statistics for Subsidiaries

Year of Establishment	January 2015	April 2015	June 2015	August 2015	September 2016
Subsidiary	Yuanta Securities	Yuanta Bank	Yuanta Life	Yuanta Futures	Yuanta Funds
Page Name	Yuanta Yesfriend	Yuanta Bank Diamond Life Fans	Yuanta Life Insurance	Yuanta Futures	Yuanta Funds
2016 Number of Likes	14,410 people	11,000 people	97,000 people	20,202 people	28,000 people
2015 Number of Likes	6,972 people	--	53,000 people	5,167 people	24,000 people
Growth rate (%)	107%	--	83%	291%	16.6%

5.2 Sustainable Finance

FS1/Management Approach Disclosures
FS2/Management Approach Disclosures

Sustainable investment - the incorporation of environmental, social, and corporate governance considerations into investment decisions, has been a powerful aid in the transformation of global finance toward sustainable development. With an approach built on the intellectual foundations of risk management and value creation, sustainable finance can create a greater awareness among the public of the links between sustainable development and investment behaviors. The Group aims to play the role of catalyst in sustainable development in Taiwan and is committed to undertaking the relevant efforts and harnessing the power of finance to create a better future for humanity, plants and animals, and the environment as a whole.

In addition, the Company places a great emphasis on overall investment management and has drafted several guidelines, policies, and processes. In particular, the Company established the Guidelines for Investment Business Management based on the principle of maintaining the independence of the subsidiaries while also focusing on their key management. The Guidelines laid 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 legal compliance, auditing, and the management of the operational, strategic, business, risk, human resource, financial accounting, and administrative information. In this way, the Company aims to facilitate the management of its subsidiaries while also ensuring their operational performance.

On 25 February 2016, Yuanta Life amended the Company's investment policy, adding CSR-related rules regarding investment targets, investment mechanisms, and targeted selection in line with the "principles for responsible investment," covering considerations of social justice, sustainability, and financial performance. Yuanta Life also drafted several governing rules and procedures to be adhered to in areas including investment risk management, investment goal management, investment region management, investment methods, and external investment relationships. In addition, there is "Investment Processing Procedures for Capital Projects for Public or Social Benefit" aiming to set goals for investment performance, sustainable management, and social justice. In 2017, the Company expects to have implemented rules for social responsibility in investment across all subsidiaries.

5.3 Material topics: Product Portfolio—Responsible Products and Services

The Importance of Responsible Products and Services

103-1 103-2 201-2

In response to the risks that come with climate change and the impact these could have on the Group's operations from simple financial losses to the loss of personnel lives or the viability of the Group itself, the Group has not only begun enacting sustainable development policies and environmental protection measures, it has also attempted to integrate these into its core competencies. Such efforts have included relevant credit business, investing in related industries, and developing ESG Strategy Funds. The Group strives to lead funds toward environmentally protective industries and encourage industry to focus on green business. In this way, we hope to promote green awareness in the public and spur sustainable development not only of business, but also of the economy, the environment, and the society. The Company is also keenly aware of the intent and meaning of the Equator Principles, and strives to apply these principles to all finance projects. In the future, our goal is to become a member of the Equator Principles.

The Group is very concerned with international social and livelihood issues, and to confront the problems that may arise as society changes, the Group is focused on providing real assistance to those in need of social welfare, continuing to develop innovative financial products and services such as offering Western Union services, developing protection products, and handling charitable trusts. Through the said measures, we hope to harness maximal social benefit while also creating more business opportunities and means to give back to society.

Products and Services that Benefit the Environment

103-3 FS1/Management Approach Disclosures
FS3/Management Approach Disclosures FS8 FS11

• Yuanta Bank /Ta Chong Bank

(1) Promoting and Practicing "Green Credit"

At the core of Yuanta and TC Bank's credit business are five essential principles: security, liquidity, charity, profitability, and growth. Similarly, we judge lending for customers in line with another five points: credit standing, use of funds, sources of repayment, creditor protection, and credit outlook. In line with the amendments regarding the encouragement for banks to adopt the Equator Principles conducted by the Bankers Association and Financial Supervisory Commission, in May 2015, Yuanta Bank has added clarification to Paragraph 2, Article 10 of the Yuanta Commercial Bank Credit Business Guidelines stating that "When handling project financing reviews, we advocate that the borrower shall be assessed as to whether or not they have upheld their responsibility to protect the environment, upheld corporate integrity management, and pursued corporate social responsibility." In 2016, credit business cases the Company undertook generally adhered to these principles, and the Company placed an emphasis on social or environmental impacts in their evaluations, with neither applications without social economic or philanthropic value nor those that may harm the environment being accepted on principle. In addition, with regard to construction financing credit, where a review indicates pollution issues, unless they are resolved within a limited timeframe for improvement, such cases are not accepted as collateral.

With regard to post-lending management, where during the time a borrower has been extended credit situations arise that create doubt as to the borrower's ability, the business unit must immediately launch an investigation and inform management upon obtaining this information. This will be followed by immediate investigation, drafting of a response plan, and implementation of safety measures. Additionally, we will accord to the type of customer and industry, with active review, regular review, or dynamic reviews taking place with differing frequencies; further follow-up on the customer's credit situation. In 2016, no credit customer was found to have caused any environmental or human rights issues, not any related cessations of financing.

(2) Green Energy Industry Financing Loans

In 2016, Yuanta Bank and Ta Chong Bank expanded their green finance operations. Apart from continuing their handling of credit business for the green energy industry, we also worked on applications for financing for green buildings, and aimed to spur development in related industries that might have a concrete benefit to the environment. In addition, the Banks looked at driving social justice and fairness and underwrote the construction of affordable housing and public policy participation superfice lending. On top of this, of the Six Key Emerging Industries, our financing of the green energy industry in 2016 totaled \$164 hundred million, 31.57% of total financing, and with regard to the government's planned 5+2 Major Innovative Industries transformation plan, we have provided financing loans to businesses in relevant industries to do our part in jointly creating a new sustainable economy.

Financing Statistics for Yuanta Bank/Ta Chong Bank ESG's in 2016



Unit: NT\$ thousand

Total 100%
Financing Amount: 434,276,956
Accounts: 4,070

Green Energy/ Power Saving 0.58%

Financing Amount: 2,505,000
Accounts: 21

Solar 1.37%

Financing Amount: 5,939,000
Accounts: 28

Green Building 0.22%

Financing Amount: 940,000
Accounts: 13

Affordable Housing 0.15%

Financing Amount: 664,000
Accounts: 2

Public Policy Participation 0.17%

Financing Amount: 722,000
Accounts: 2

Other Loans* 97.54%

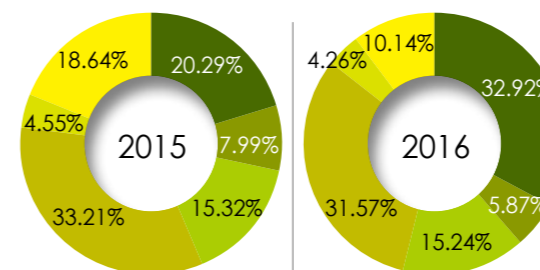
Financing Amount: 423,606,703
Accounts: 4,004

Note 1: Data current as of the end of December 2016.

Note 2: *"Other loans" are not part of ESG-related financing cases, and are considered ordinary financing cases.

Note 3: The areas of the green energy industry in which we are involved include, as defined by the Directorate General of Budget, Accounting and Statistics: (2649) Other Optronics Materials and Components Manufacturing; (2810) Power Generation, Transmission, and Distribution Machinery Manufacturing; (2820) Battery Manufacturing; (2841) Light Bulbs and Tubes Manufacturing; (2842) Lighting Equipment Manufacturing; (2890) Other Electrical Equipment Manufacturing; (3510) Power Supply. Additionally, with reference to supply chain information in the Industrial Technology Research Institute's Green Energy Industry Information Net, the six relevant industrial categories are LED lighting, wind power, biofuels, energy information & communication technology (EICT), hydrogen and fuel cells, and electric vehicles.

Financing Statistics for the Six Key Emerging Industries by Yuanta Bank/Ta Chong Bank in 2016



Unit: NT\$ thousand

	Financing Amount	Accounts	Financing Amount	Accounts
Cultural and Creative Industries	9,099,790	230	17,106,271	320
Biotechnology	3,585,108	62	3,050,256	66
Quality Agriculture	6,868,008	438	7,916,970	552
Green Energy Industry	14,890,545	84	16,405,190	195
Healthcare and Medicine	2,041,367	43	2,211,887	38
Tourism Industry	8,357,569	179	5,270,924	109
Total	44,842,387	1,036	51,961,498	1,280

Note 1: Statistics valid as of end of December 2016 and do not include non-performing or bad debts

Note 2: The areas of the green energy industry in which we are involved include, as defined by the Directorate General of Budget, Accounting and Statistics: (2649) Other Optronics Materials and Components Manufacturing; (2810) Power Generation, Transmission, and Distribution Machinery Manufacturing; (2820) Battery Manufacturing; (2841) Light Bulbs and Tubes Manufacturing; (2842) Lighting Equipment Manufacturing; (2890) Other Electrical Equipment Manufacturing; (3510) Power Supply. Additionally, with reference to supply chain information in the Industrial Technology Research Institute's Green Energy Industry Information Net, the six relevant industrial categories are LED lighting, wind power, biofuels, energy information & communication technology (EICT), hydrogen & fuel cells, and electric vehicles.

Financing Statistics for 5+2 Major Innovative Industries

Unit: NT\$ thousand

Major Project	Financing Amount	Accounts	Percentage
Green Energy Technology	26,889,778	482	22.58%
Asia Silicon Valley	67,591,551	1,079	56.76%
Biotechnology & Pharmaceutical	6,912,857	263	5.81%
Arms Industry	42,335,967	833	35.55%
Smart Machinery	43,883,511	688	36.85%
Circular Economy	64,524,852	298	54.19%
Quality Agriculture	2,405,051	518	2.02%
Total	119,076,441	2,394	100.00%

Note 1: The financing amounts mentioned above are loan balances for the relevant industry as of end of December 2016.

Note 2: The industries mentioned above show inconsistencies between individual numbers and totals due to overlap in the categories provided by the competent authorities.

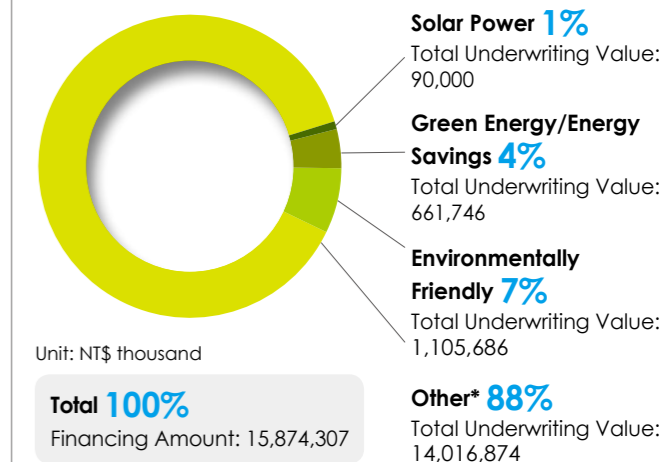
(3) Green Energy Funds

Yuanta Bank and Ta Chong Bank both support environmental conservation and encourage their customers to make the most of future sustainability-derived business opportunities. This is particularly the case with regard to green energy funds, which are a growing trend internationally, including listed funds tied into water resources and climate change such as the Nomura Global Climate Change Fund, the Hua Nan Global Agribusiness and Water Fund, and the BGF New Energy Fund. As of December 2016, Yuanta Bank invested in 15 such funds for a total stock value of NT\$ 290 million, and Ta Chong Bank in three funds for a total purchase value of NT\$ 1.6 billion.

• Yuanta Securities

To support ESG-related industries and help publicly listed businesses in environmental protection, regeneration, education, and resources, in 2016 Yuanta Securities helped a total of six ESG-related businesses complete financing on the capital markets, underwriting a total value of over NT\$ 1.8 billion, approximately 12% of Yuanta Securities' total underwriting business. Into the future, we will continue seeking out good target companies related to ESG and strive to help them in their movies into the market.

Percentages of ESG-related IPO/SPOs for Yuanta Securities in 2016



Unit: NT\$ thousand

Total 100%
Financing Amount: 15,874,307

Solar Power 1%
Total Underwriting Value: 90,000

Green Energy/Energy Savings 4%
Total Underwriting Value: 661,746

Environmentally Friendly 7%
Total Underwriting Value: 1,105,686

Other* 88%
Total Underwriting Value: 14,016,874

Note: *"Other" industries are non-ESG-related business cases.

• **Yuanta Funds**

In November 2007 Yuanta Funds set up the Yuanta Global Utility Fund, seeking out and investing in relevant companies to help encourage the improvement and popularization of renewable energy resources, thus helping mitigate the greenhouse effect.

Performance of Yuanta Global Utility Fund

	2014	2015	2016
Yuanta Global Utility Fund Scale (NT\$ million)	1,040	810	859
Net Value (NT\$)	6.76	5.95	6.29
Investment Performance (%)	+16.83	-11.98	+5.71

In September 2011, Yuanta Funds established the Emerging Markets ESG Strategy Fund. Through the use of international standards and a careful ESF investment group selection process, stocks in line with environmental protection, social justice, and corporate governance, we invest funds into companies practicing strong ESG policies, encouraging more companies to focus on ESG.

Performance of Emerging Markets ESG Strategy Fund

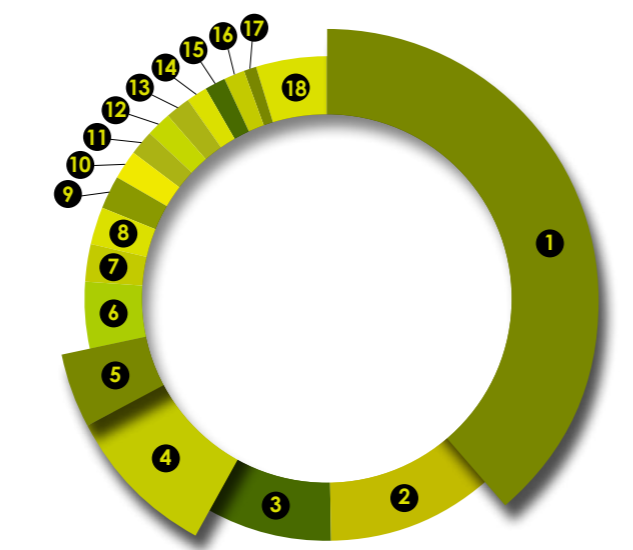
	2014	2015	2016
Scale of Emerging Markets ESG Strategy Fund (NT\$ million)	346	535	470
Net Value (NT\$)	12.02	10.67	10.53
Investment Performance (%)	1.00	-11.23	-1.31

• **Yuanta Venture Capital**

Yuanta Venture Capital cares about the environment and invested in LEDs and solar power totaling NT\$106.27 million, accounting for 4.96% of total investments; we have also actively invested in industries around electric vehicles, with such investments totaling NT\$167.43 million. This is an increase of NT\$64.73 million over 2015. In addition, we also focus on R&D into innovative medical equipment and new cancer drugs, in the hopes of helping spur the development of medical technologies and create better, healthier lives for all.

Since its inception, Yuanta Venture Capital has worked along with government policies to promote the high-tech sector and selected investment targets in line with trends in those industries. With the government's strong push behind the 5+2 Major Innovative Industries plan, with its lower restrictions on investment, we have begun actively investing in the related industries, aiming to provide a diverse funding basis to promote industrial development and help domestic companies in their financial transition.

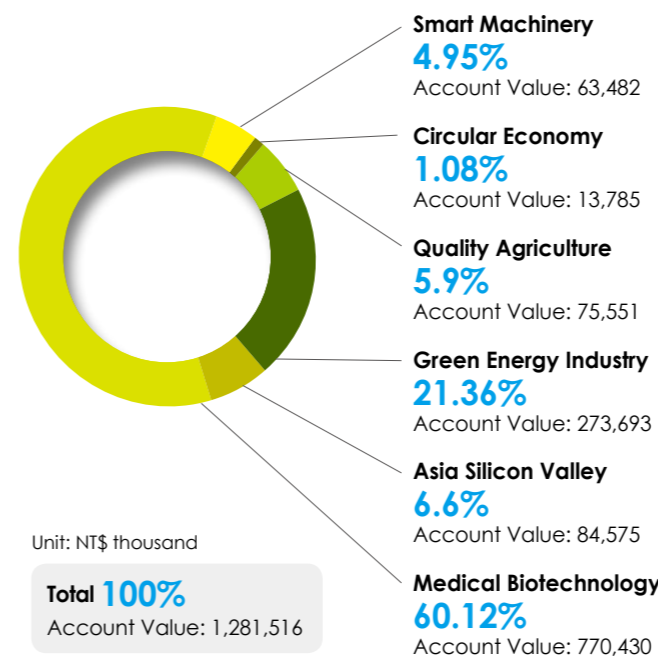
A Comparison of the Industries Invested in by Yuanta Venture Capital, 2016



Industry	Account Value	Percentage (%)
1 Medical Biotechnology	770,430	38.87
2 Food Products	219,646	11.08
3 Semiconductors	161,301	8.14
4 Electronic Components	183,641	9.27
5 LED	88,271	4.45
6 Electronic Products Distribution	87,243	4.40
7 LCD Panels	50,849	2.57
8 Cultural and Creative Industries	46,936	2.37
9 Electrical Machinery	44,238	2.23
10 Optronics	39,931	2.01
11 Automotive	34,870	1.76
12 Information Service	32,103	1.62
13 Tourism	31,331	1.58
14 Other Electronic Industry	29,966	1.51
15 Communication Network	27,615	1.39
16 Plastic Industry	26,157	1.32
17 Solar	17,995	0.91
18 Other	89,335	4.51
Total	1,981,858	100.00

Note 1: The above industries are classified according to definitions from the competent authorities
Note 2: 1 is investment industries with social benefit; 4, 5 and 17 are investment industries with environmental benefit.

Percentages of Investment in 5+2 Major Innovative Industries by Yuanta Venture Capital in 2016



Note: The above industries are classified according to definitions from the competent authority

Products and Services that Benefit the Community

103-3 FS1/Management Approach Disclosures
FS7 FS13 FS14

• **Yuanta Bank/Ta Chong Bank**

(1) Strengthening Payment Services in Remote Areas through Western Union. In order to provide immigrants working and living in Taiwan with greater

legal access to small-value foreign exchange services, and to strengthen remittance services to and from remote areas abroad, respectively, from November 2013 and September 2012, Yuanta Bank and Ta Chong Bank began offering Western Union currency transfer services. Western Union has service locations in over 200 countries around the world, including places as diverse as Vietnam, Malaysia, Indonesia, Bhutan, and Ethiopia. We also make a particular effort to provide these services in regions with relatively lacking financial services such as Hualien, Taitung, and Kinmen, and working with Western Union, we hold events and activities to promote the service to foreign laborers and immigrants in the Taiwan region.

Performance Statistics for Yuanta Bank/Ta Chong Bank Western Union Services

	2014	2015	2016
Branches Providing the Service	Yuanta Bank	63	68
	Ta Chong Bank	67	67
Number of Remittances	Yuanta Bank	24,714	41,870
	Ta Chong Bank	103,156	122,755
People Served	Yuanta Bank	10,608	15,473
	Ta Chong Bank	6,508	13,744

(2) Serving Disabled Customers through "Accessible ATMs"

We completed the goal we set in 2015 to provide accessible ATMs across Taiwan, and can now offer all of our customers a convenient, safe environment for financial transactions.

(3) Investing in the Welfare of Disadvantaged Groups through Charitable Trusts

Yuanta Bank works to help companies and individuals plan their own charitable trusts, helping philanthropic funding enjoy greater transparency and ensuring that those funds are being used to give back to the community. In 2016, this bank took on four charitable trusts, the Into the Mountains Charitable Fund, the Huang Wu Social Welfare Fund, the Taiwan Adventist Social Welfare Charitable Fund, and the Shanlin International Charitable Fund. Both trusts aim to provide charitable aid, scholarships to promising students, and promote the arts. In 2016, their total donations amounted to NT\$3.13 million, with recipients including orphanages, girls homes, child and youth centers, and lower-middle-income high school students.

(4) Doing Good for Society together with Customers by Combining Credit Cards and Charity

Yuanta Bank and Ta Chong Bank both provide their cardholders with the option to use their credit cards to donate to a range of charitable foundations and social welfare organizations, including the Eden Foundation, the Taiwan Fund for Children and Families, and the Children Are Us Foundation. Yuanta Bank also provides a platform for donation assistance, actively taking into account credit card products in planning activities to give back to society. For example, the "Turn Bonus Points into Love" service allows cardholders to convert bonus points collected on their cards into charitable donations, making those points a tool for caring for society.

Additionally, in ongoing efforts to support charitable action, Yuanta Bank is continuing its partnership with the Changhua Hometown Association and the Songshan Tzu Hui Temple to issue Charitable Affiliate Cards. Cardholders can use their credit cards to make easy donations, while Yuanta Bank also offers cardholders the option to donate 0.2% of each card transaction to a partner charity, making donation a small, painless effort and bringing together the power of the people to help in charity activities and get everyone giving back to the community.

Yuanta Credit Card Donation Statistics

	2014	2015	2016
Total Donation Value of Turn Bonus Points into Love	Yuanta Bank	24	22
	Ta Chong Bank	19	
Total Contribution Value of Given Back through Charitable Affiliate Cards	Yuanta Bank	420	4,700
	Ta Chong Bank	4,461	
Total Donations of Credit Card Donations	Yuanta Bank	51,940	115,840
	Ta Chong Bank	861	927
Total	Yuanta Bank	52,380	120,560
	Ta Chong Bank	3,041	5,424



(5) Providing Basic Protections to the Disadvantaged through Insurance Agency

In response to issues in societal structure such as the aging of society and a low birth rate, Yuanta Bank and Ta Chong Bank have introduced long-term care insurance and protection products. In December 2016, the banks worked with insurance companies to promote insurance products and encourage those with physical or mental disabilities or who are from socioeconomically disadvantaged groups to strengthen the protections they enjoy.

• **Yuanta Life**

(1) Customer Care Measures

When disaster strikes, we immediately initiate checks on policyholders and strive to collect information on injuries and casualties among policyholders. We also activate our customer care measures, including quick claims processing, premium payment extensions, interest-free loans, and free policy reissuing. After Typhoons Megi, Meranti, and Nepartak struck Taiwan in 2016, our rapid-response measures and notifications led to a total of one policyholder applying for an interest-free loan. After the February 6 earthquake that hit Tainan the same year, Yuanta Life immediately inspected the list of casualties and activated policyholder care measures. Our staff was dispatched to provide relief payments and assist in handling claims as quickly as possible. A total of five Yuanta Life policyholders died in the disaster, with another two injured, resulting in total claims payments of over NT\$900 thousand.

Performance of Customer Care Measures in Recent Years

Unit: NT Dollars

	2014	2015	2016
Premium Extension Applications	60,617	0	0
Interest-Free Loan Applications	10,453	0	180,000

(2) Introducing Protection Products to Solve Social Problems

In order to address issues of societal structure such as the aging population and declining birth rate, in 2016 our product development focused on products aimed at three major needs: Retirement Lifestyle, Retirement Healthcare, and Retirement Care. Guided in our work by a strategy of primarily developing protection products with long payment terms, supplemented with wealth management products, we have launched a series of long-term-care oriented disability support insurance products, including one of the main such products on the market. We have also incorporated planning tools like regular cancer screenings into our whole life insurance for the protection of older policyholders and their retirement plans. Moreover, we have also strived to open up new markets, including developing major illness protection products using the Catastrophic Illness Card as a basis for claims.

First-year premiums (FYP) in 2016 for Yuanta Life were NT\$4.931 billion, with the performance of the three main product lines were laid out below:

- a. "Retirement Lifestyle": Provides customers with stably accumulating assets coupled with the protection of insurance. In 2016, a total of 4 new products were developed in this line, with FYP accounting for some 79% of Yuanta Life's total 2016 FYP.
- b. "Retirement Healthcare" and "Retirement Care": Aim to improve healthcare quality for customers, supplement shortfalls in care, and provide care protection. In 2016, a total of 4 new products were developed in this line, with FYP accounting for approximately 13% of Yuanta Life's total 2016 FYP.

(3) Launching Injury Microinsurance to Benefit the Underprivileged

In 2014, Yuanta Life launched Yuanta Life Injury Microinsurance, providing the economically disadvantaged and particular groups with basic insurance protection. In 2015, we toured Taiwan to hold four explanatory events, and in the latter half of 2016, we again held such events once each in Taipei and Taichung, giving nearly 100 social workers a better understanding of insurance and putting into action the Company's commitment to "giving others chances, helping others, and thus helping ourselves." These social workers are now equipped with a basic knowledge of the insurance products and services the Company offers and able to provide that information to underprivileged families they work with, emphasizing the ability of microinsurance to help rescue economically underprivileged families should disaster strike. By the end of December 2016, Yuanta Life had sold a total of 204 microinsurance policies, collecting a total of \$80,000 in premiums and protecting those 204 policyholders for a total value of \$100.8 million. Into the future, we will continue to consult with other social welfare organizations, helping more underprivileged people receive aid and protection while also addressing shortfalls in existing social insurance.

(4) Developing Diverse Protection Products to meet Particular Needs

Yuanta Life works to plan adequate and appropriate insurance products, continuing to develop products that suit the needs of particular groups. For example, in 2009 we launched a non-smoking policy that provides non-smokers with a lower premium during the policy's term, and in 2016 we launched a cancer insurance product aimed specifically at the elderly. In order to continue providing our customers with a range of options, in 2017 we expect to also provide group pensions and group insurance.

5.4 Material topics: Marketing and Labeling – Product Information Disclosure

The Importance of Product Information Disclosure

103-1 103-2 103-3

If the disclosure of information on financial products is insufficiently transparent, coupled with customers lacking or differing in their understanding of finance, there is the potential for customer complaints or fines from the competent authorities to create a negative perception in society and thus harm the Company's reputation.

The Group attaches great importance to the interests of its customers, and so whenever a product reaches the market, relevant information is publicly disclosed in accordance with the competent authorities' regulations. In addition, we have also established internal controls for product design and sales, along with relevant standards, and these are coupled with provision of detailed information through customer service, classes held by our subsidiaries, and social media efforts. On our official website, we disclose product information and provide an FAQ section, helping customers to quickly familiarize themselves with our products. We also provide a range of communications and complaints channels, facilitating the collection of feedback from customers. However, in 2016 our subsidiaries still saw incidents regarding adherence to marketing regulations and service information & labeling laws, leading to reviews of internal controls and improvement efforts to address deficiencies which have now been completed.

Policies Regarding Fair Design and Sales of Financial Products and Services

417-1 FS15/Management Approach Disclosures

When the Group lists financial products, all aspects of those products are fully disclosed to both customers and the competent authorities. These disclosures include product terms, product characteristics, product advertising, and all other documents that should be disclosed to the authorities. Customers can search and browse all of this information on the Company's official website, in the "Products and News" sections, thus staying up-to-date with the latest on financial products. Relevant documentation, including electronic documents, is also provided to the competent authorities, or other designated agencies, to be included in publicly accessible online databases so that the public can get a full understanding of the Company's products.

With regard to customer service, the Company's official website posts important service announcements, along with other service notices and documents, for the reference of our customers. In terms of information communication, to ensure the accurate communication of product information, effective promotion of product content, and clear notification of areas of importance, product summaries are provided in clear, easily readable fonts and uncomplicated language. These summaries provide customers with detailed explanations of important contract details, product features, risks, and related fees. In the provision of financial products and services to customers, the Group are expected to comply with all relevant customer rights protections and standards as set out by the authorities, as well as our own product design and sales internal control systems, including the Directions on Customer Investment Risk Levels and Product Suitability and Regulations Governing Pre-sale Procedures for Insurance Products. In this way, we ensure that we are providing appropriate products and services that suit our customers.

Penalties and Issues Pertaining to Subsidiaries in 2016

417-2 417-3

Item / Subsidiary	Summary of Issue	Follow-up Measures:
September 12, 2016 Financial Supervisory Commission Fine Yuanta Bank	In the handling of opening accounts for international finance banking and derivatives product sales, internal controls were either inadequate or inaccurately employed, with the Financial Supervisory Commission finding a violation of Paragraph 1, Article 45-1 of the Banking Act of the Republic of China, levying a fine of NT\$ 4 million in accordance with provisions laid out in Paragraph 7, Article 129 of the same Act.	In light of the aforementioned oversight, the Bank has reviewed the relevant internal standards and added relevant internal control mechanisms to address and improve the situation.
September 12, 2016 Financial Supervisory Commission Related Issues Ta Chong Bank	Due to lapses in the handling of opening accounts for international finance banking, the Bank's operations were hindered, with the Financial Supervisory Commission finding a violation of Paragraph 1, Article 61-1 of the Banking Act of the Republic of China and requiring the issues be resolved.	<ol style="list-style-type: none"> The Bank has issued notifications to borrowers/guarantors that they should review the accuracy of their financial statements in detail, and should there be any unreasonable variations in figures or any irregularities in the financial data, they should record their finding and details in the loan book/other books, retaining relevant information regarding loan increases and assurance, strengthening finance and credit operations. The Bank has launched a full-scale check of the accuracy of financial statements for customers holding complex, high-risk financial products to ensure everything is in compliance with regard to their juridical person status. The Bank has completed a review of the liability and/or appropriateness of staff involved, along with any penalties that may be applied. The Company has already completed provision of training courses for any staff, managers, and legal compliance staff involved. Customer complaints are being handled properly, in accordance with our commitment to protecting our customers.
June 21, 2016 Financial Supervisory Commission Related Issues Yuanta Life	Having not properly informed people of telephone calls being recorded during telephone marketing efforts and thus having not gained proper consent, the Company's operations were being hindered. This was corrected in line with Paragraph 1, Article 149 of the Insurance Act.	<ol style="list-style-type: none"> In response to this oversight, current telemarketing staff were sent correspondence requiring improvement. In addition, from November 2015, management have strengthened monitoring of telemarketing and sales to include a three-month range for each case, with all records preserved and incorporated into performance reviews to ensure telemarketing staff follow regulation. Also in November 2015, we reinforced training and publicity regarding telemarketing regulations, incorporating this particular issue into teaching materials. From April 2016, we have begun monitoring 100% of opening calls, further strengthening quality control and ensuring adherence to relevant regulations and legislation.
June 21, 2016 Financial Supervisory Commission Related Issues Yuanta Life	The use of distinct fonts and/or bold text in policy terms to indicate waiting periods and the text "[t]his policy is a non-divided policy, with no dividends distributed and no dividend payments" was found to not be in adherence with Point 67 of the Directions for the Review of Life Insurance Products and an official mail issued on 31 March 2003 by the Ministry of Finance. This was corrected in line with Paragraph 1, Article 149 of the Insurance Act.	Products on sale have been reviewed, and the use of distinct fonts and/or bold text in policy terms to indicate waiting periods and the text "[t]his policy is a non-divided policy, with no dividends distributed and no dividend payments" has undergone revision. This revision was completed in late March 2016.

Enhancing Financial Literacy

FS16/Management Approach Disclosures

The Group's product information is all publicly and transparently disclosed, supplemented by detailed explanations by customer service staff. However, due to the diversity of financial products and the resultant differences in attributes and contract details, as well as the specialist knowledge involved in finance, there will always be a degree of difference in

financial literacy from customer to customer. This can lead to difficulties in communicating. In order to reduce the chances of customer complaints or consumer disputes, the Group has not only worked to provide more professional training to our staff, but also used a variety of channels to improve financial literacy among customers, facilitating clearer, more effective communication with customers regarding wealth management, finance, and product specifics.

Company Name	Method for Enhancing Financial Literacy	Occurrences in 2016	Performance in 2016
Yuanta Financial Holdings	Brought together subsidiaries' resources to hold joint two-day "Yuanta Asian Investment and Wealth Creation Forum"	<ul style="list-style-type: none"> Held total of 4 large-scale lectures on trends Held a total of 11 seminars on themes and high net worth issues Held conferences with 47 listed companies 	<ul style="list-style-type: none"> 5,532 participants
Yuanta Securities	<ul style="list-style-type: none"> Working with competent authorities to hold large-scale customer lectures Held small themed lectures and wealth management seminars for investing public in each branch's local investing public 	<ul style="list-style-type: none"> Working with TWSE and the Taipei Exchange to jointly hold 5 large-scale investment lectures Held 120 lectures providing education regarding order platform and investment concepts 	<ul style="list-style-type: none"> 700 participants Total of approx. 16,700 participants
Yuanta Bank	<ul style="list-style-type: none"> Holding large-scale wealth management conferences each year in northern, central, and southern Taiwan Holding, through branches individually or jointly, wealth management seminars 	<ul style="list-style-type: none"> Held total of 14 large-scale wealth management seminars Held total of 158 wealth management seminars 	<ul style="list-style-type: none"> 1,200 participants 3,925 participants
Yuanta Life	<ul style="list-style-type: none"> Organizing occasional joint customer seminars to explain concepts of insurance and wealth management Holding occasional externally oriented insurance seminars through direct channels to improve public understanding of insurance 	<ul style="list-style-type: none"> Held total of 560 seminars, 46 per month on average Held total of 5 seminars 	<ul style="list-style-type: none"> Each seminar had, on average, between 20 and 50 participants 500 participants
Yuanta Futures	<ul style="list-style-type: none"> Issuing quarterly publication to help raise financial literacy among the public Holding educational seminars on domestic and foreign options trading and program trading every year Providing free online live training sessions in options trading 	<ul style="list-style-type: none"> Issued a total of 4 times Held total of 2,500 seminars Held total of 120 seminars 	<ul style="list-style-type: none"> A total of approx. 40,000 issues distributed 80,000 participants Average attendance of 200 participants for total of 24,000 participants overall
Yuanta Funds	Starting in 2007, we have held 4 free wealth management lessons a month, with an average attendance of 100-110 people. These courses have been held for 10 years so far.	Held total of 33 classes	3,382 participants

5.5 Material Topic: Customer Privacy – Customer Privacy and Right

The Importance of Customer Privacy and Information Security Management

103-1 103-2 103-3 418-1

As a part of the financial services industry, should the Group prove unable to properly protect customer information, not only will we lose customers; it will also cause tremendous harm to our reputation, image, and revenues. Given this, the Group strives to fulfill its responsibility to protect the confidentiality of the personal information of customers and 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 such as the 2002 Yuanta Financial Holdings and Subsidiaries' Measures for Customer Information Protection and the 2012 Customer Privacy Protection Declaration, providing a consistent set of guidelines for the protection of the privacy of our customers and investors. The group and all subsidiaries organize at least one company-wide Personal Information Protection Legislation course each year. In 2016, 24 sections of these digital courses were held, with post-course tests indicating the teaching was effective and ensuring staff understand the importance of personal data and how to handle it properly.

All information is collected through legal, public channels, and customer information is entrusted to relevant companies, and highly secure, stable information security companies. Anyone requesting to retrieve or use customer and 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 adopts 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.

We have also established a comprehensive personal information protection system and employee Code of Practice, along with establishing internal controls that launch random checks. During the 2016 check period, a total of one infringement of customer privacy was investigated, finding a failure to comply with Yuanta Bank's Fair Treatment of Customers Principles, specifically the Principle of Duty of Attention and Loyalty; when sending a notification letter regarding a change in account manager, a new staff member failed to first check in the wealth management system to see whether the customer concerned had agreed to receive marketing materials, as well as inadvertently noting the customer's telephone number on the envelope. Upon gaining a thorough understanding of the situation, not only was the customer called with an apology, the case was also used as a basis for review of relevant operating practices and precautions. In addition, sales behavior for financial advisors was given added weight in their training.

The maintenance of Customer Right on each subsidiary

Yuanta Securities—Committed to Customer Privacy Protection

- In March 2015, Yuanta Securities passed the BS's BS 10012:2009 (Data Protection - Specification for a Personal Information Management System) certification to demonstrate the focus on and commitment to ensuring the security of personal information.
- Confidential customer information must all be handled according to procedures, mechanisms, and audit processes as per the Personal Information Protection Act.
- On 1 February 2016, with the introduction by head office of a policy to ensure no mobile device emails are missed, the Company introduced clear guidelines regarding information received or sent by the corporate email system into the "Guidelines for the Use and Management of IT Devices," stating that confidential messages may not be forwarded to external email accounts, backed up to other devices, or stored on external cloud storage services.

Yuanta Bank—Strengthening Information Security Management

- Yuanta Bank obtained ISO 27001 (Information security management) certification and BS 10012 (Data Protection - Specification for a Personal Information Management System) certification in January and July 2012.
- Continued to hold regular information security training to ensure the effective operation of our information security systems.
- Introduced protective mechanisms and monitoring software to strengthen the security management of our information storage and protect the personal information of our customers.
- Established business continuity management (BCM) measures, further ensuring we can provide our customers with the best possible service.

Yuanta Life—Focused on Protecting Customer Personal Information

- Formulated "Rules for the Operations and Implementations of the Personal Information Protection Team" and "Procedure for Establishing a Personal Information Inventory and Analyzing Privacy Rights Impacts" to serve as a basis for daily collection, handling, and use of information by sales and back office staff.
- Established a personal information protection team which supervises personal information protection operations and management in accordance with its rules; the team also conducted regular updates in line with changes in personal information privacy internal rules and external regulations.

Establishing Diverse Channels for Timely, Effective Communication

The Group runs customer service centers and operating locations around Taiwan. Through occasional surveys, they take the initiative to solicit customer opinions in order to better understand the level of satisfaction and needs of their customers. The results of such surveys help us effectively respond to problems and thus provide even better service to our customers. In addition, we have 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 tracking and addressing of problems, providing our customers with better service while also protecting their interests.

To maximize our efforts to uphold our responsibility to protect the confidentiality of customers' personal information, Yuanta Financial Holdings has formulated the Customer Information Confidentiality Measures for Yuanta Financial Holdings and its Subsidiaries and Customer Privacy Protection Declaration; all relevant content has been disclosed publicly on our website. When the Company receives a complaint from a customer, the following process is followed: 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; the 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.

More

For more detailed information on the complaints channels for Yuanta Financial Holdings and its subsidiaries, please see the [Yuanta Financial Holdings Website](#) under Corporate Social Responsibility > Stakeholder Engagement > Stakeholder Contacts.

The Group takes a proactive attitude toward problems, keeping a close eye on customer complaints and the affected subsidiaries. "Moment of Truth" management is something we place great emphasis on, engaging in horizontal communications across departments to solve customer issues. We caringly and carefully listen to our customers' problems with empathy, 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 officers' 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 concerns.

Integrated Telephone and Computer System Performance in Subsidiaries' Customer Service Centers

Item	Subsidiary	2014	2015	2016
Average Answer Rate*	Yuanta Securities	93%	92%	91%
	Yuanta Bank	88.2%	88.9%	96.4%
	Yuanta Life	91%	91%	83%
	Yuanta Futures	92.1%	91.8%	93.1%
	Ta Chong Bank	89.2%	86.8%	94%
Average days to Fully Handle Customer Complaints	Yuanta Securities	16.33	20.05	17.1
	Yuanta Bank	5.8	4.9	5.9
	Yuanta Life	13	16	15
	Yuanta Futures	12.5	22	8
	Ta Chong Bank	3.1	3	3.5
Customer Satisfaction Survey	Yuanta Securities	—	95%	97%
	Yuanta Futures	—	—	95.6%
	Ta Chong Bank	93.1%	92.9%	93.3%

Note: * The average answer rate is as a percentage of incoming calls.

Yuanta Securities—Overall Customer, Service, and Shareholder Satisfaction

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With regard to our customer disputes handling mechanism, Yuanta Securities has developed the Guidelines for Handling Customer Disputes, establishing the responsible unit and laying out clear reporting and handling processes. Within two days of receiving a customer dispute, we respond to the customer using the appropriate response measures. Additionally, in order to ensure the matter is handled thoroughly, should the customer still have concerns or should the management of the affected unit decide that the dispute should continue to be processed as a complaint, the dispute would be handled in line with the Guidelines and a Yuanta Securities Customer Complaint Handling Record would

be filled out. Within 30 days of receiving the customer complaint, the results of the process shall be provided to the customer who filed the complaint. Once the issue is handled, all relevant records must be retained for future reference.

Yuanta Securities' Stock Transfer Agent Department strives to provide customers with outstanding professional service and added value. Since 2012, we established customer satisfaction surveys ahead of each year's annual shareholder meeting. These surveys are composed of 20 items including daily schedule flexibility, service employee initiative, and on-site processing. After the shareholder meeting, they are mailed out to determine customer satisfaction with the service provided by their agents and collect the valued opinions of our customers. Through these surveys, the Stock Transfer Agent Department can understand where customers are dissatisfied or have comments. Through communication with customers, we can find where we can improve our service and thus provide more comprehensive operations, improving service quality and ensuring our competitiveness.

Yuanta Securities Stock Transfer Agency Department Customer Satisfaction Survey Results

Survey Topic	2014	2015	2016
Overall customer satisfaction with shareholder services, including daily schedule flexibility, service employee initiative, and on-site processing.	96.21%	95.09%	95.64%

Yuanta Bank—Customer Satisfaction in All Services

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In order to effectively collect and investigate customer opinions, Yuanta Bank not only holds occasional satisfaction surveys, but also provides a "Contact Us" section on its official website, providing an online channel for suggestions. These efforts facilitate a timely understanding of customer opinions and the passing of these to the appropriate units, helping us refine customer service and increase satisfaction. In addition, to increase the valid response rate for the surveys, in 2016 Yuanta Bank reviewed the details of the official website's customer satisfaction survey (Internet banking, operating locations) and, with the merger with Ta Chong Bank, launched bi-directional discussions regarding how to conduct surveys in the future.

Customer Satisfaction in All Yuanta Bank Services

Customer Satisfaction with Specific Products or Services	2014	2015	2016
Online Banking	97%	96%	—
Customer Service Center*	90%	80%	83%
Automotive Loans**	99%	99%	100%
Main Operating Locations	97%	97%	100%
Average Overall Service Satisfaction	96%	93%	91.5%

Note: *Customers of Customer Service Center are divided into Credit Card and Banking categories.
** In the customer satisfaction survey regarding automotive loans, 94% of customers indicated a willingness to recommend the Bank's lending services to friends or family.

Ta Chong Bank—Customer Satisfaction in All Services

102-43 102-44

Ta Chong Bank is committed to the pursuit of excellence in service, undertaking constant improvements in line with the needs of both customers and Company in the design of customer service monitoring activities. In 2016 the Bank implemented methods of ensuring service quality in the following three dimensions:

- (1) Issuing monthly publications: Sharing articles on service concepts and ways to improve, helping staff use their free time to practice or learn new things.

- (2) External satisfaction surveys: Through email and SMS text messaging, each month the Bank undertakes satisfaction surveys focusing on branch service, financial advisors service, and email services. In 2016, a total of 875 external customer opinions were collected (including 380 praising ones).

- (3) Internal satisfaction surveys: Twice a year a satisfaction survey of internal units is conducted, helping the Company understand the service quality and efficiency of internal staff, as well as collecting colleagues' opinions (referred to below as internal customer opinions) and providing suggestions for future improvement for each unit. In 2016, a total of 105 internal customer opinions were collected (including 44 containing praise).

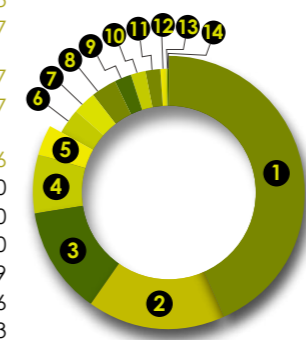
Between 2013 and 2016, Ta Chong Bank designed 5 main categories of satisfaction survey and service monitoring mechanism, including "mystery caller" inspections of branches by telephone; due to the completion of staged tasks, these inspections were suspended in June 2015 and in 2016. In addition, the Bank conducts daily reviews of SMS feedback, weekly reviews of email feedback, monthly announcements of satisfaction results and collated opinions, and bimonthly reporting by the Consumer Finance Review Committee to senior management of the five leading opinions and complaints from customers.

Customer Satisfaction Surveys for Ta Chong Bank Services

Satisfaction Survey	Survey results		
	2014	2015	2016
Mystery Caller Inspections of Branches	81.14	-	-
Mystery Customer Branch Visits	81.73	84.22	-
Branch Service Satisfaction	93.11	94.35	95.61
Financial Advisor Service Satisfaction	96.73	96.25	96.26
Overall Bank Email Satisfaction	85.94	84.92	83.39

Overall Bank External Customer Satisfaction and Opinions for Ta Chong Bank, 2016

Opinion Category	No. of Opinions	%
1 Customer Praise	380	43.43
2 Branch Services and Management	145	16.57
3 Credit Card Services	110	12.57
4 Speed of Transaction Processing	61	6.97
5 Online/Voice Banking	32	3.66
6 Customer Services	28	3.20
7 Product Design	28	3.20
8 Other	28	3.20
9 Credit and Loans	20	2.29
10 Systems and Equipment	18	2.06
11 Home Loans	16	1.83
12 Increase Branches	7	0.80
13 Business Environment	2	0.23
14 Response Number	875	100



Yuanta Life—Quick Claims Processing and Concern for Customers

102-43 102-44

The greatest value of insurance lies in the promise of payment, and Yuanta Life is proud of its ongoing accumulation of number and value of claims, as this indicated that we are serving more people and helping resolve problems for more policyholders in their times of need. Yuanta Life considers that promise to our customers of utmost importance. As such, we are committed to providing customers prompt, clear, convenient, and flexible claims services. Customers can apply for claims through their policy agent, filing the form online the form online, then sending by postal mail or filing 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. Generally, a claim submitted with full documentation will be processed within one working day, reaching our 2016 goals for claims review service.

Insurance Payouts by Yuanta Life in the Past Three Years

Unit: NT\$ million

Insurance Payouts	2014	2015	2016
Personal Insurance Claims	922	980	1075
Investment-Oriented Insurance Claims	48	18	24
Group Insurance Claims	3	1	1
Deferred Interest	2	2	2
Total	975	1001	1102

Due to the importance of contract content and policy status in protecting policyholders' interests, Yuanta Life has actively put in place a variety of channels to ensure those interests are protected.

- (1) Telephone reminders: Newly signed customers, customers with high-risk products, older customers, and customers with higher premiums are all reminded of their rights and interests by telephone, ensuring that they understand the products offered by the Company and related important rights and interests. In 2016, the Company made 10,912 such calls; where we were unable to contact customers, reminders and notifications were sent by registered mail.

- (2) SMS Messages with Important Information: Since 2012, the Company has not only sent customers important information regarding their policies in writing, but also provided SMS communications with sales staff to facilitate prompt assistance of customers in resolving policy issues. Additionally, the Company also offers SMS and email notifications of important information for customers applying for policy loans, making changes to their contract, or submitting claims.

With some two-thirds of Yuanta Life's customers coming from telemarketing or other brokerage channels, the staff of Customer Services Department (080) must pass a strict three-month training program in screening, becoming accredited credit screeners and helping customers in handling all kinds of policy matters. In addition, we place tremendous importance on customer feedback, convening a complaints meeting regularly each year, with not only the managers of the various channels and the service department in attendance, but also management from the legal, legal compliance, and risk management departments. The general manager also makes a personal appearance, and the meeting reviews improvement measures and response strategies to ensure that we continue working hard to provide fair and reasonable treatment to customers and soundly protect the rights and interests of financial consumers.

Yuanta Life Complaints Processing

Item	Type	2014	2015	2016
Industry Complaints Ranking*		6	15	5
Industry Complaints Placement**		33%	83%	29.4%
Number of Policies	Master Policies	380,849	435,237	473,142
	Riders	584,216	587,983	598,465
Customer Numbers (People Insured)		298,471	344,678	375,621
Number of Complaints	Claims	16	24	13
	Non-Claims	12	17	21
Number of Reviews	Claims	6	9	11
	Non-Claims	3	4	4
Cases that Entered Litigation		0	0	0

Note 1: No complaints regarding environmental, human rights, or social impacts, nor of personal information management problems, have been received in the past three years.

Note 2: *Complaints ranking is based on yearly information from the Insurance Bureau's Comprehensive Scoring of Complaints.
**Complaints placement is based on yearly information from the Insurance Bureau's Comprehensive Scoring of Complaints, calculating placement as a percentage among the total number of life insurance businesses.

Environmental Sustainability

103-1

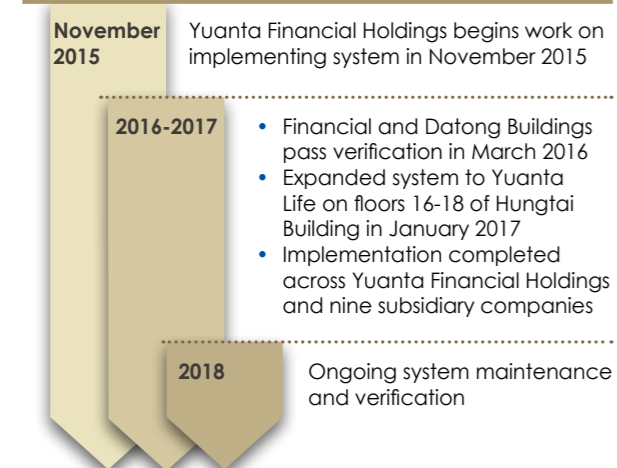
Owing to the nature of the financial services industry, the negative impact of operations in the industry is not as pronounced as in the manufacturing sector. However, Yuanta Financial Holdings is nonetheless dedicated to its role as a global citizen, and as such is actively striving to realize its commitment to environmental sustainability. The Group not only continues to implement measures to reduce environmental impact, but is also working toward establishing a green corporate culture. In addition to creating a friendly green workplace, the Company is also making an effort to bring customers and staff together in green action, building a shared goal of environmental sustainability.

6.1 Material Topics: Effluents and Waste – Yuanta Green Action

Establishing an Environmental Management System

103-2

A commitment to environmental sustainability requires sustained action. In order to facilitate management of the Group's environmental affairs, since November 2015, Yuanta Financial Holdings has enacted and implemented ISO 14001 Environmental Management Systems, as well as expanded it to the Group's subsidiaries.



Waste Management

103-1 103-2

As part of the financial services industry, the Group's operations produce neither a large amount of nor particularly complex waste. However, in providing our services, it is necessary that we use paper and IT equipment, as well as regularly upgrade or change operating locations, thus creating maintenance and engineering waste. If not handled and processed properly, such waste—whether paper, IT equipment, or engineering waste—can have harmful effects on people

or the environment. As such, the Group has made waste management a priority among for its green action.

In its handling of waste management, the Group applies the 3Rs: reduce, reuse, and recycle. To begin with, the Group works to reduce the amount of waste produced, then carefully selects providers of waste recycling services and ensures that recycled waste is processed both legally and in a way that minimizes environmental harm.



(1) Reduce

The Group's waste management efforts begin with reduction, promoting the removal of paper from business and services where possible both internally and externally, including through business digitalization, paperless meetings, online education, and service digitalization. In addition, through promotion and education, we encourage our employees to reduce food waste, promoting the concept of conserving food to help alleviate the burden on the environment and the economy caused by food waste. Such efforts have already had a direct impact, leading to a reduction in food waste in recent years.

(2) Reuse

306-2

Replacement and Processing of IT Equipment and ATMs

The Group's IT facilities are replaced upon passing their usable lifespan or warranty period, with others being replaced and upgraded when it is found that their specifications are no longer sufficient for the required performance. When replacing or recycling such facilities, the first step is the destruction of magnetic disks and storage media to avoid potential leaks of personal or confidential information. If the equipment itself is still usable, the Foundation will then donate it to an organization in rural Taiwan in need of such equipment; otherwise, it will be sold for recycling. To avoid wasting resources, replaced computer equipment is donated to the Chung Yi Social Welfare Foundation to help children in rural areas gain access to digital learning resources and bridge the digital divide between urban and rural Taiwan.

IT Equipment Replacement Statistics for the Group in 2016

Unit: Units

Item	Treatment Method	Sold	Donated	Scrapped	Total
Computer		45	10	3,289	3,344
Screen		37	4	1,491	1,532
Printer		3	0	662	665
Print Server		0	0	51	51
Fax		3	0	45	48
Photocopier		1	0	5	6
PC Server		73	0	373	446
Notebook Computer		4	0	98	102

Other Assets and Equipment

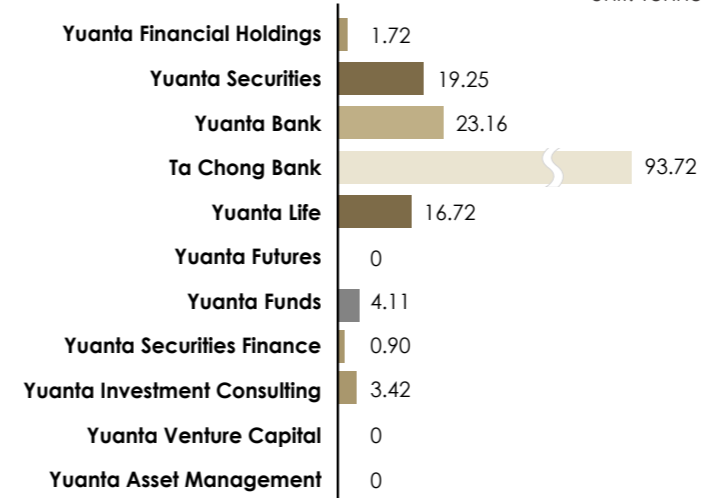
In addition to IT equipment, the Group also encourages subsidiaries to inventory and manage their assets and equipment in such a way as to reduce idleness and inefficiency. In 1995, Yuanta Securities established the Property and Facilities Management Guidelines and mechanism for asset and equipment allocation inventory management, striving to reduce idle equipment and make sure all equipment is effectively used while also reducing the need to purchase new equipment. As of the end of 2016, the Group had processed some 2,991 pieces of such equipment. Subsidiaries including Yuanta Bank, Ta Chong Bank, Yuanta Securities Finance, Yuanta Futures, and Yuanta Investment Consulting had also laid out asset management guidelines, and as equipment is reallocated, this will expand the Group's effective use of assets and reduce wasted resources by reducing purchases.

Reuse of Paper

The Group closely adheres to the Personal Information Protection Act and related legislation in its destruction of hardcopy confidential documents in order to reduce the risk of information leaks. We use a secure, quick, environmentally friendly water-based method of document destruction through a qualified, external company that also provides evidence of the destruction. The entire process is monitored to ensure no confidential documents are leaked, and the resulting pulp can be recycled into usable paper, effectively reducing total waste.

Destruction of Confidential Documentation Using Water Among Subsidiaries in 2016

Unit: Tonne



Note 1: Since the late-2015 implementation of our environmental management system (ISO 14001), we have begun requesting subsidiaries to collect numbers on documents destroyed in this manner, and as such relevant data will be disclosed from 2016 onward.

Note 2: "0" indicates that the amount of documentation to be destroyed using water in the given year did not pass a particular threshold, and thus no such destruction was conducted.

(3) Recycle

103-3

Additionally, the Group has promoted the sorting of waste for recycling for many years. The Financial building, for example, has garbage separation facilities in the staff room on each floor, along with promoting recycling and offering relevant training, helping cultivate the habit of sorting garbage among staff. There was a decrease year-on-year in total recycling between 2014 and 2016, with 2016 waste down a further 3,189 kg on 2015. Through annual reviews of total quantities of recycling waste and food waste, the Group is able to monitor the effectiveness of waste management methods.

Waste Statistics for Yuanta Financial Holdings Headquarters

Unit: kilograms (kg)

Treatment Method	Item	2014	2015	2016
Recycling	Aluminum	12	37	39
	Iron	197	244	171
	PET Bottles	649	1,176	609
	Paper	10,229	8,375	5,824
	Total	11,087	9,832	6,643
Composting	Kitchen Waste	977	853	370

Note: Ta Chong Bank was relocated to the Financial Building on 18 September 2016, and thus 2016 statistics also include the various waste processed by Ta Chong Bank.

Maintenance and Engineering Waste

In order to provide the most comprehensive services to our customers, the Group regularly upgrades or changes operating locations, thus producing maintenance and engineering waste. In terms of construction and building materials, we place great emphasis on the use of natural, green building approaches that minimize environmental impact, as well as on the use of building materials that can improve energy and water use efficiency while also reducing potential harm to the environment. More importantly, our construction contracts clearly set out strict requirements for contracted companies to reduce and properly process engineering waste in order to avoid such work polluting the environment.

Also, with the changes in Yuanta Bank and Ta Chong Bank operating locations, contracted companies are required to sort waste and provide certification of disposal. We also strive to reduce waste through seeking means to reuse or recycle that waste.

Water Resource Management

103-1 306-1

100% of the water used by the Group is from local water supplies, with no direct extraction from groundwater, waterways, or any other sources of water in order to provide the water required by the Group. Water at our offices and operating locations is provided for the use of employees and customers, producing waste water that is channeled through the sewage system to sewage treatment plants for processing, after which it is released into waterways or the ocean. As such, there are no concerns regarding major leaks or threats to the environment, or any significant impact on the environment from pollution.

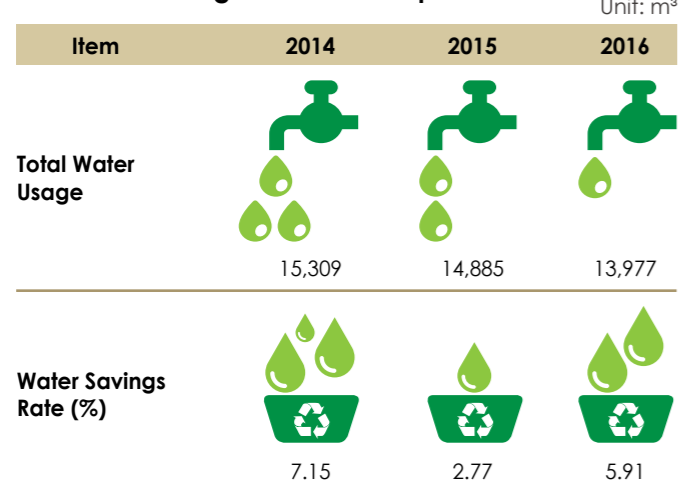
Water Saving Measures

103-2 103-3

The overall water consumption of the Group is not significant, but nonetheless, as part of our commitment to environmental sustainability, we actively implement water saving measures. Not only does the Yuanta Financial Holdings Building have a rainwater recycling system that was put in place during construction of the building, there are other measures such as promotion and training of staff in water use reduction, the use of certified water saving products, switching to sensor-activated faucets, and implementing reductions in water used by garden sprinklers. The Financial Building, as an example, has seen year-on-year reductions in water consumption in 2014-2016 due to these measures.



Financial Building Water Consumption



Note: Ta Chong Bank was relocated to the Financial Building on 18 September 2016, and thus 2016 statistics also include the water used by Ta Chong Bank.

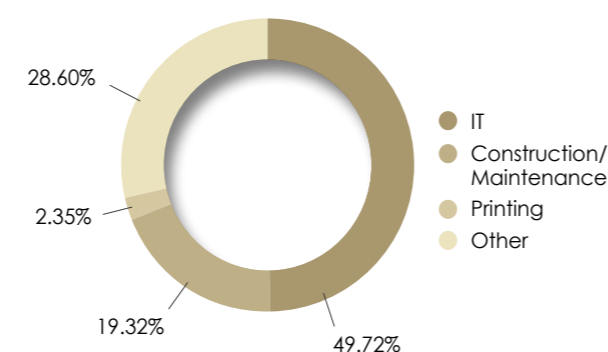
In addition, in 2016, the Datong Building implemented its own plan to switch to induction faucets, leading to an estimated 20% potential savings in water consumption; by the end of 2016, the building had already reduced water consumption by approximately 147 m³.

6.2 Yuanta Greening Supply Chain Management

102-9 102-10 205-2

The Group's suppliers can primarily be divided into four main categories: IT (software and hardware), facilities maintenance, printing, and other. There have been no substantial changes in the structure of these supplier categories in recent years. In terms of purchase value, the IT category is the largest. Purchases are primarily conducted with local, Taiwan-based suppliers.

Supplier Categories and Purchase Value Percentages for Yuanta Financial Holdings



To avoid conducting transactions with dishonest vendors and ensure our suppliers are adhering to principles of integrity management, since June 2013, the Group has laid out the Integrity Management Best Practices and Behavioral Guidelines and Guidelines for Integrity Management. We have also set out Key Points for Procurement, Requisition, and Verification and a Procurement Contract Signing Checklist and Integrity Declaration, 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 100% of suppliers and 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. We also conduct capability assessments and audits of both new and old suppliers to reduce purchasing risk. On top of this, as each year's procurement contracts are renegotiated, we conduct Supplier Evaluations, using these to ensure the quality of our products and services while also effectively managing and reducing operating costs.

Promoting CSR Among Suppliers

FS5/Management Approach Disclosures

Starting in November 2015, the Group has required the major suppliers of its subsidiaries to agree to CSR terms in their contracts and/or sign an environmental sustainability and human rights commitment, clearly laying out the working conditions, occupational health & safety, environmental protection, and labor rights protections expected of suppliers under the law. In the contracts, terms are laid out for the contract to be terminated in the event of a violation by the supplier, serving as a demonstration of the Group's determination to pursue CSR among its suppliers.

At the same time, the Group has incorporated green purchasing provisions in the procurement rules of each subsidiary, bringing suppliers on board with our implementation of green purchasing in the hopes of further driving green production and helping protect the environment, reduce environmental impact, and further implement environmentally sustainable operations. When making purchases, the Group gives priority to Green Mark, recyclable, low-pollution, and energy efficient green products, as well as those produced with renewable materials.

In addition to continuing to push for the signing of Environmental Sustainability and Human Rights Commitments, the Company also focuses on labor rights, occupational safety & health, environmental protection, and working conditions in line with the particular nature of each supplier, encouraging stronger management and taking concrete measures to effectively set up a green supply chain for the Group.

Green Purchasing

Not only has the Group established a green corporate culture, built a green and friendly workplace, and actively attempted to reduce the negative environmental impact of its operations, it also recognizes that as a corporate consumer, we must also strive to be a green consumer in our own consumption, helping further raise the market share of green products.

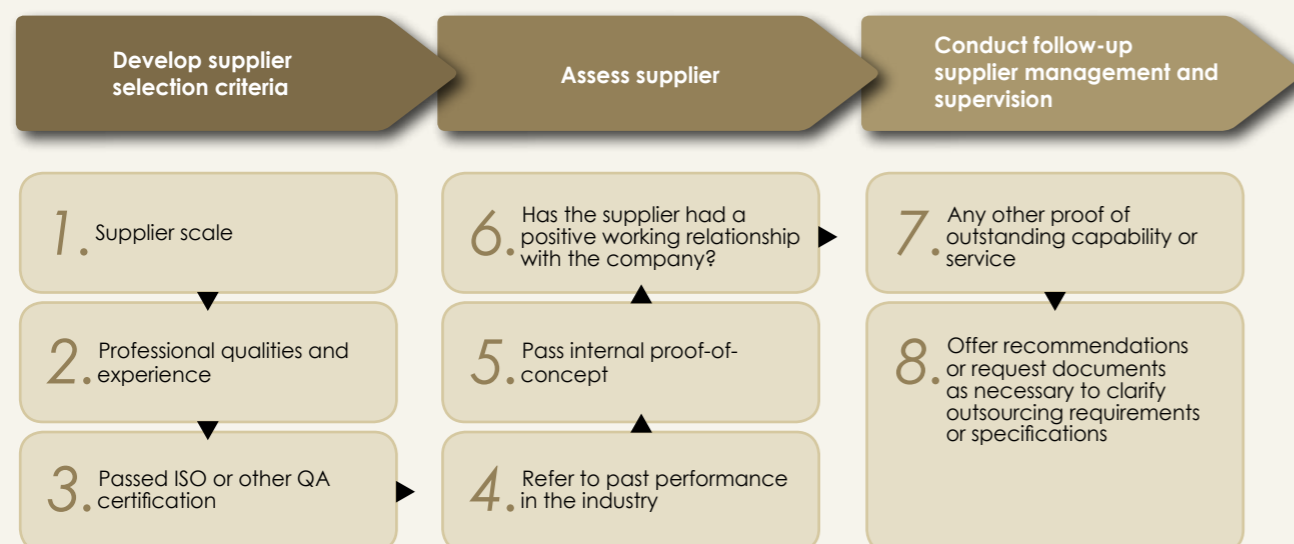
To implement green purchasing, the Group prioritizes purchasing of products and consumables certified as environmentally friendly, energy efficient, or water-saving by the government. Office renovation projects are conducted primarily with green building materials.

In staff training, the Group continues to promote green purchasing and related concepts among our employees and the purchasing departments of our subsidiaries, explaining green purchasing and how to prioritize legally compliant green products, and listing 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 other 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 staff and share with them relevant information. In this way, we are able to maximize the benefits of green purchasing decisions with regard to our products/services.

In addition, in our purchasing and business coordination, we continue to encourage the use of environmentally labeled materials among our suppliers and promote concepts of environmental sustainability and green consumption, urging our suppliers to work with us on these and help create a larger market for green consumption.

In recent years, the Group has participated in the Taipei City Government's project to promote green purchasing among private enterprises and civil groups, promoting green purchasing activities. Each year, the value of green purchasing has risen, breaking NT\$100 million in 2015, double that in 2014. In 2016, the value was NT\$39.51 million and was primarily in the areas of environmentally friendly IT equipment, green building materials, environmentally friendly consumables, and other green energy certified products. The highest percentage of green purchases was of

Supplier Selection Process of the Group



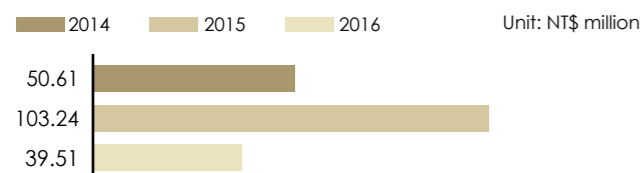
Environmental Sustainability and Human Rights Commitment Status, 2016

Company	Supplier Category								Total suppliers	Total Number of Signatories	Signing Percentage
	IT		Construction/Maintenance		Printing		Other				
	Number	Number of Signatories	Number	Number of Signatories	Number	Number of Signatories	Number	Number of Signatories			
Yuanta Financial Holdings	10	10	0	0	2	2	3	3	15	15	100%
Yuanta Securities	42	42	6	6	4	4	33	33	85	85	100%
Yuanta Bank	45	45	2	2	0	0	5	5	52	52	100%
Ta Chong Bank	0	0	49	49	0	0	1	1	50	50	100%
Yuanta Life	26	26	24	24	9	9	32	32	91	91	100%
Yuanta Futures	6	6	2	2	0	0	8	8	16	16	100%
Yuanta Funds	3	3	1	1	2	2	15	15	21	21	100%
Yuanta Securities Finance	6	6	0	0	0	0	5	5	11	11	100%
Yuanta Investment Consulting	1	1	1	1	0	0	0	0	2	2	100%
Yuanta Venture Capital	2	2	1	1	1	1	1	1	5	5	100%
Yuanta Asset Management	1	1	0	0	1	1	32	32	34	34	100%
Total	142	142	86	86	19	19	135	135	382	382	100%

Green Mark products, at 51.06%, with the next highest being environmentally friendly IT equipment at 35.6%.

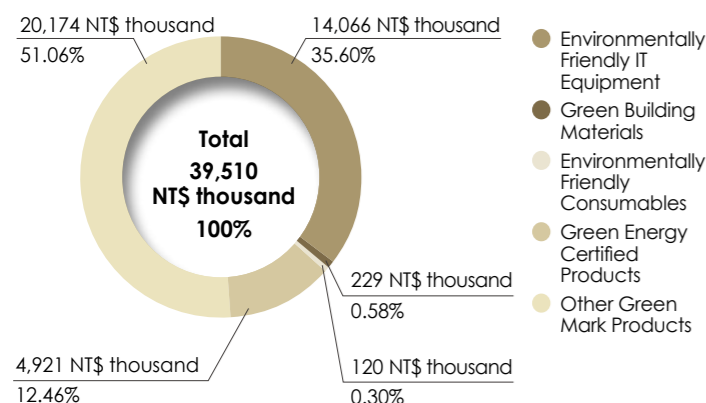
For six consecutive years (2011-2016), the Group has been recognized by the Taipei City Government as setting the benchmark for green purchasing, and for five consecutive years, the Environmental Protection Agency of the Executive Yuan has issued certificates of appreciation for our outstanding performance in the promotion of environmental protection and implementation of green purchasing. In the future, we intend to continue building up our environmental awareness, passing the concepts on to all of our employees and doing our part to help the planet.

Green Purchasing Value by Year



Note: Due to the Group's 2015 purchase of new, environmentally friendly computers, the green purchasing figure for that year is much higher than the historical average.

Green Purchasing Proportions for the Group, 2016



6.3 Energy and Greenhouse Gas Emissions

The impact of global warming on the global economy has continued to grow, accelerating with it the pace of countries' adjustments of industrial structures & policies and increasing the volatility of the financial markets. This makes it one of the greatest challenges to sustainable corporate development. The 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.

In order to reduce the contribution of our own operations to global warming, the Group has in recent years actively implemented measures to reduce energy consumption and

greenhouse gas emissions, fulfilling some measure of our duty as global citizens. In addition, in response to the development of a low-carbon economy in the wake of the Paris Agreement, the Company has taken part in CDP surveys to further explore the risks and opportunities it may face in the future with regard to climate change. Armed with this information, the Company can work to develop in a steady, sustainable way in this new business environment.

Construction of Greenhouse Gas Inventory and Energy Management Systems

The Group has taken active measures toward managing energy and reducing greenhouse gases. Beginning in 2016, the Group began to implement an ISO 14064-1 Greenhouse Gas Inventory system and ISO 50001 Energy Management system, starting with operating locations deemed important and using the experience to inform the development of a gradual expansion strategy, with the aim of full implementation of both systems across the Group.

ISO 14064-1 and ISO 50001 Implementation Timetable for the Group

2016

ISO 14064-1
Yuanta Securities and Yuanta Funds each began implementation of ISO 14064-1 in January and March, respectively, and were certified in May and September.

ISO 50001
Yuanta Bank began implementation of ISO 50001 in January and was certified in July.

2017

ISO 14064-1
Yuanta Bank, Yuanta Life, Yuanta Futures, Yuanta Securities Finance, Yuanta Investment Consulting, Yuanta Venture Capital, and Yuanta Asset Management will be added to ISO 14064-1 implementation in 2017, and are expected to receive certification in April.

ISO 50001
Yuanta Funds and Yuanta Securities will be added to ISO 50001 implementation in 2017, and are expected to receive certification in April.

2018

ISO 14064-1
Subsidiaries Yuanta Bank, Yuanta Securities, Yuanta Life, Yuanta Futures, Yuanta Funds, Yuanta Securities Finance, Yuanta Investment Consulting, Yuanta Venture Capital, and Yuanta Asset Management will undertake continued maintenance and seek certification, gradually implementing the systems across main operating locations.

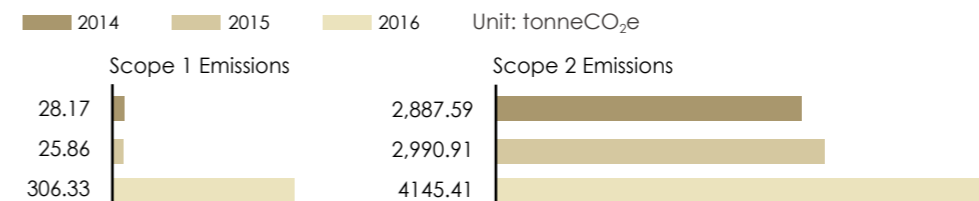
ISO 50001
Yuanta Bank, Yuanta Securities, and Yuanta Funds will undertake continued maintenance and seek certification.

Energy Usage and Greenhouse Gas Emissions Overview

Since 2016, the Group has implemented ISO 14064-1 systems, including undertaking

greenhouse gas inventories for the Company and all Group subsidiaries. Between 2014 and 2016, as the scope of the inventories expanded, the Group collected increasingly thorough data on greenhouse gas emissions and energy usage.

Greenhouse Gas Emissions and Main Sources of Energy Usage 305-1 305-2



Note 1: The information for 2014 and 2015 covers the usage of gasoline by the shuttle buses plying between the Financial Building and head office and company cars; the GHG emissions mainly refer to energy-related emissions.

Note 2: The information for 2016 covers the implementation of ISO 14064-1 greenhouse gas inventory and all subsidiaries passing ISO 1404-3 examination.

Emissions Factors for Greenhouse Gas Emissions

Equipment/Activity	Source of Emissions	Type of Greenhouse Gas	Emissions Factor		Source
			Value	Unit	
Firefighting facilities, chiller units, household equipment, commercial refrigeration equipment, residential & commercial air conditioners	Refrigerant	HFC _s	0.003	tonneHFC _s /tonne	EPA Greenhouse Gas Emissions Factor Management Table v6.0.2
Purchased electricity	Purchased electricity	CO ₂	0.528	tonneCO ₂ e/MWh	2015 Electricity Emissions Factors announced by Bureau of Energy, Ministry of Economic Affairs in June 2016
Cars	Gasoline	N ₂ O, CH ₄ , CO ₂	0.0002612563	tonneCO ₂ e/ KL	2015 Gasoline Emissions Factors announced by Bureau of Energy, Ministry of Economic Affairs in June 2016
			0.0008	tonneCO ₂ e/ KL	
			2.2631	tonneCO ₂ e/ KL	

Primary Energy Usages

Item	2014	2015	2016	
Company Car Gasoline (gasoline /L)	12,446	11,425	104,450	
Total Electricity Consumption (kWh)	5,542,400	5,664,600	Non-renewable	Renewable
			7,351,180	500,000
Total Energy Used (MJ)	20,385,907	20,790,234	30,100,256	1,800,000

Note 1: The information for 2014 and 2015 covers the usage of gasoline by the shuttle buses plying between the Financial Building and head office and company cars.

Note 2: The information for 2016 covers all subsidiaries implementing the ISO 14064-1 greenhouse gas inventory system.

Note 3: All automotive fuel used between 2014 and 2016 was non-renewable; in 2016, of electricity used, 500,000 kWh was green electricity.



Carbon Reduction and Energy Saving Measures

The primary source of the Group's greenhouse gas emissions is energy usage, and among that, the largest contributor is emissions created by electricity consumption. In order to come together to fight global warming, we have implemented ISO 50001 systems with the goal of setting up mechanisms related to an energy management system that will help us put into place energy saving measures.

As part of the Group's commitment to environmental sustainability and green purchasing, not only do we prioritize products with energy-efficiency labeling (e.g. the US' Energy Star certification) when purchasing electronic equipment, we also follow the energy-saving just-in-time (JIT) principle, providing energy only when and where it is necessary, exercising our creativity and executive force to put in place energy-saving measures for everything from air conditioning systems and lighting to ordinary administrative work, and overall doing our part to save energy.

Purchasing Green Electricity

As a participant in the Ministry of Economic Affairs Voluntary Green Electricity Pricing Pilot Program, in 2016, the Group purchased some 500,000 kWh from Taiwan Power Company for NT\$530,000 (NT\$1.06 per kWh surcharge). The purchase of this green electricity is estimated to effectively reduce the Group's Scope 2 emissions by 264,000 kg in 2016. In order to effectively expand the Group's environmental sustainability efforts, in 2017, we plan to expand green electricity purchasing to Securities, Banking, Futures, Funds, Life Insurance, and Securities Finance.



Green Data Center

Since 2009, the data centers of Yuanta Financial Holdings and its subsidiaries have been moved to Chunghwa Telecom's (CHT) data center, using separate hot & cold channels and free cooling along with highly heat-sensitive air conditioning to achieve a constant indoor temperature and humidity level, in line with the US ASHRAE 90.1 air conditioning energy efficiency standards. Additionally, CHT uses its own in-house iEN cloud-based smart energy management platform for power, air conditioning, and environmental monitoring to ensure the data center's condition is under control at all times. Air conditioning equipment is an important part of the power consumption of the data center, and as such may also be a major factor in power waste. Renting a professional data center can help ensure PUE (power usage efficiency) can be optimized, avoiding setting the temperature too low and thus unnecessarily wasting power.

On 29 August 2015, CHT's data center received a three-year green certification. With regard to CHT's focus on energy efficiency and environmental protection, the Company works closely with them, with Yuanta Financial Holdings and subsidiaries renting colocation facilities from CHT in hopes that through professional data center services, we will be able to reduce energy intensity and achieve our goals of improved overall data center energy usage efficiency.

Electronic Statements and Electronic Trading Services

In addition to increasing internal operating energy efficiency, the Group is also committed to promoting electronic trading and electronic statement services. Not only do these increase convenience for customers, they also reduce paper usage

Energy Saving Measures and Effectiveness

Location/Company	Measure(s)	Effect
Financial Building	Energy-saving air conditioning (with annual cleaning and maintenance to improve operating efficiency).	77,000 kWh (tested by using professional high-resistance meters and clamp meters to sample air conditioners' actual current conversion).
	Power savings in parking lots (parking lots in B2-B5 public areas had a total of 80 lights changed).	3,972 kWh (tested using clamp meters to check conversion).
	Approximately 3,000 lights are planned to be changed in 2017.	Likely to save electricity costs by more than 50%.
Datong Building	Users with contract capacity of 800 kW or higher must save 1% or more in energy each year, as demonstrated by annual energy audits.	For 2015 and 2016, the Financial Building is expected to have achieved average annual power savings of 2.67%.
	Power savings in public areas (total of 130 lights were changed).	7,900 kWh (tested using clamp meters to check conversion).
Yuanta Securities	<ul style="list-style-type: none"> 171 lights in B2 of the Chengde Building were swapped from T8 lamps to T5 lamps, along with 13 LED lamps. Regular inspections of the air conditioners and lighting in the public areas of each floor, with air conditioners and lights turned off in unused conference rooms, data offices, or office areas. During off-peak hours and holidays, some elevators are turned off, and all employees are encouraged to take the stairs for exercise. Across 158 locations around Taiwan, advertising and signage is turned on during specified hours and turned on and off through timer switches. The air conditioners on each floor have been set to 26 degrees Celsius, and the main system is turned off at 6pm every night, although those that need to work overtime can apply for overtime air conditioning. 	The changing of the lighting in B2 of the Chengde Building is expected to save approximately 9,600 kWh (according to data from a small kilowatt-hour meter, average daily saving is 38.4 kWh, with the forecast based on 250 working days per year).
	Yuanta Bank	Based on sunrise and sunset forecasts by the Central Weather Bureau, each year, the activation and deactivation times for signage lighting are updated, with email reminders sent out to facilitate signage power usage time management.
Yuanta Life	In July 2016, the Company's head office relocated to a new building, where energy efficient lighting is predominant.	

and related energy consumption from physical transactions or sending paper statements, greatly helping our efforts to reduce overall energy and resource usage.

(1) Electronic Statement Service

Since April 2005, Yuanta Securities has strived to encourage customers to apply for electronic statements, while other subsidiaries have also continued to launch similar services and use various marketing methods to grow the user base among customers. Of these subsidiaries, Yuanta Futures reached 75% usage of electronic statements for domestic futures and 85% for international futures as of December 2016.

Additionally, 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 for which sending fails, requesting the relevant branch contact the customers and confirm their addresses. Such measures have greatly increased the monthly success rate of electronic statement sending, and the number of customers using electronic statement services is also growing.

(2) Electronic Trading Services

In addition to the launch of electronic statement services, with strong support for the digital financial environment from competent authorities, in recent years, the Group and its subsidiaries also launched their own electronic trading services.

Since 2014, Yuanta Securities has held ongoing promotions of online/mobile ordering, encouraging more customers to use the Internet or mobile devices for their ordering. By the end of 2016, electronic trading accounted for 56% of securities brokerage, and the number of customers using electronic trading services is growing, effectively reducing the amount of paper and associated energy being consumed.

In addition to providing a paperless online trading platform, electronic statements, and passbookless accounts, Yuanta Bank continues to work on reducing paper usage and related carbon emissions, using various marketing activities (e.g. special contracted Smartpay stores, Taiwanese mobile payment system _t Wallet App) and promoting the use of debit cards for payment. The goal of these efforts is to reduce the use of physical cards through the expansion of this new business.

Customers Using Electronic Statement Services

Subsidiary	Business Item	2014	2015	2016
Yuanta Securities	Brokerage	997,430	896,966	946,735
	Wealth Management and Trusts	144,339	183,185	214,982
Yuanta Bank	NTD & foreign currency accounts/Funds/Credit Cards	342,502	465,372	613,352
Ta Chong Bank	Credit Cards, Wealth Management and Trusts	77,991	99,508	114,122
Yuanta Life	Investment-oriented Products	-	1,809	1,837
	Traditional Products	-	5,172	5,766
Yuanta Futures	Brokerage	159,719	180,972	180,569
Yuanta Funds	NTD & foreign currency accounts /Funds	160,812	223,828	232,101
Customers Using Electronic Statement services		1,882,793	2,056,812	2,309,464

Unit: Customers

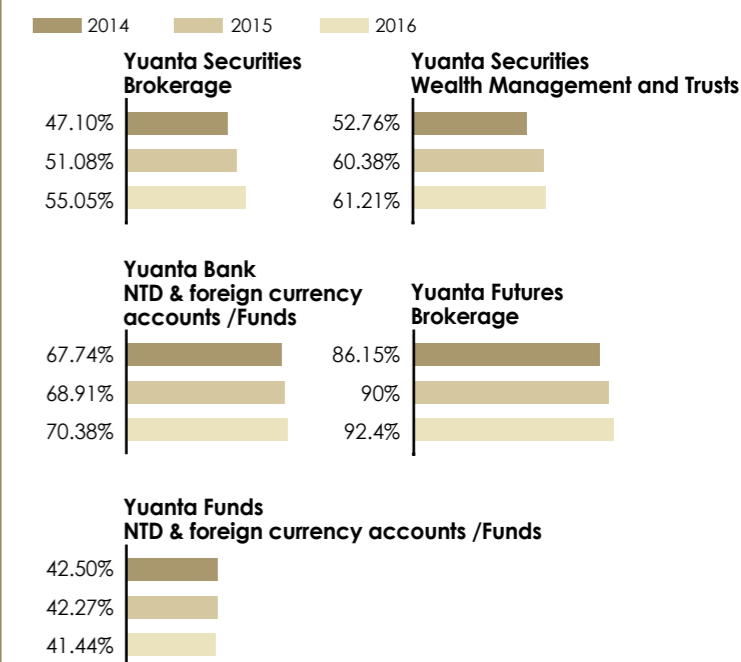
Highlight

Yuanta Bank Actively Promotes Full-Scale Expansion of Paperless Statements

In recent years, Yuanta Bank has used electronic direct marketing (EDM) to actively promote electronic statements and automated debit payments. After receiving ISO 50001 Energy Management certification, in 2016, the Company set up a webpage and sent out EDM materials promoting the environmental friendliness of electronic statements, leading to more than 67% of customers applying for electronic statement services that year. Assuming 3 sheets of A4 paper used in each statement, that means a total yearly reduction in paper usage of some 3.82 million A4 pages, along with an effective reduction in carbon emissions in delivering statements to customers, helping us achieve real results in terms of carbon reduction and reinforcing Yuanta Bank's dedication to providing green financial services.

Promotional Effort	2015	2016	Growth Rate
Applications for Use of Electronic Statement services	86,679	106,022	22.32%
Applications for Use of Automatic Debit services	26,330	31,500	19.64%

Percentage of Usage of Electronic Trading Services Across Subsidiaries



Happy Workplaces

7.1 Material topics: Employment – Talent Hiring and Retention

103-1 103-2

Talent is at the core of corporate and social development. Outstanding talent is the base upon which companies achieve their strategic goals and the motive force that drives companies forward. With growing challenges like the rise of fintech, brain drains, and talent shortages, the Group is constantly working on the selection, training, application, and retention of talent, strengthening our talent management and optimizing our staff quality structure in response to the global competition for talent.

As a financial institution that rose through the securities business, the Company now looks to expand its system and scope in the wake of the acquisitions of Yuanta Life and Ta Chong Bank. In terms of attracting talent, in recent years we have held recruitment drives at college campuses, providing students with internship opportunities and establishing strong cooperative relationships with academia, as well as setting up a social media presence. Through our ongoing reinforcement of what makes Yuanta different, we seek out people who work well in teams, handle pressure well, are willing to learn and keep up with the times, and whose goals are in line with those of the Company.

In line with corporate strategy, expansion in overseas markets, and the rise of digital finance, the Company aims to help each member of our team tap into their strengths through a comprehensive training system and career development planning coupled with a Management Associate training program, ongoing training in professional and digital skills, and job rotation opportunities so as to play to each employee's professional strengths and retain outstanding talents. We are committed to protecting the rights and interests of our staff and to creating a safe, healthy working environment. Beyond simply providing the protections we are legally obliged to, we also have a robust communications platform, comprehensive and reasonable remuneration policy, and a dedication to creating win-win situations for staff and the company. In this way, every member of our team is able to work happily, proud to be a part of the Yuanta family.

The management approach for material topics pertaining to employment applies to training and education, labor/management relations, occupational health and safety, diversity and equality opportunity, and other such material topics. Performance in each of these topics shall be laid out in detail below.

Talent Recruitment and Employment

102-7 102-8 103-3

The Group's full-time staff (including overseas staff) totals 14,633, with 12,135 of them in Taiwan. Of these, contracted telephone customer service staff, depository staff, and visually impaired massage staff number 22. The

latter provide twice-weekly stress-relieving massages to staff at various sites. Additionally, there are nine non-full-time employees on temp contracts, primarily in handling simple clerical work. In 2016, the Group's total intake of physically disabled employees was 68 people. While some subsidiaries have yet to reach the present standards, we continue to actively and openly recruit physically disabled people. In accordance with Article 43 of the People with Disabilities Rights Protection Act, companies that have failed to hire the sufficient number of people with disabilities regularly pay the difference into Disabled Employment Funds handled by the competent local authorities.

Number of Staff Hired by the Group (Including Overseas) 102-7

	Taiwan region	Overseas region	Total (Number)
2014	6,141	85	6,226
	3,308	121	3,429
	9,449	206	9,655
2015	6,498	866	7,364
	3,540	1,327	4,867
	10,038	2,193	12,231
2016	7,785	1,033	8,818
	4,359	1,456	5,815
	12,144	2,489	14,633

Status of Employees of Yuanta Financial Holdings, 2016 102-8

Contract Type	Female	Male	Subtotal	
Full Time	Indefinite Contract	7,767	4,346	12,113
	Fixed-Term Contract	16	6	22
Part Time	Temporary Contract	2	7	9
Total (Number)	7,785	4,359	12,144	
Percentage (%)	64.1	35.9	100%	

Note: The number of employees employed by the Group is based on actual conditions (the above statistics are valid to the end of December 2016) and collected through the PeopleSoft system.

Employees of Yuanta Financial Holdings by Gender, Age Group, Management and Minority Group Membership, 2016 405-1

Category	Female					Male				
	Under 30	30-50	51 or over (incl.)	2016 Subtotal	2015 Subtotal	Under 30	30-50	51 or over (incl.)	2016 Subtotal	2015 Subtotal
Management	13	715	232	960	681	9	586	255	850	709
Non-Managerial	802	5,218	803	6,823	5,817	513	2,539	450	3,502	2,827
Aboriginal Taiwanese	1	4	0	5	5	0	1	0	1	2
Non-Aboriginal Taiwanese	814	5,928	1,035	7,777	6,492	517	3,120	705	4,342	3,522
Non-Taiwanese	0	1	0	1	1	5	4	0	9	12
Total (Number)	815	5,933	1,035	7,783	6,498	522	3,125	705	4,352	3,536

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

Number of the Group's Physically Disabled Employees, 2016

Company	Legally Defined Quota	Active Employees with Disabilities	Disabled Hirings Beyond Quota
Yuanta Financial Holdings	1	0	0
Yuanta Securities	11	11	0
Yuanta Bank	27	16	0
Ta Chong Bank	15	18	3
Yuanta Life	9	14	5
Yuanta Futures	2	2	0
Yuanta Funds	3	5	2
Yuanta Securities Finance	0	1	1
Yuanta Investment Consulting	1	1	0
Yuanta Venture Capital	0	0	0
Yuanta Asset Management	0	0	0
Total (Number)	69	68	11
Percentage of Total Staff (%)	0.57	0.56	0.09

At each operating location, the Company provides a stable and secure workplace and respects workplace diversity, not discriminating or offering different treatment on any basis. The Company is committed to upholding the Integrity Management Guidelines and personnel management regulations. Our talent recruitment policy also states that all recruitment shall be done in the open, with staff referrals hired after passing a test; said test and remuneration standards shall be handled in accordance with regulation.

The Group continues to pursue hiring through fair and open channels, recruiting people from all over who have excellent communication, negotiation, and learning skills. In 2016,

in response to requirements of the Company's policies for business and international expansion, we have organized several major recruitment drives built around the theme of "join Yuanta and expand your vision," including our Management Associate Program, Securities and Wealth Management Elite Training Program, International Joint Traders and Brokers Selection Project, and Life Insurance Brokers Recruitment drive. Through these, we have attracted a diverse range of talent, selecting the best people through seminars, adaptive testing, and interviews before providing them with additional training, making them part of the Company's growth. In 2016, we provided a total of approximately 1,300 job opportunities.

In addition, in order to cultivate new rising talent, the Group has since 2008 actively sought out new Yuanta Financial Holdings management associates. In 2016, in line with the Group's overseas expansion strategy and the rise of digital finance, we recruited talented individuals from six fields—financial holdings, securities, banking, life insurance, futures, and investment—as potential management associates, offering them long-term training and job rotation; by the end of 2016, we had 50 management associates, 4 of whom have been dispatched to Hong Kong, South Korea, China, and Thailand and 3 of whom are on short-term dispatch of 3-months to overseas locations, helping drive the Group's overseas business development.

In 2016, the Group saw a total of 1,796 new hires, accounting for 14.8% of the Group's total workforce. This included 980 women and 816 men, with those new hires aged 30-50 making up 57.9% of the total workforce, followed by under 30's at 38.5%. Foreign nationals comprised seven of these new hires. With regard to departures, in 2016 a total of 2,268 employees left the Group, which is equal to 18.7% of our workforce. Among the leaving employees, 1,295 were women and 973 men, with 65.2% aged between 30-50 and 27.7% under 30. Due to the nature of Yuanta Life's business, turnover of field staff and telemarketing staff is generally high. As a result, new hires accounted for 72.4% of the Company's workforce, and departures accounted for 83.3%. (Excluding field and telemarketing staff, the new hires and departures rate for back office personnel were 85.8% and 75% respectively.) In addition, when the group is faced with internal vacancies, we prioritize opening them to internal hires. Should there be no suitable options there, only then will we open it to the outside. As a result, our staff turnover rate is relatively low compared with others in the industry.



New Employee Statistics, 2016 401-1

Company Name	Total Employees	Gender		Age Bracket			Region				Total New Employees	2016 New Employee Percentage (%)	2015 New Employee Percentage (%)
		Female	Male	Under 30	30-50	51 or over (incl.)	Northern	Central	Southern	Eastern			
Yuanta Financial Holdings	94	4	10	11	2	1	14	0	0	0	14	14.9	12.2
Yuanta Securities	4,900	102	165	193	72	2	164	38	64	1	267	5.5	6.7
Yuanta Bank	2,717	152	140	103	184	5	250	22	19	1	292	10.7	20.1
Ta Chong Bank	2,358	115	88	78	116	9	142	16	45	0	203	8.6	—
Yuanta Life	1,234	554	340	254	593	47	711	76	96	11	894	72.4	92.1
Yuanta Futures	358	17	38	30	25	0	47	2	6	0	55	15.4	19.3
Yuanta Funds	314	28	20	12	36	0	42	3	3	0	48	15.3	17.3
Yuanta Securities Finance	44	1	1	0	2	0	2	0	0	0	2	4.5	2.3
Yuanta Investment Consulting	86	6	12	11	7	0	18	0	0	0	18	20.9	29.5
Yuanta Venture Capital	15	1	1	0	2	0	2	0	0	0	2	13.3	20
Yuanta Asset Management	15	0	1	0	1	0	1	0	0	0	1	6.7	0
Total (people)	12,135	980	816	692	1,040	64	1,393	157	233	13	1,796	—	—
Percentage (%)	—	54.6	45.4	38.5	57.9	3.6	77.6	8.7	13.0	0.7	—	14.8	23.1

Note1: New Employee Percentage = (total new employees/total employees at year end) x 100

Note2: Percentage = (Total (people)/total new employees) x 100

Employee Departure Statistics, 2016 401-1

Company Name	Total Employees	Gender		Age Bracket			Region				Total Departing Employee	2016 Departing Employees as Percentage of Employees (%)	2015 Departing Employees as Percentage of Employees (%)
		Female	Male	Under 30	30-50	51 or over (incl.)	Northern	Central	Southern	Taiung			
Yuanta Financial Holdings	94	2	2	1	3	0	4	0	0	0	4	4.3	11.0
Yuanta Securities	4,900	226	171	101	236	60	271	44	80	2	397	8.1	8.0
Yuanta Bank	2,717	210	158	118	243	7	288	38	38	4	368	13.5	16.2
Ta Chong Bank	2,358	176	159	89	238	8	226	35	74	0	335	14.2	—
Yuanta Life	1,234	633	395	278	674	76	716	109	156	47	1,028	83.3	59.1
Yuanta Futures	358	19	50	23	43	3	58	4	7	0	69	19.3	15.5
Yuanta Funds	314	18	19	8	28	1	28	4	5	0	37	11.8	13.7
Yuanta Securities Finance	44	1	1	0	1	1	2	0	0	0	2	4.5	6.8
Yuanta Investment Consulting	86	8	12	10	8	2	20	0	0	0	20	23.3	28.4
Yuanta Venture Capital	15	2	3	1	3	1	5	0	0	0	5	33.3	26.7
Yuanta Asset Management	15	0	3	0	1	2	3	0	0	0	3	20.0	0.0
Total (people)	12,135	1,295	973	629	1,478	161	1,621	234	360	53	2,268	—	—
Percentage (%)	—	57.1	42.9	27.7	65.2	7.1	71.5	10.3	15.9	2.3	—	18.7	17.9

Note1: Departing Employee Percentage = (total departing employees/total employees at year end) x 100

Note1: Percentage = (Total (people)/total departing employees) x 100

Talent Retention

In order to keep outstanding talent motivated to work alongside the Company to break new corporate ground, in 2016 the Group not only targeted high-performing staff with promotions and pay raises, but also continued to make professional training and growth for staff a major part of our talent retention strategy.

In line with the short-, medium-, and long-term objectives of both the Group and all its subsidiaries, the 2016 education and training program focused on fostering the next generation of leaders, international operations personnel, and management associates. Professional training highlighted digital finance talent, providing grounding for talent in securities, banking, and insurance to make the transition in this digital age. Such talent development and education projects are run jointly by the Group and its subsidiaries. At the same time, our talent database management is being strengthened in order to help the Group stay on top of the developmental trajectory of its staff and facilitating the development of the kind of people the Group needs in digital finance and international expansion.

In response to the digital finance transition and our overseas development strategy, we strive to convey our development strategies via summits as well as weekly and monthly meetings while diversifying our employees' professional skills through the domestic and international rotation of positions. We also help our staff keep on top of global political and economic trends, learn the latest in digital finance, and diversify their professional skills through training courses, digital education, and industry-academia joint research projects. Through a variety of methods, we remind our staff of the importance of sustainable job skills and provide assistance to them in the pursuit of such skills. In addition, in early 2016 the Group made staff training, items for development, and existing job skills training programs part of a report to the Board of Directors, further highlighting our commitment to talent retention and development.

As the Company strives for growth and expansion through mergers and acquisitions, we continue to place emphasis on how our staff are feeling and on protecting their rights and interests. As such, pending the April 2017 acquisition of Ta Chong Bank, we held five seminars across Northern, Central, and Southern Taiwan to talk face-to-face with Ta Chong's staff and help them quickly come to grips with our core values, operating philosophy, corporate culture, systems, and benefits. As of the end of 2016, a total of 99.7% of Ta Chong Bank staff had been retained.

Laying Roots on Campuses to Develop Potential Talent

FS16/Management Approach Disclosures

Not only is the Group focused on developing the professional financial knowledge of its existing staff, it also reaches out to campuses to establish cooperative relationships with schools, holding financial literacy classes, working with faculty to share professional knowledge and experience with students, and regularly holding the Summit forum to discuss the future of the financial markets and help students better understand the financial workplace. To us, these students are all potential future customers or staff.

In 2002, Yuanta Securities launched its first industry-academia cooperation plan. Since 2007, the Company has brought together the resources of its subsidiaries to expand this cooperative project, with each subsidiary joining cooperative projects as industry developments and business needs demand. The Company has proclaimed and upheld the core values of industry-academia cooperation; "Strong education is a part of promoting corporate social responsibility, and as such we must help our interns gain a real understanding of the development,

business models, practical reality, and codes of conduct of the financial industry, rather than treating them as cheap labor." In this way, we are able to effectively cultivate outstanding talent in the finance industry.

(1) Yuanta Financial Holdings—Yuanta Graduate Student Summer Research Project Grant Program

Together with the Yuanta Cultural and Educational Foundation, in 2007 the Company launched a program to provide graduate students of finance and/or with a background in finance grants for two-month research projects each summer vacation. We select the best graduate students from schools around Taiwan, then arrange for them to undergo research training with Yuanta Financial Holdings and/or a subsidiary, training them in bringing together theory and practice in writing their research reports. Along the way, we dispatch veteran staff to serve as advisors, providing relevant information and experience as the students pursue their projects. We also hold an end-of-session presentation, inviting school professors and finance experts to review the interns' papers and ensure those papers are both up to academic standards and have practical value. Many outstanding participants in this program have already gone on to join the Yuanta group or become management associates for Yuanta Financial Holdings. As of the end of December 2016, some 160 students of finance had gone through this program, with 4 outstanding participants becoming part of the Yuanta family, a return rate of 2.50%.

(2) Yuanta Securities - Campus Roots Industry-academia Cooperation Program

In order to deepen the younger generation's views on investment, in 2014 Yuanta Securities launched the Adopt-a-Campus project, working with 161 tertiary institutes across Taiwan in a long-term engagement to strengthen the practical understanding of the financial markets among students. In late 2015, Yuanta Securities further extended the Campus Roots Project to provide almost 100 college and graduate school students opportunities to intern at Yuanta Securities' head office or branch companies, striving to help those students eager to get into the securities and finance business in the future to get an early start in laying their career foundations and developing the right attitude toward the work.

In 2016, Yuanta Securities continued to work with National Chiao Tung University, building a three-year industry-academia cooperative project, establishing a diverse and in-depth cooperative model with the head office trading unit to provide practical industry experience. Such efforts help bridge theory and practice, while also providing students with valuable internship opportunities.

Statistics on these efforts indicate that almost 20% of students that participate in industry-academia internships with Yuanta Securities return to the Company. In addition, we actively reach out to international students with Southeast Asian language proficiencies with internships, aiming to help in our aim of developing the Asian market and cultivating potentially key future talent for international development.

(3) Yuanta Futures and Yuanta Life—Campus Internship Program

In 2012, Yuanta Futures launched the Campus Internship Program, 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 cultivate appropriate work attitudes. Through this, the students are able to cultivate skills that will make them more employable in their areas of interest in the future. As of the end of 2016, we had established industry-academia relationships

with a total of 36 schools. Over the past five years, a total of 326 students have participated in internships, with 3.37% returning to the Company after graduation.

Since 2014, Yuanta Life has actively worked with the Ministry of Education on the project "Reshaping Technological and Vocational Education," providing guidance to students through workplace internships and career exploration activities. In 2015, we not only participated in the Graduate Student Summer Research Project Grant Program, but also established year-long industry-academic cooperation with Takming University of Science and Technology and Asia University; as of the end of 2016, we had provided internship opportunity for 39 students, with 25.64% returning to the Company after graduation.

Post-Graduation Full-Time Rehiring Rate of Interns from Industry-Academia Cooperation

Yuanta Financial Holdings	Year of Program Commencement : 2007	Return Rate
	160 4	2.50%
Yuanta Securities	Year of Program Commencement : 2014, 2015	Return Rate
	99 17	17.17%
Yuanta Bank	Year of Program Commencement : 2012	Return Rate
	99 9	9.09%
Yuanta Life	Year of Program Commencement : 2014	Return Rate
	39 10	25.64%
Yuanta Futures	Year of Program Commencement : 2012	Return Rate
	326 11	3.37%

7.2 Material topics: Training and Education – Improving Talent Quality

Looking at global and Asian economic development trends, we see challenges coming in the form of a highly competitive finance industry environment in Taiwan and deepening trade cooperation between the Asia-Pacific region and both Europe and America. In order to maintain the Group's competitive edge, our talent cultivation goals remain focused on preparing future management and international operations talent, along with people with broad-skill sets, who we guide to be innovative and grow in the age of digital finance. At the same time, through overseas job placements and project training, we develop the international perspective of our management and regular staff, supplementing this training with job coverage, job rotation, and on-the-job training to strengthen everyone's management skills and professional capabilities.

Professional Skills Management and Educational Development

404-2

We are resolute on satisfying development needs in both the Group's business and the finance industry through the ongoing cultivation of talent. The Group has established diverse talent development mechanisms across both management and professional specializations, setting up training courses and providing learning opportunities across four main curriculum frameworks: the Management Academy, Specialist Academy, Licensing Academy, and Life Skills Academy. Through targeting the right talent, dispatching them for further education, job rotation, assigning specialist tasks of case management, and providing digital learning opportunities, the management of subsidiaries at all levels discover and develop the new talent that is essential to the development of our group and the finance industry. We also encourage staff to explore professional knowledge from a variety of areas in finance and to proactively equip themselves with a diverse range of skills. Such efforts help staff and the Company adjust to the rapid changes and innovation in the finance industry through updating their knowledge, skills, and techniques.

Yuanta Financial Holdings "Finance Academy" Training and Development System

Management Academy

Key Project
Successors/International Talent/Management Associates Summit Forum

Senior Management Training

Middle-Management Training

Base-level Management Training

Specialist Academy

Annual Core Training
Digital Finance/Wealth Management

General Financial Education Courses
Service Etiquette/ Presentations/Excel

Financial Law Classes
Money Laundering Prevention/ Financing/Labor Safety...

Occupational Skills Training
Securities/Banking/Life Insurance/Futures...

Licensing Academy

Pre-Job/On-the-Job Licensing Training

Guidance for Licensing Tests

Life Skills Academy

Health Seminars

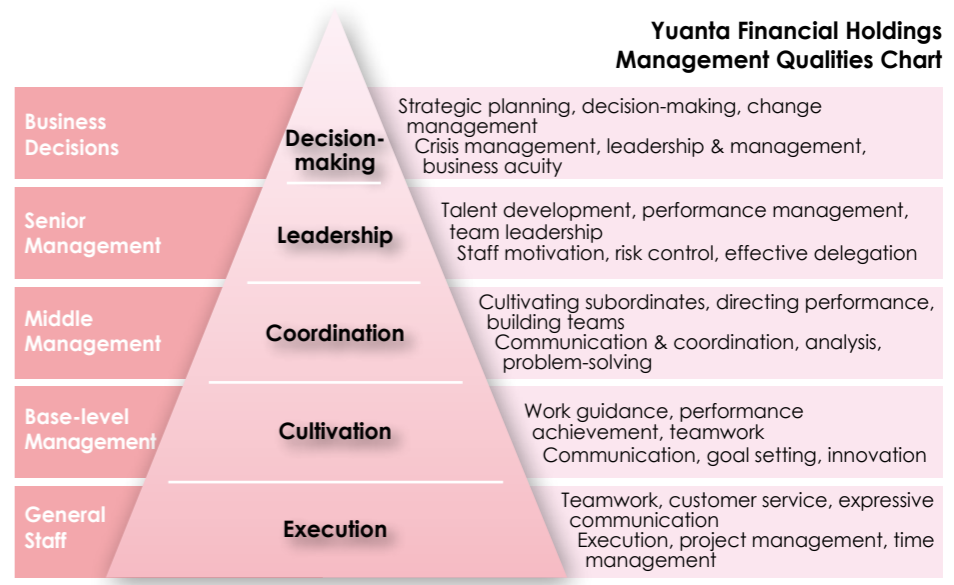
Art Lectures

Life Skills Lectures

1. Talent Development System for Training Diverse Management and Professional Qualities

Management Occupational Training Goals and Development Methods:

The Company has announced five major management qualities based on well-known international management consultants' work, including integrity & trustworthiness, drive for change, adaptability, talent development, and commitment to the practical. Looking at these and their implications for management, the Company has categorized these five qualities as decision-making, leadership, coordination, cultivation, and execution.



In line with Yuanta Financial Holdings' management qualities structure, the Group has planned courses and digital educational resources at each level of the Management Academy that will help participants in management at all levels expand their core intellectual capabilities and management skills. Additionally, through themed seminars and reports, management courses, and exchange visits, we strive to further refine the understanding of issues and the practical skills of management at all levels.

Through team leadership training, management at all levels gets a better understanding of talent cultivation and job coverage, providing them with important indicators for performance assessment. Through management lessons, project task assignment, meeting participation, job rotation, intra-industrial exchange, and job coverage, we undertake staged management training for upcoming talent at all levels. These trainees are regularly evaluated through mid-term and final examinations, gaining particular insight into the development and professional maturing of those involved in all kinds of job coverage.

Professional Occupational Training Goals and Development Methods:

- Group Strategy and Major Annual Business Objectives**
In line with development strategy and each year's business objectives, we plan and hold a variety of professional training in finance laws and regulations, outlook for industrial trends, and professional finance skills. 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 and helping the Group accomplish its annual business objectives.
- Financial Products and General Training**
In terms of professional occupational capabilities, in line with the annual business strategy and main points, we invite lecturers from within the company to head up a variety of training courses. In 2016, the core content of this training covered digital financial technologies and their application, legal compliance, transitional training and guidance, and financial products education. These were supplemented by courses in business necessities including presentation skills, presentation design, introductory Excel, and advanced applications. Such training provides understanding and experience in integrated business strategy in a systematic fashion, working together to achieve goals and realize the Company's commitment to passing on experience and managing knowledge internally.

- Developing a Diverse Skills Reserve**
The 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 trainees and trainees 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.

2. Establishing a Digital Learning Platform and Promoting Lifelong Learning

Since 2003 the Group has made use of a digital learning platform, Yuanta e-Academy, to facilitate internal sharing of knowledge, encourage professional diversity, and encourage self-guided learning in our employees. In response to the changes in the development of the finance industry, along with their individual annual development goals, our staff can make use of our digital educational resources, taking advantage of their "anytime, anywhere, anything" nature to determine what and when to study, with a particular focus on strengthening professional skills and enhancing competency.

With the age of "ubiquinomics" upon us and digital content becoming every richer, in January 2016 the Yuanta e-Academy was upgraded to include a mobile version, letting staff use their smartphones to peruse digital content and audiovisual lessons, formally bringing Yuanta Financial Holdings Group's educational offerings into the mobile era.

And as the Group's business develops and faces the need to transition into digital finance, in May 2016 we formally introduced Innovation Academy digital content, providing high-quality, systematic media on global political and economic trends and on the latest knowledge of financial technology applications. This brings the world to our staff's doors, providing each unit with the knowledge and information they need.

3. Providing Internal Job Rotation Opportunities and Encouraging Cross-Functional Redeployment and Experience

The 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.

Cultivating Talent

404-1

Taking into consideration development strategy, annual operating focus, training system, and talent development needs, the Group has laid out an annual training program. Each year, as per the Company's operating strategy and business development considerations, an overall plan for various types of training and talent development is set out. Through participating in specialist skills training, employees can not only reinforce their professional knowledge and work practices & skills, but also strengthen and improve their job performance. In addition, broadening professional horizons and cultivating job skills helps employees to make better use of their skills and grow with the company.

The Group has also introduced Innovation Academy digital content, offering courses aimed primarily at cultivating staff members' market insight while also strengthening their individual capabilities, using reading hours and number of readers as metrics. Additionally, using the Group's resource of in-house speakers, we have launched a range of occupational training courses for front-line staff in securities and banking, the people who will be first impacted by the digital finance revolution. The courses provide staff with a comprehensive understanding of financial services and a wide range of service skills and measuring effectiveness through tests, finance licensure rate, customer satisfaction, and managerial evaluations.

Looking at statistics on staff training courses for 2016, we see an increase in total number of classes of 769 over 2015 (a 30.6% increase); an increase of 166,433 in the total number of people undergoing training (an 86.2% increase); and an increase in total training sessions attended per staff member of 10.4 (a 54.2% increase). There was a clear overall increase in number and coverage of training courses in 2016. However, as there has also been a trend toward reduced attention span in studies, in 2016 we introduced Mobile Learning (M Learning), with course content that is more precise and concise. Looking at annual figures, we see a downward slide in average hours of training per person and total training hours, and this indicates that the Group needs to move with the times and continue to make its courses more refined and more efficient.

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 2016, the average training hours for male and female employees were roughly equal, at 25.5 hours and 21.8 hours respectively. Management employees of all levels enjoyed 42,450 hours of training at an average of 22.3 hours of training per person. Specialist employees enjoyed a total of 238,117 hours of training across 10,233 people, for an average of 23.3 hours of training per non-management person.

Employee Education and Training 404-1

Item	2014	2015	2016	
Total Classes	2,672	2,506	3,275	
Total Training Hours	Female	217,936	183,721	169,744
	Male	109,131	91,911	110,823
	Management	59,576	39,426	42,450
	Non-Managerial	280,383	236,206	238,117
Total Training Hours	339,959	275,632	280,567	
Number of Trainees	173,224	193,041	359,474	
Total Employee Numbers	Female	6,141	6,498	7,783
	Male	3,305	3,536	4,352
	Management	1,616	1,391	1,810
	Non-Managerial	7,830	8,643	10,325
Total Employee Numbers	9,446	10,034	12,135	
Average Hours of Training Per Person	Female	36.4	28.2	21.8
	Male	35.1	25.9	25.5
	Management	36.9	28.3	23.5
	Non-Managerial	35.8	27.3	23.1
Average Hours of Training Per Person	36.0	27.5	23.1	
Average Incidences of Training Per Person	18.39	19.2	29.6	
Total Training Expenses	NT\$ 29.15 million	NT\$ 38.00 million	NT\$ 34.46 million	
Average Training Expenses Per Person	NT\$ 3,086	NT\$ 3,787	NT\$ 2,840	

Additionally, to facilitate new staff members' quick understanding of the company culture, organizational structure, and relevant laws and regulations, as well as occupational safety and health regulations, their rights, duties, and benefits, the Group and all subsidiaries have online and offline pre-job and on-the-job training programs, with the help of senior colleagues, led by specialists and aimed at helping reduce the time it takes new staff to adapt. In 2016, 16,738 hours of training were given to new employees, including classroom training and digital courses, for an average of 9.3 training hours per person.

Along with the introduction of M Learning, as well as ongoing refinement and digitalization of classes, in 2016 there was a 354-course increase in training for new staff in 2016 over 2015, a 260% increase. However, the average number of training hours dropped by 2.8 hours, a 23.1% decrease.

Training of New Employees

Item	2014	2015	2016
Total Classes	239	137	491
Total Training Hours	5,048	28,101	16,738
Number of Trainees	726	2,317	1,796
Average Hours of Training Per Person	7.0	12.1	9.3

7.3 Material topics: Labor/ Management Relations—Reasonable Remuneration and Benefits

The Company considers being people-oriented and family-oriented our fundamental credos, and as such we consider it our greatest responsibility to create a work environment that benefits both our staff and their families. We provide robust channels for communication between employees and management, a comprehensive system of benefits, and reasonable remuneration policies, all in order to fully take uphold our responsibilities to each member of our staff.

Diverse Communications Channels

402-1

Through the Company's intranet site, the Group's staff can keep up to date with the Company's regulations and the benefits available to staff. In addition, we have a unit dedicated to taking clippings from major news stories regarding the industry 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 about 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 promptly notified via e-mail or the corporate webpage.

In all aspects of our business, the Group places regulatory compliance at the forefront. Should any of the situations outlined in Article 11 of the Labor Standards Act arise, we comply with both labor legislation and our own rules and regulations to provide affected employees with advance notice in line with their years of service with the Company. Along with our severance notification procedure, we also provide flexible paid leave for affected employees to help them find new employment in time. In 2016, the Group had a total of 28 severance dismissals, three of which are currently undergoing labor dispute litigation. The advance dismissal notice periods are determined as follows:

- i. Those who have worked for us for more than three months, but less than 12 months are given 10 days' notice.
- ii. Those who have worked with us for more than one year, but less than three years, receive 20 days' notice.
- iii. 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, we also have a formal consultation mechanism for labor-management meetings and meetings with unions in order to facilitate labor-management communications. Managers also have room to take the initiative in caring for their staff. Should a staff member have any questions or problems, they can at any time relay these to management or HR, getting a response as soon as possible.

In 2016, the Company convened a total of 4 labor management meetings, regularly striving to understand what our staff need and respond in a timely fashion. Of the Group's subsidiary companies, only Yuanta Life and the 2016-acquired Ta Chong Bank have unions, with the former's membership totaling 121, or 9.8% of the employees. The ratio of labor representatives in the Yuanta Life Union to corporate representatives is 5:5, and there have been no notable changes in Yuanta Life Union membership post-acquisition. In 2016, the union convened 10 meetings, carrying out

bipartite discussions regarding various labor-management issues. Of Ta Chong Bank staff, meanwhile, a total of 2,041 are union members, or 86.5% of total staff. The ratio of labor representatives to corporate representatives is 1:1. In 2016, the Ta Chong Bank Union convened 3 meetings and at present labor-management communications are smooth, with a good relationship ongoing between the Company and the union. Our other subsidiaries hold at least one labor-management meeting each quarter. Face-to-face bilateral communication helps to effectively create consensus and assist in negotiations and cooperation, further contributing to the creation of win-win situations for both labor and management. In 2016, there were no incidences of breach or threats to freedom of association or collective negotiation.

Ta Chong Bank Staff Protected by Collective Agreements 102-1

Contract Type	Total Staff Protected by Collective Agreement	
	Female	Male
Indefinite Contract	1,301	730
Fixed-Term Contract	7	3
Percentage (%)	64.1%	35.9%

Reasonable Remuneration Policies

405-2

The goal of the Company's remuneration policy is to attract outstanding talent to the Company and encourage the retention of talent with growth potential. By fostering 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 human resource market, and by incorporating corporate operations outcomes 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 best and create outstanding results. Our remuneration system is a combination of several methods, with basic salary, allowances, and bonuses, complemented with benefits such as leave and insurance. Through this combination, we have constructed a robust remuneration structure free of gender-related disparities.

In June 2015, the Company became a constituent stock of the Taiwan High Compensation 100 Index, highlighting the exchange's recognition of Yuanta's remuneration policies, employee feedback, and corporate social responsibility. The starting salary offered by the Company to new staff with no previous experience exceeds the legally defined minimum wage. The pay has no variation by gender, meaning the pay ratio of men to women in the Company was 1:1 in 2015. Additionally, the Company issues performance bonuses based on job performance. The statistics regarding male and female pay for staff of subsidiary companies in the Taiwan region are as shown below.

Remuneration Percentages for Managerial and Non-Managerial Staff of the Group in the Taiwan Region, 2016

Gender	Managerial	Non-Managerial
Female	100%	100%
Male	113%	121%

Benefits and Protections

201-3 401-2

All employees of the Company's operations in its main area, Taiwan, have access to standard benefits such as benefits and bonuses, cultural and social activities, and a variety of other services. In 2016, the Group spent NT\$16.3 billion on benefits for non-managerial employees, an average of NT\$1.17 million per non-managerial employee.

Benefits for Company Full-Time Staff

Social Insurance	Leave	Pensions	Maternity cash gifts
Group Insurance	ESOP trust	Compassionate compensation	Cash gifts for weddings, bereavements, and celebrations
Health checks	Employee training grants	Emergency relief	Scholarships for employees' children

Non-Managerial Group Staff Benefits Statistics

Unit: NT\$ million

Item	2014	2015	2016
Total Benefit Expenses for Non-Managerial Staff	1,241,344	1,520,787	1,633,635
Average Benefit Expenses for Non-Managerial Staff per Person	112	138	117

Note 1: Calculated according to the standards of the Taiwan High Compensation 100 Index, 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 staff" excludes the chairman and deputy chairman of the board and other appointed managers.

In March 2003, Yuanta Financial Holdings set up its Employee Benefits Committee, which oversees the monthly appropriation of funds for employee benefits. Each quarter, the committee meets at least once. These funds are independently managed and employed by the Employee Benefits Committee, including providing grants to social clubs that encourage employees to share experiences and pursue mentally and physically healthy lifestyles. By the end of 2016, the Group had 12 social clubs that held a total of 220 events and involved the participation of over 3,079 employees. Additionally, the Employee Benefits Committee 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 intranet. By doing so, we are able to help our employees enjoy more convenient, happier lives.

Yuanta Staff Family Day and Yuanta Volunteer Day

Starting in 2015, the Company's Employee Benefits Committee and the Yuanta Cultural and Educational Foundation have organized the Yuanta Staff Family Day and Yuanta Volunteer Day, both of which were well received by the staff. In 2016, the Company also expanded these activities to Kaohsiung and Taichung for the first time, aiming to provide members of the Yuanta family around Taiwan opportunities to take part, to increase interaction between staff, and to increase Group cohesion. In 2017, we expect to expand the Staff Family Day to three locations.



- For more information about Yuanta Volunteer Day and Yuanta Staff Family Day events, people see [Yuanta Securities Website > News and Events > Yuanta Press Releases](#)

Retirement

201-3 404-2

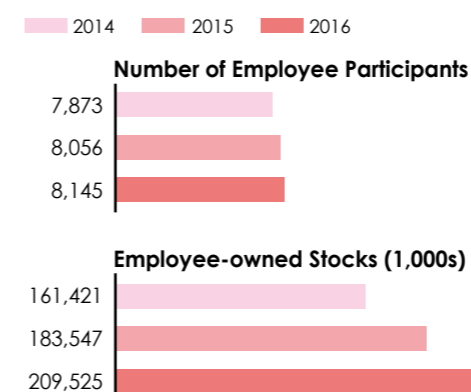
(1) Labor Pension

In order to secure the well-being of our employees upon retirement, in March 2003 the Company set up a Labor Retirement Reserves Supervision Committee, reporting regularly to management 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, we make monthly contributions of 6% for each employee to individual retirement accounts, in an effort to provide further well-being security for our employees upon retirement.

(2) Employee Stock Ownership Plan (ESOP) Committee

To encourage long-term savings among our employees, in September 2003 the 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 2016, Yuanta Financial Holdings and its subsidiaries had 8,145 people participating in this plan, holding a total of 209,525 thousand shares, an increase of 14.15% over 2015.

Yuanta Employee Stock Ownership Performance



(3) Group Annuity Policies

In order to provide staff with a richer post-retirement life, the Company works with Yuanta Life to provide a group annuity policy available only to Group staff. Seminars on the policy began in January 2017, offering staff explanations of the content of the policy and the importance of early planning to protect one's future retirement.

7.4 Material topics: Occupational Health and Safety – Employee Health and Safety

403-2

The Group organizes legally required labor insurance, national health insurance, group health insurance, and employee health checks to ensure the physical and mental health of its staff. We also implement workplace safety management policies and regularly offer occupational health and safety courses. 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 work-related 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 work-related injury leave. Injury during the commute to work is the major part of the Group's duty-related injury events. In total, in 2016, we had 34 employees apply for work-related injury leave, with 12 in the northern, 3 in the central and 12 in the southern Taiwan, all of whom fortunately returned to their positions after recovering. There were no accidents leading to death. In the future, the Group will continue to provide a high level of care for its employees and strengthen safety promotion.

The Group not only takes care of its own staff, but also cares about labor safety among suppliers, staying abreast of the safety and hygiene of facilities and equipment. Additionally, we regularly carry out inspections and updates of building management systems to facilitate the implementation of workplace environmental safety management policies. In 2016, no major occupational accidents occurred among the full complement of our staff, no were there any injuries incurred to suppliers' staff, including those in property management companies, branch security, or dispatch.

Occupational Accidents in Yuanta Financial Holdings, 2016

Total Annual Working Hours: 22,444,424									
Item	Type of Injury (people)			Injury Rate (IR)	Total Days Lost to Disabling Injury	Lost Days Ratio (LDR)	Total Days Absent	Absence Rate (AR)	
	Injured on Duty	Injured on Business Trip	Injured on Way to/ from Work						
Gender	Female	1	3	17	6.96	421	18.75	16,189	0.72
	Male	0	1	12	4.47	248	11.01	6,302	0.41
Total		1	4	29	11.43	669	29.76	22,491	0.57
Region	Taipei		19		8.00	-	18.33	-	-
	Central		3		1.05	-	1.38	-	-
	Southern		12		2.38	-	10.05	-	-
	Taitung		-		0	-	0	-	-
Total		34			11.43	-	29.76	-	-

Note 1: Injury rate (IR) = (Total No. of People Taking Leave for Work-related Injury or Sickness / Total Annual Working Hours) x 1,000,000. Number of people in each injury incident is 1.

Note 2: Occupational Disease Rate (ODR) = (Total No. of Occupational Diseases / Total Annual Working Hours) X 1,000,000. In 2016, 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.

Note 5: "Total Days Absent" includes absences for injury, illness, and personal reasons, as well as unexplained absences, and is the sum total of "Days Absent" for the entire body of employees of the Group.

Note 6: "Absence 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.

Note 7: Statistics on Group staff deaths due to accidents are based on actual conditions.

Employee Health and Safety

403-3

Most of our group employees and suppliers are neither involved in high risk activities nor in positions with serious occupational hazards. Only branch security staff face a potential threat from bank robberies. As such, we organize drills to simulate robberies to ensure our staff's responses are sufficient to protect the safety of Group staff, customers, and the security guards.

In accordance with governmental regulations on health and safety, and out of concern for the safety and wellbeing of our employees, we have set as our goal zero occupational accidents. The Group has set out emergency response plans and notification measures, and undertakes annual workplace health and safety promotional and training activities for both new and current employees. The training programs held during 2016 covered 75 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 6,064 participants for 16,212 hours of training.

To help protect the physical health of our employees, raise employees' general knowledge of medicine, and reduce the risk of illness, the Group provides employees with group health insurance, medical checks, health consultations, and health related seminars. For 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 relationships, and other issues regarding physical and psychological health. In 2016, 505 people participated in these seminars for a total of 693 hours.

In addition, to ensure a healthy, safe working environment, the Group has set out the "Key Points on Preventing, Reporting, and Punishing 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 2016, 537 people participated in 23 courses over 297 hours.

In addition, the Group offers menstrual leave and maternity leave for its female employees and paternity leave for its male employees. Both genders are also eligible for family care leave and the opportunity to apply for unpaid parental leave with their position held for their return.

Return-to-Work and Retention Rates for Employees Taking Parental Leave, 2016

401-3

Item	2014			2015			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Total Number of Employees Taking Parental Leave	651	274	925	509	334	843	593	352	945
Anticipated Number of Employees Returning in 2016 after Parental Leave (A)	45	9	54	67	6	73	109	10	119
Actual Number of Employees Returning in 2016 after Parental Leave (B)	32	5	37	39	2	41	67	5	72
Return Rate (B/A*100)	71.1%	55.6%	68.5%	58.2%	33.3%	56.2%	61.5%	50.0%	60.5%
Actual Number of Employees Returning in 2015 after Parental Leave (C)	21	2	23	43	5	48	78	4	82
Number of Employees Still at Company 12 Months after Returning from Parental Leave in 2015 (D)	13	1	14	28	2	30	46	1	47
Retention Rate (D/C*100)	61.9%	50%	60.9%	65.1%	40.0%	62.5%	59.0%	25.0%	57.3%

Note1: Due to the particular nature of our life insurance personnel in 2014, their data has not been included in this table.

Applying For and Obtaining Certification for Indoor Air Quality Self-Management in Public Spaces



In recent years, the threat to health posed by unfavorable indoor air quality has attracted increasing attention. In recent years, people in Taiwan have been spending approximately 80-90% of the time during their day indoors, and as a result, indoor air quality can have a direct impact on quality and efficiency of work. By making effective moves to improve indoor air quality, we also help maintain people's health. In order to protect the health of our employees and customers, the Group has applied for Certification for Indoor Air Quality Self-Management in Public Spaces, in response to the Taipei City Department of Environmental Protection's Mechanism for Categorizing and Certifying Indoor Air Quality in Public Spaces Self-Management. Currently, business premises of Yuanta Bank and Yuanta Securities have received the aforementioned certification, having passed on-site inspections by personnel dispatched by the Taipei City DEP.

Life Skills Course Satisfaction Surveys

The Company provides annual employee care plans covering compensation and benefits, training, physical-mental balance, and employer-employee communication. We also provide related training courses for employees based on our annual plans. When these courses are completed, we conduct final testing to ensure our employees continue to cultivate their competitiveness. Every year, the Company holds regular life skills seminars, whose topics are decided based on feedback gathered through employer-employee meetings and other channels. The topics for the life skills courses cover food safety, physical & mental health, art, and family skills that will help boost the health of staff and of their family relationships. In 2016, our employees rated their overall satisfaction with these life skills courses at an average of 4.4 out of five, with 4.0 the lowest rating and 4.6 the highest.

Over the past 56 years, the Yuanta Group has enjoyed consistently smooth and efficient employer-employee communications. As the Group continues to expand and its business diversity and internationalize, other than the annual employer-employee meetings, in 2016 we worked to optimize our mechanism for interaction with the unions. Starting from

2017, we integrated employee opinion survey into our lists of major annual focuses, in the hope of collecting valuable first-hand information and feedback that will help us understand what the Group's employees are thinking and review the results of our strategic communications efforts. This should help us continue to deepen our corporate culture and provide an occupational development platform that are focused around long-term strategies for talent retention through core incentives.

7.5 Material topics: Diversified and Equal Opportunity – Performance Evaluation and Career Development

404-2 404-3

In order to realize corporate strategic & annual goals and strengthen organizational effectiveness, the 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. Performance evaluations take the form of annual review of 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 employee bonuses, promotions, adjusting salaries, and developing talents.

Assessment items include work performance; professional knowledge and skills; team spirit, communication, and negotiation skills; service attitude; internal controls management; and other. Besides professional and legal compliance requirements, the handling of customer complaints and questions is also an important consideration incorporated into these evaluations. In 2016, 100% of staff undertook regular performance reviews and occupation development reviews, regardless of their gender and position (managerial/non-managerial).

The Group respects the diversity of values in society, forbidding all forms of discrimination. Performance reviews and occupational development resources differ only in accordance with occupational content, and gender is absolutely not a differentiating factor in any such evaluations. In addition, the Group provides guidance and assistance to any staff whose performance review results are lacking, with 3 to 6 months of guidance provided by direct supervisors, aiming to foster improvement or lead to job reassignment within that period. Should that time end without the staff member concerned demonstrating sufficient improvement, they will be let go or made redundant by means that are in accordance with the Labor Standards Act.

Each month, senior management of the Group's subsidiaries conduct regular business performance reviews, evaluating the domestic and international economic situations and the challenges facing the business. With the information thus gathered, they then evaluate and adjust business direction and goals, ensuring the Company's ongoing competitiveness. The Company has also implemented a goal management mechanism, through monthly business performance review management meetings and the business performance review system for the general managers and chairs of subsidiary companies. Our implementation of strategic and operational planning should help us realize our social responsibility of sustainability.

For the Common Good

Financial services play a tremendously important supporting role in society's development and the process of progress. As technology advances, laws evolve, and society develops, the public and clients require a diverse range of financial services at different times and stages. The Group is acutely aware of the fact that a robust, stable society is the foundation upon which well-being and economic development are built, as well as being prerequisites for business prosperity. On top of this, the level of a society's development of in a nation also influences demand for financial services as well as the industry's room for development.

Since the 1990s, the United Nations' Human Development Index (HDI) has served as an invaluable tool for observing a country through the three dimensions of the people's health, education, and economic environment. Introduced in 2015, the UN's 17 Sustainable Development Goals also cover health, education, tolerance, and sustainable economic development and provide encouragement of increased global sustainable development. In light of these, the Group's long-term vision continues to be "For the Common Good," and we consider the common good to be among our responsibilities. Through the core of our financial services, through all we contribute and pay, we aim to elevate the culture, health, education, and lifestyle of the people, creating a better social environment in which we can all share.

8.1 Material topics: Local Communities – Financial Friendly Service

The Importance of Friendly Service 103-1

Our industry should be responsible for ensuring that every person has access to appropriate financial services without variation due to distance, gender, nationality, or socioeconomic status. As such, the Group takes serving its customers as its highest principle and developing products & services that satisfy its customers as its raison d'être. The fundamental spirit of our services is friendliness and equality, and with the rise of digital finance, the Group and its subsidiaries strive to develop new service models in line with the particular attributes of their respective industries. In addition to elevating service, we are also committed to eliminating all forms of distancing, enhancing the Group's reputation while also expanding the scope of its business.

Methods of Improving Friendly Service 103-2 103-3

Through the twin approaches of improving physical service channels and improving digital financial services, the Group strives to improve both physical and virtual service friendliness.

(1) Improving Physical Service Channels:

In order to expand our financial services, the Group continues to expand business and asset scope, using these to provide customers with more opportunities to make use of said services. Since the 2014 acquisition of New York Life and the 2015 acquisition of Ta Chong Bank has not only augmented the profit structure of the Group's financial service by adding 17 life insurance locations and 65 bank

branches, but also opportunities to access to our financial services have effectively increased, helping further deepen the group's services in each area. Additionally, to expand the scope of groups that enjoy access to our financial services, we continually upgrade our hardware and software. All ATMs across our Taiwanese banks are in spaces that have been redesigned for accessibility, ensuring customers with line of sight from a wheelchairs' can view the machines and that all machines can be used one-handed. As of 2016, 100% of our 494 ATMs were accessible ATMs.

(2) Digital Financial Services:

As digital technology develops, traditional financial services are increasingly integrated with digital services, creating a merged physical-virtual service platform. This has already transformed service models and increased efficiency, with digital finance conquering the tyranny of distance and provide services to people in remote places that physical locations cannot serve. At the same time, as laws are relaxed or adjusted, new service models are opened up, thus diversifying our client base.

The various subsidiaries of the Group have also already dedicated substantial effort to developing a range of digital financial services aimed at the particular needs of different groups of customers.

Friendly Digital Financial Services Provided by Subsidiaries 103-3 FS14



- In 2016, a web chat platform for instant communication was set up on Yuanta Securities' official website, providing a valuable service to those with physical or psychological disabilities while also boosting the Company's image in terms of social philanthropy. In 2016, this communication platform was used some 7,980 times.
- In December 2016, the official website was updated with an "Accessible and Friendly Service Section," in line with National Communications Commission guidelines for A+ accessible online spaces. This simultaneously facilitated usability by physically disabled customers and boosted the Company's image with regard to social philanthropy.
- In May 2016, we also developed an app for securities borrowing and lending, increasing customers' trading efficiency through an integrated trading platform. In 2016, 50% of securities borrowing and lending was completed through the app.



- Yuanta Bank's accessible informative interest and exchange rate services page earned an A+ certification from the National Communications Commission in September 2016. This page provides visually impaired users a means to obtain information and conduct banking affairs through screen readers, braille displays, and other similar devices.

- Since 2013, Ta Chong Bank has offered Western Union online remittance services, including English and Vietnamese language versions, helping migrants working in Taiwan enjoy convenient financial services. As of the end of 2016, these online services had been used by some 6,604 people.
- As for Yuanta Bank's overseas locations, through third-party payment services including a cooperation with Alipay, we provide equal access to our services, helping Chinese enjoy convenience during visits to Taiwan. In 2016, over 80,000 transactions were carried out through third-party payment services.



- In response to growing digitalization, after receiving approval from the competent authorities on 23 August 2016, Yuanta Life's online insurance purchasing platform was brought online on 26 September. As of 28 February 2017, a total of 575 travel insurance policies were successfully applied for online, with premiums valued at a total of \$180,591. This has not only led to reductions in paper usage, but also provided reduced administrative costs, higher service efficiency, and improved policy post-sales service functionality.



- Trading efficiency has always been an important indicator for companies in the futures and securities business. Thanks to the widespread accessibility of the Internet, today over 90% of futures trades are done electronically, and nearly 100% of that is digital.
- The rise of digital finance has led to a boom in program trading, driving a growth of over 50% in such trading over the previous year.
- Through our mobile app, we provide real-time market information, and we have also established official Line and Facebook accounts to further facilitate interaction with the public.
- In 2016, we led the industry in providing online account opening services, and in 2017 we will continue to develop online signing and payment services.



- After receiving legal authorization to offer online account opening services in 2016, that November Yuanta Funds became a pioneer in the industry through launching such services.
- Developing revised trading bots has also helped customers get access to even more information through our electronic trading platform, providing valuable references when deciding on orders.

8.2 Material topics: Economic Performance – Yuanta Social Contributions

The Importance of Contributing to Society 103-1

Social development and financial services are coexisting systems, with financial services providing necessary support for society and the economy, while also in turn relying on robust social development.

Without a stable society, corporate development too will be a challenge. As such, being based in Taiwan, the Group not only contributes to the industry, but also strives to find ways to elevate culture, health, education, and lifestyles in Taiwanese society. The Group is keenly aware of its role and contribution in contemporaneous Taiwanese society and works to support social development through a commitment to giving back.

The Group starts from the concepts of large and small communities—"large communities" refers to the national, in this case Taiwan society as a whole, among which we see issues that contribute to instability like drug abuse, the urban-rural divide, and economic disadvantage; "small communities," meanwhile, refers to our daily surroundings and our role therein, with many people that still need our care. Through the Yuanta Cultural Foundation and its four main focuses—Spreading Love and Making Dreams Come True, Public Welfare and Giving Back to Society, Awarding Academia and Training Talent, and Safe Societies and Learning the Law—we contribute to the large and small communities of Taiwan alike. In the process of this, we indirectly support the overall upward development of Taiwanese society, while also promoting sharing in the prosperity between Taiwanese society and the Group.

Implementing Social Philanthropic Responsibility

103-2 103-3 201-1

Not only does the Group work hard to promote financial services, based on the concept that those who take from society should also give back to it, we have also engaged in philanthropic activities and environmental protection. We strive to provide in-depth services to the communities around each of our operating locations, doing our part for the development of the financial markets and the cultivation of talent through our core strategies and assisting various schools and research institutes with relevant funding. In addition to cooperating with the Yuanta Cultural and Educational Foundation, the Group also contributes to social philanthropy actively through working with a variety of social welfare groups and institutions.

Community Investment Performance among Subsidiaries in 2016 (Yuanta Securities, Yuanta Bank, Yuanta Life)

Unit: NT\$ thousand

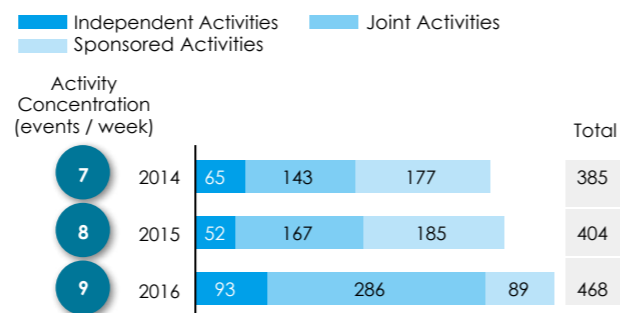


The Yuanta Cultural and Educational Foundation

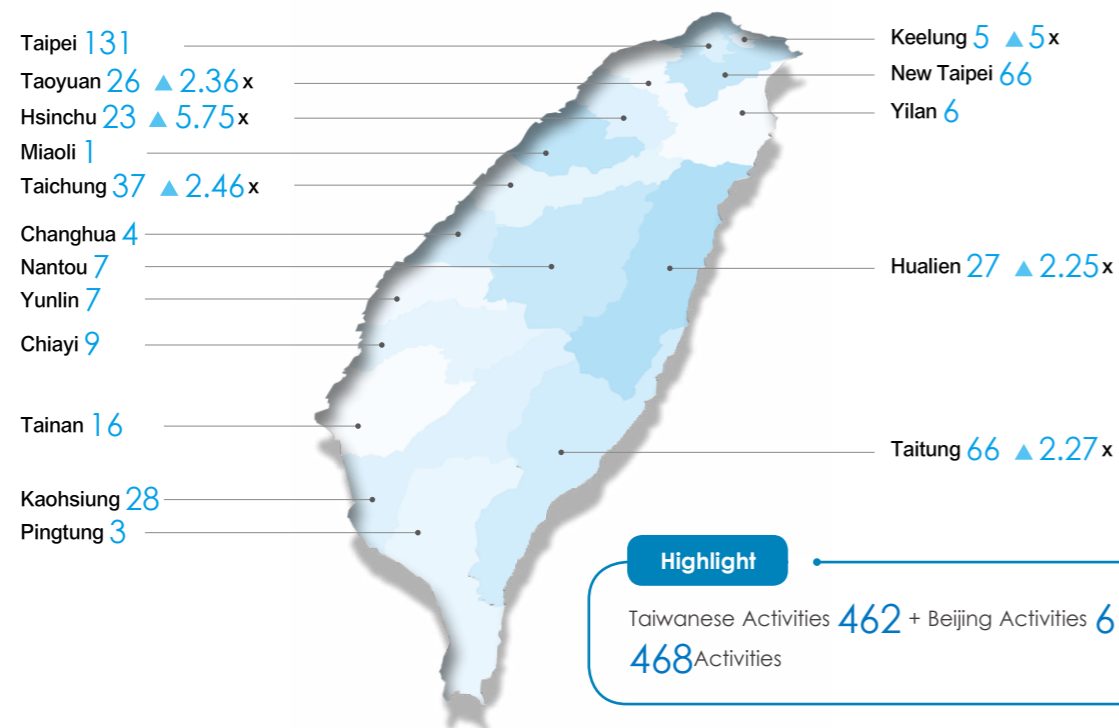
103-2 | 103-3 | 201-1

In 2016, the Yuanta Cultural and Educational Foundation organized events in every city and county in Taiwan, a total of 468 events. Yuanta volunteers also got involved in charitable work, totaling 2,647 volunteers in 2016 in comparison to 2015's 1,389, a growth of nearly 100% and enabling us to serve over 140,000 people. In addition, in 2016 the foundation invested some \$51.31 mn in funding charitable activities, up 32.41% on the previous year. Of such activities, the plurality, or 32.3%, were "Awarding Academia and Training Talent" activities, with "Safe Societies and Learning the Law" activities a close second at 31.2%. What these figures represent is Yuanta's ongoing commitment to bringing people together in love and realizing our philanthropic promises.

Yuanta Cultural and Educational Foundation Activity Statistics, 2014-2016

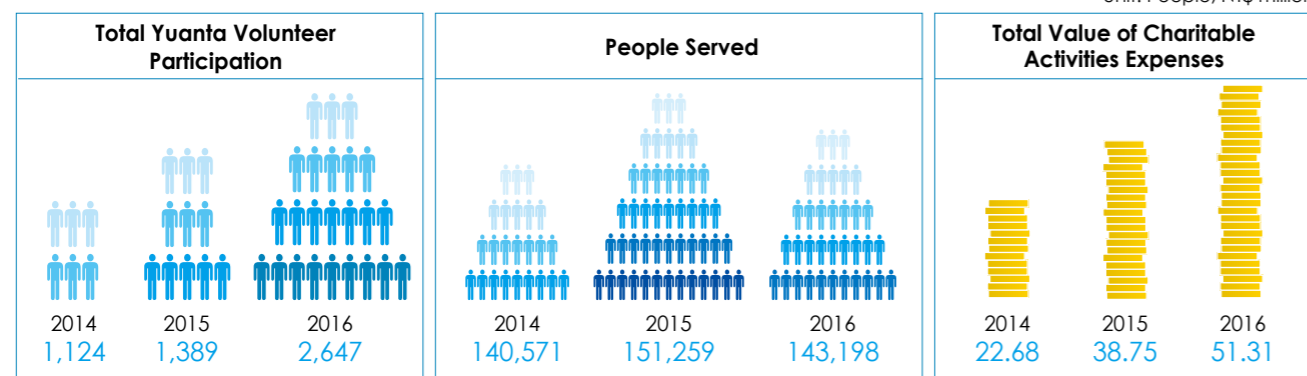


Yuanta Cultural and Educational Foundation Activities by City/County in 2016



Charitable Performance of Yuanta Cultural and Educational Foundation

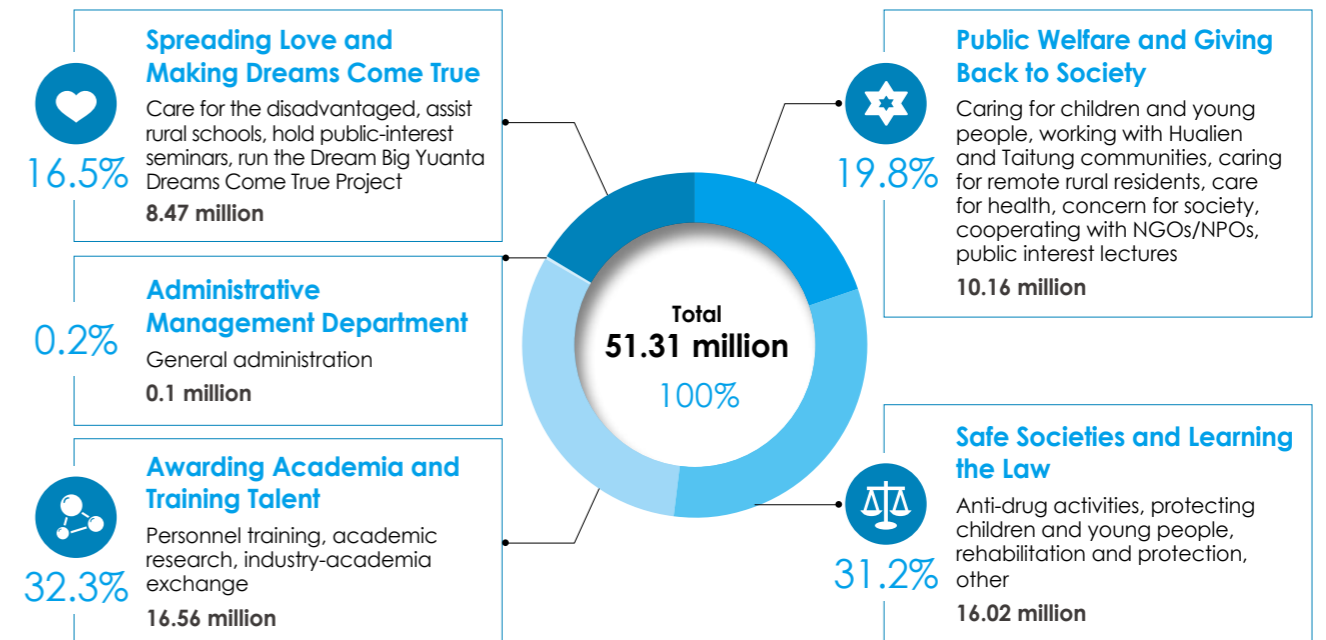
Unit: People; NT\$ million



Highlight

Total Investments into Charitable Activities, 2014-2016 1,12.74

Yuanta Cultural and Educational Foundation Expenditure on Social Philanthropic Events, 2016



Harnessing the resources of the Group's subsidiaries, the Foundation has used operating locations throughout Taiwan and brought together local staff to volunteer, thus we provide a combination of charitable services and take practical action to inject more positive energy into the community. In 2016, the sum total of donations gathered by subsidiaries was NT\$50 million. Every Thursday the Foundation holds project review meetings, selecting partners and sponsorship plans solicited from throughout society through the application of its evaluation criteria and annual budget. The Foundation also posts monthly electronic newsletters and annual reports to the company website, providing detailed information on its social philanthropic contributions.

Donation Income for Yuanta Cultural and Educational Foundation, 2014-2016 (focused on Yuanta Financial Holdings subsidiaries)

Unit: NT\$ million

Subsidiary	2014	2015	2016
Yuanta Securities	17.60	16.65	17.00
Yuanta Bank	11.00	13.85	16.00
Yuanta Futures	3.96	4.65	6.00
Yuanta Funds	4.40	4.60	5.00
Yuanta Securities Finance	2.64	2.30	2.00
Yuanta Venture Capital	2.65	2.30	2.00
Yuanta Asset Management	2.2	1.85	2.00
Total	44.45	46.20	50.00



Spreading Love and Making Dreams Come True

413-1

(1) Yuanta Dreams Taking Off Project

Yuanta strives to support young people in their pursuit of their dreams. To this end, for six years we have worked with Fu Jen Catholic University to run the Yuanta Dreams Taking Off Project, providing courses, scholarships, and digital distance tutoring to help nurture the seeds of children's dreams so that they may bloom and brighten society.

- Run for six consecutive years.
- Awarded by the Ministry of Education in 2016 with the Gold Award for Contributions to Education.



▲ Foundation Deputy Executive Manager Sharon Tsao (first row, third from left), Fu Jen Catholic University Center of Care Services for Rural Area Education in Taiwan teacher Lu Tze-han (first row, fourth from left), and Jiesshou Junior High School principal Fu Mei-chin (front row, fifth from left) together with recipients of financial support.

(1) Yuanta Dreams Taking Off Project More

- Together with Fu Jen Catholic University, offered the Dreams Taking Off Grant six years running.
- In 2016, a total of 189 students from 8 schools passed grant review.
- As of 2016, a total of 556 people have received grant support, resulting in 27 outstanding college graduates thus far.

(2) Providing Summer and Winter Tutoring Classes to Rural Middle Schoolers More

- Together with Fu Jen Catholic University, organized summer and winter tutoring classes for students in remote rural locations for six years running.
- As of 2016, a total of 828 people had participated in our summer and winter classes.

(3) Digital Tutoring More

- Cooperated with Fu Jen Catholic University's rural education group for six years running.
- As of 2016, a total of 628 underprivileged urban students had taken part in lessons out of a total of 1,249 students.

(4) Donating Goods for a Warmer Winter in Holiday Season More

- Have cooperated with the Fu Jen Catholic University Center for Care Services for Rural Area Education to help elevate urban communities in need of our care.
- In 2016, 80 young people from Yuanta and FJU Winter School volunteered to help distribute donated items to underprivileged residents in Xinzhuang and Wugu, serving a total of 300 people.

(5) Yuanta-FJU Public Interest Seminars More

- Have cooperated with the Fu Jen Catholic University Center for Care Services for Rural Area Education for two years running.
- In 2016, we held four "Public Interest Seminars for New Residents," inviting figures from all walks of life to share their experiences with new immigrants. Through these seminars, we aim to overturn the old prejudices and opposition towards new immigrants and actively promote peaceful ethnic integration.

Note: Clicking More will open your web browser and download these cases' results reports, which contain further details (available in read-only PDF format).



(2) Dream Big - Yuanta Dreams Come True Project

In an effort to stimulate a spirit of charity, in 2016 the Foundation organized the Dream Big Yuanta Dreams Come True Project, bringing together the resources of Yuanta Financial Holdings to build a virtual and physical charitable platform to work with 9 social welfare groups in supporting education. Through this, we have helped provide much needed educational resources to over 1,000 underprivileged students. We also summoned over 300 Yuanta volunteers to help out, promoting the project through the Yuanta Love Unlimited Facebook page and attracting some 400,000 viewers, expanding the power of positive action and helping it reach every corner of society.



Buklavu Tribal Association, Yanping Township

Primary Reason for Selection

An underprivileged Aboriginal group in urgent need of resources and which has demonstrated a relatively high degree of innovation in its activities.

Activity/Event

Purchased musical equipment and a complete educational hardware environment to give children good resources for learning music and organizing annual end-of-year performances at the village market.

SongKun Traditional Arts

Primary Reason for Selection

Aimed at underprivileged children and young people, this group not only provides training in traditional arts, but also offers life education and works to build children's self-confidence.

Activity/Event

The group recruits underprivileged children and young people for drum teams and holds end-of-year performances, giving the children a stage on which to shine. Each week, Yuanta volunteers help students with their studies.

Gospel and Welfare Association

Primary Reason for Selection

Provides assistance across ethnic groups, helping improve employment rates among local underprivileged women and assisting underprivileged students with education.

Activity/Event

Trains underprivileged women to serve as counselors to help underprivileged students with lessons and promote reading education.



▲ The Foundation works with FJU's Center of Care Services for Rural Area Education in Taiwan and Jiesshou Junior high School to hold summertime classes, offering 96 junior high students from Taoyuan City's Fuxing District the chance to spend three weeks studying practical, interesting topics.



Taiwan Foundation for the Blind

Primary Reason for Selection

There is a relative lack of resources for the physically disabled, and a strong need for them.

Activity/Event

Purchasing dual-view Braille printing equipment and setting up an online library for the visually impaired, with Yuanta volunteers donating picture books and helping create text files for the books to expand reading and learning resources for the visually impaired.



Sinsiang Inter-community Association

Primary Reason for Selection

1. Focused on building community and a diverse range of courses.
2. Experienced teachers who serve the organization with a degree of scope.

Activity/Event

Themed courses are held every Saturday, including cooking classes, film appreciation and discussion classes, guitar and urban dance classes, and workplace visits.

Tayax Village Ecological Cultural Industry and Leisure Development Association, Jianshi Township, Hsinchu County

Primary Reason for Selection

1. A rich diversity of topics.
2. Promotes Aboriginal cultural identity and takes children to the city to explore and experience it.

Activity/Event

Classes in Atayal culture (aimed at village women and general students), experiences for families (including jam-making and cooking classes), classes in environmental protection and health, and promotion of weaving culture

More

"Dream Big - Yuanta Dreams Come True Project" website: <http://www.in-harmony.com.tw/dreambig>



Public Welfare and Giving Back to Society

413-1

"Care, care, and care again!" That is the core spirit of the Foundation's charitable efforts. We believe that education is the cornerstone of achieving dreams and improving lives, and as such we strive to help underprivileged groups in our society

learn and grow, particularly through providing educational opportunities to children in remote rural areas. Through such community services, the Group also takes action to be a good neighbor.



Sisters Of the Sacred Heart of Mary

Primary Reason for Selection

Focused on serving the elderly, via its elderly magician program this organization gives elderly people a center in their lives and offers young students in remote rural areas or suffering serious illnesses chances to attend performances.

Activity/Event

Helping train elderly people in performing magic tricks and sending them out to remote schools, kindergartens, and pediatric hospitals, Yuanta volunteers are on site at performances to make balloon animals and help make these disadvantaged children happy.

Yunlin County Zhanghu Environmental Elementary and Junior High School

Primary Reason for Selection

With thorough plans and clear goals, this school trains underprivileged students in teamwork and helps create self-confidence.

Activity/Event

The school's Ride and Read Project gives the children concrete experience in going beyond their perceived limitations.



New Taipei Municipal Haishan High School

Primary Reason for Selection

1. A fully operational program linked with Yuanta's wealth management professionals.
2. Math teachers have formed a volunteer team that uses online educational videos to help students in need get access to a wealth of course resources via the Internet, as well as offering chances for them to ask questions online.

Activity/Event

Yuanta volunteers have helped film math education videos.



(1) Caring for Children and Young People

- The "Yuanta Happy Day" activity has entered its fifth year, and has grown from a once-yearly activity to being held once in northern, central, and southern Taiwan to give children across Taiwan the chance to benefit. In 2016, 35 charitable groups and schools were invited to take part, alongside 263 volunteers from our employees and members of their families. A total of 934 children participated, and over the past five years, over 2,200 children have benefitted from the activity. [More](#)
- As the exclusive sponsor of the 2016 Taiwan Fund for Children and Families Self-reliant Kids Award, we have helped select 23 outstanding performers out of over 50,000 economically disadvantaged children to recognize their strength and self-reliance. [More](#)
- Sponsoring the Family Support Center's "Winter Warmth" activity, we provide needed supplies, serving as a sponsor for 7 Family Support Center locations and helping a total of 1,410 underprivileged families across Taiwan. [More](#)



(2) Caring for Hualien and Taitung

- For six consecutive years, we have sponsored the Taiwan Aboriginal Baseball Development Association's "Care Cup" competition. A total of 48 teams and 900 people participated in 2016's 23rd Care Cup, with 86 matches held in Taitung. Over the past six years, we have provided support to over 5,000 children. [More](#)
- For 11 consecutive years, we have sponsored the Hualien Mennonite Christian Hospital's Chinese New Year Meals and Mid-Autumn Festival activities, providing support to elderly people of eastern Taiwan. In 2016, 28 Yuanta volunteers took part to help out 1,150 people; over the past 11 years, we have served over 7,000 people. [More](#)
- For six consecutive years we have sponsored Kids' Bookhouse in Taitung, hiring local youth to serve as teaching assistants and helping the children of some 300 economically disadvantaged families; over the past six years, we have helped over 900 children. [More](#)
- For the past three years, we have assisted the Mandarin Daily News' "Delivering Newspapers to the Mountains" project, working with 18 elementary and junior high schools in Hualien and Taitung to promote newspaper reading in education. In 2016, a total of 33 classes and 458 people took part, and to date, we have helped brighten the lives of over 200,000 rural students. [More](#)



(3) Caring for Rural Communities

- We continue to sponsor the National Taiwan Science Education Center's "Edison Adventure" philanthropic educational activity, which aims to help underprivileged children get involved in science education. In 2016, we sponsored a total of 300 students, and so far more than 20,000 children have benefitted from the project. [More](#)



▲ The Foundation sponsors students from Zhuyuan Elementary, in Chiayi County's Lucao Township, for their participation in the "Edison Adventure," a philanthropic educational activity that gives the young students their first chance to step into a laboratory and learn the principles of physics through hands-on activities.

◀ After the instructor introduces the relevant concepts, the students get to put them to use making their own airplanes.

(4) Promoting Health and Well-Being

- Yuanta's blood donation drives have entered their sixth year. In 2016, the Group held a total of 3 "Yuanta Blood Donation Days," with 163 volunteers and 1,691 donors participating and resulting in 2,316 bags of blood donated. Over the six years, we have donated a total of 7,270 bags of blood. [More](#)
- As exclusive sponsors of the 2016 New Taipei City Yonghe Charity Road Race, we donated NT\$50 for each of the 3,000 participants for a total of NT\$150,000, all of which was given to Rong-Guang Social Welfare Institution. [More](#)





(5) Caring for the Community

- On 30 January and 20 February 2016, a total of 58 staff members spontaneously formed volunteer groups and went out into Fucheng Borough, in which our headquarters are located, to undertake community cleaning and help residents check their blood pressure. [More](#)
- Built around the theme of loving the Earth and enjoying simplicity through plastic reduction, in 2016 staff in central and southern Taiwan participating in Yuanta Family Day and Yuanta Volunteer Day organized an activity in which 72 volunteers from various subsidiaries led 1,513 staff and family members took part. For this, they provided support to small farmers' markets and their environmentally friendly products by purchasing healthy food and reducing their use of plastic bags, thus doing their part to help the environment. [More](#)



(6) Working with NGOs/NPOs

- In 2016, for its 14th year, the National Annual Meeting of Educational Foundations took as its theme "No Boundary," bringing together 33 foundations and 400 participants to unite them and bring together a broader range of philanthropic energies across fields of interest. [More](#)
- For three years running, we have gotten behind charity bake sales, donating \$100 for each cake purchased to the Down Syndrome Foundation ROC. In 2016, a total of 1,000 cakes were purchased, with the resulting donations given to our long-time charitable partners, along with, via the National Immigration Agency, donations to families of recent immigrants in Greater Taipei and to underprivileged families via nine other social welfare organizations including the Fu Jen Catholic University Center of Care Services for Rural Area Education. [More](#)
- In 2016, we worked to provide warmth to those in need during the year-end holiday season through cooperation with Hondao Senior Citizen's Welfare Foundation and Huashan Social Welfare Foundation. These efforts have run for 13 consecutive years, distributing needed items to a total of 5,200 households with elderly residents. [More](#)
- Our sponsorship of the Taipei Philharmonic Foundation for Culture and Education's "Sistema Taiwan Philanthropic Music Education Project" has entered its second year, and by bringing together musicians and social service in schools in Taiwan's urban margins, we help bring hope and opportunity to a total of 120 children in 23 elementary schools and 3 junior high schools. [More](#)
- Beginning in June 2011, we have held monthly Yuanta Public Interest Lectures, giving more people the means to understand underprivileged groups in need of our attention in society. Over the past six years, we have invited 62 charity partners to share their experiences with over 7,000 members of the community. [More](#)



▲ The Yuanta Cultural and Educational Foundation also holds Yuanta Public Interest Lectures, inviting popular speakers like presenter Claudia Lin (third from right), agriculturalist Yang Ju-men (third from left), and ELIV founder Kevin Chen (second from left) to share their life experiences and stories. Here, we see the three together with the Foundation deputy chief executive, Cao Xiuyun (sec-ond from right).

Note: Clicking More will open your web browser and download these cases' results reports, which contain further details (available in read-only PDF format).

Awarding Academia and Training Talent

FS16

Yuanta is committed to training financial professionals, creating a pool of talent through internships, scholarships, and academic competitions, over the past 10 years, we have helped cultivate some 160 college students of finance. By actively 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.

(1) Cultivating Talent

- In the 10 years since the 2007 founding of the Yuanta Cup, its combination of case studies and competition has helped create academic value. In 2016, participants from nine national universities across Taiwan took part in the event, with the winning team receiving a prize of \$325,000 which was donated to 10 charitable groups, creating a win-win situation for competitors, organizers, and charitable groups. [More](#)
- Since 2007, the Foundation has worked with Yuanta Financial Holdings to run the Graduate Student Summer Research Scholarship Program, giving students practical experience to complement their specialist foundation and helping connect them to the industry. Over the past 10 years, 160 students of finance have gone through the program, producing 160 research papers, with several outstanding students joining the Group and becoming members of the Yuanta family. [More](#)
- Following the President Educational Award system, in 2016 Yuanta offered, for the first time, the Yuanta Scholarship for "Outstanding Talent from Poverty", with a total of 59 promising students from 14 senior high schools and eight tertiary institutes each receiving scholarships of \$200,000. This helps these students better focus on their studies and, in the future, become talented people capable of helping society. [More](#)



(2) Academic Research

- As exclusive sponsors of the Chinese Business Case Research Cooperation Framework Program jointly headed by National Taiwan University's College of Management and the Renmin University of China School of Business, over the past five years, we have aided in the production of 68 cross-strait case studies of large-scale business operations. [More](#)
- We are long-time sponsors of the Accounting Elite Cup Debate Competition, which has been held since 2008 by the Accounting Research and Development Foundation and Accounting Research Monthly. In 2016, the 28th competition was held, with a total of 29 debates taking place and over 300 students participating; over the past nine years, over 200 debates have taken place and over 2,500 students have participated. [More](#)
- We sponsor the International Conference of Taiwan Finance Association, which in 2016 was held on the theme "Finance and a Beautiful Society," with almost 160 finance scholars and industry stars from Taiwan and abroad invited to participate in the 26 academic conferences held. 96 papers were presented, 3 practical lectures were held, and 1 educational case study undertaken, attracting some 600 scholars, experts, industry stars, students, and instructors to listen and learn. [More](#)



(3) Industry-Academia Exchange

- For seven years we have been sponsors of the Taiwan Corporate Governance Association's International Corporate Governance Summit, which has entered its 12th year. In 2016, the theme of the conference was "Creating a New Phase of Competitiveness in Taiwan," with 400 people participating. Over the seven years of our sponsorship, over 2,500 people have attended the conference. [More](#)

Note: Clicking More will open your web browser and download these cases' results reports, which contain further details (available in read-only PDF format).



Safe Societies and Learning the Law

The Foundation is passionate about philanthropic work and is dedicated to the belief that the power of change starts with concern. We spare no efforts in our care and rehabilitation work, and, with a focus on caring for the community, we strive to raise awareness of the importance of learning the law among the general public through promoting education and working with legal and educational organizations to promote drug awareness on campuses.

(1) Former Inmate Rehabilitation and Protection

- At the 71st Rehabilitation and Protection Celebration, we were honored by the Ministry of Justice as an "Accomplished Group in the Promotion of Rehabilitation and Protection." [More](#)



(2) Anti-Drug Activities

- Working together with legal and educational organizations, in November 2012 we launched the "Saving Faust Program," an anti-drug propaganda drive that in 2016 toured 123 junior high schools, presenting to a total audience of over 80,000 children. As of the end of 2016, the program had already toured some 433 schools across Taiwan, reaching almost 310,000 students. [More](#)



(3) Protecting Children and Young People

- We have taken action to support the Taiwan Fund for Children and their Families' Child Protection 2016 launch press conference, as well as sponsoring their child protection advertising in Wealth Magazine and The Journalist magazines to help raise awareness and visibility of child protection efforts. [More](#)

Note: Clicking More will open your web browser and download these cases' results reports, which contain further details (available in read-only PDF format).



Appendix 102-55

INDEPENDENT ASSURANCE OPINION STATEMENT

Yuanta Financial Holdings 2016 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 scope is consistent with the description of Yuanta Financial Holdings 2016 Corporate Social Responsibility Report.
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 2016 Yuanta Financial Holdings Corporate Social Responsibility Report provides a fair view of the Yuanta Financial Holdings CSR programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the FFHC and the sample taken. We believe that the 2016 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 of 'in accordance' with the GRI Standards (2016): the Core option were fairly stated..

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- 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.
- 54 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 Standards (2016) is set out below:

Inclusivity

This report has reflected a fact that Yuanta Financial Holdings is continuously seeking the engagement of its stakeholders. The participation of stakeholders has been continuously 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.

Materiality

Yuanta Financial Holdings has published sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the Yuanta Financial Holdings's material issues.

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 standards

Yuanta Financial Holdings provided us with their self declaration of 'in accordance' with the GRI Standards (2016): the Core option (at least one disclosure related to each identified material topic). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures 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 CSR procedures and programs as to correspond the updated relative 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 CEO 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:

Managing Director BSI Taiwan
2017-04-25

bsi.

 AA1000
Licensed Assurance Provider
000-4

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**GRI Standards Disclosure Index
(including G4 Sector Disclosure—Financial Services)**

GRI 101 Foundation 2016 (GRI 101 does not include any disclosures)				
GRI 102 : General Disclosures 2016				
Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Organizational profile				
【Core】102-1 Name of the organization	G4-3	About this Report	1	
		4.2	18	
【Core】102-1 Name of the organization	G4-4 G4-PR6	4.2 4.7	18 - 28	
【Core】102-3 Location of headquarters	G4-5	4.2	18	
【Core】102-4 Location of operations	G4-6	4.2	18	
【Core】102-5 Ownership and legal form	G4-7	4.2	18	
【Core】102-6 Markets served	G4-8	4.7	28	
【Core】102-7 Scale of the organization	G4-9	4.2 4.7	18 - 28	
【Core】102-8 Information on employees and other workers	G4-10	7.1	55	102-8-b, b.Total number of employees by employment contract (permanent and temporary), by region. 【Confidentiality constraints】 In our employment of staff in overseas regions we are constrained by the various local protocols regarding confidentiality, and as a result we can only disclose information on gender and total numbers of overseas staff in our reports.
【Core】102-9 Supply chain	G4-12	6.2	49	
【Core】102-10 Significant changes to the organization and its supply chain	G4-13	4.2 6.2	18 - 49	
【Core】102-11 Precautionary Principle or approach	G4-14	4.4 4.6	24 - 26	
【Core】102-12 External initiatives	G4-15	3.5	15	
【Core】102-13 Membership of associations	G4-16	3.5	15	
Strategy				
【Core】102-14 Statement from senior decision-maker	G4-1	1.A Message from the Chairman	3	
Ethics and integrity				
【Core】102-16 Values, principles, standards, and norms of behavior	G4-56	4.6	26	
Governance				
【Core】102-18 Governance structure	G4-34	4.3	20	
Stakeholder engagement				
【Core】102-40 List of stakeholder groups	G4-24	3.1	7	
【Core】102-41 Collective bargaining agreements	G4-11	7.3	62	
【Core】102-42 Identifying and selecting stakeholders	G4-25	3.1	7	
【Core】102-43 Approach to stakeholder engagement	G4-26 G4-PR5	3.1 5.5	7 - 44	
【Core】102-44 Key topics and concerns raised	G4-27 G4-PR5	3.1 5.5	7 - 44	

Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Reporting practice				
【Core】102-45 Entities included in the consolidated financial statements	G4-17	4.2 4.7	18 - 28	
【Core】102-46 Defining report content and topic Boundaries	G4-18	3.2	9	
【Core】102-47 List of material topics	G4-19	3.2	9	
【Core】102-48 Restatements of information	G4-22	About this Report	1	
【Core】102-49 Changes in reporting	G4-23	3.2	9	
【Core】102-50 Reporting period	G4-28	About this Report	1	
【Core】102-51 Date of most recent report	G4-29	About this Report	1	
【Core】102-52 Reporting cycle	G4-30	About this Report	1	
【Core】102-53 Contact point for questions regarding the report	G4-31	About this Report	1	
【Core】102-54 Claims of reporting in accordance with the GRI Standards	G4-32-a	About this Report	1	
【Core】102-55 GRI content index	G4-32-b	About this Report Appendix	1 - 81	
【Core】102-56 External assurance	G4-32-c G4-33	About this Report	1	

Topic-specific Disclosures (including G4 Sector Disclosure—Financial Services)				
Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Material Topics: Economic Performance				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 4.7 8.2	9 - 28 - 68	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 4.7 Commitments 4.7 Goals and targets 4.7 Responsibilities 4.7 Resources 4.2 Grievance mechanisms 3.1 Specific actions 3.5 4.7 8.2	7 - 15 - 18 - 28 - 68	
103-3 Evaluation of the management approach	G4-DMA-c	4.7 8.2	28 - 68	



Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
GRI 201: Economic Performance 2016				
201-1 Direct economic value generated and distributed	G4-EC1	4.2 4.7 8.2	18、28、68	201-1-b. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance. 【Information unavailable】 While at present Taiwan remains our main operating base, in recent years, in line with Taiwanese governmental policies such as the New Southbound Policy and other liberalizations, we have gradually expanded our presence in overseas markets. However, the results of our overseas reinvestments remain to be demonstrated, and the primary focus of our resource allocation and management remains Taiwan, and as such operating performance information is still listed in our consolidated financial statements. At present we continue to wait for our overseas reinvestment companies' economic performance to grow to the necessary scope, at which point we will be able to establish the relevant performance information.
201-2 Financial implications and other risks and opportunities due to climate change	G4-EC2	5.3	37	
201-4 Financial assistance received from government	G4-EC4	4.7 Company did not obtain government subsidies from 2013 to 2016.	28	
Material Topics: Anti-corruption				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 4.6	9、26	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 4.6 Commitments 4.6 Goals and targets 4.6 Responsibilities 4.6 Resources 4.6 Grievance mechanisms 3.1 Specific actions 4.6	7、26	
103-3 Evaluation of the management approach	G4-DMA-c	4.6	26	
GRI 205 : Anti-corruption 2016				
205-2 Communication and training about anti-corruption policies and procedures	G4-SO4	4.6 6.2	26、49	
205-3 Confirmed incidents of corruption and actions taken	G4-SO5	4.6	26	

Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Material Topics: Effluents and Waste				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 6.1 6.Environmental Sustainability	9、47 47	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 6.1 Commitments 6.1 Goals and targets 6.1 Responsibilities 6.1 Resources 6.2 Grievance mechanisms 3.1 Specific actions 6.1	7、47、49	
103-3 Evaluation of the management approach	G4-DMA-c	6.1	47	
GRI 306 : Effluents and Waste 2016				
306-2 Waste by type and disposal method	G4-EN23	6.1	47	
Material Topics: Employment				
Material Topics: Labor/Management Relations				
Material Topics: Occupational Health and Safety				
Material Topics: Training and Education				
Material Topics: Diversity and Equal Opportunity				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 7.1	9、55	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 7.1 Commitments 7.1 Goals and targets 7.1 Responsibilities 7.1 Resources 7.1 Grievance mechanisms 3.1 Specific actions 7.1	7、55	
103-3 Evaluation of the management approach	G4-DMA-c	Listed in material topics	55、59、62、64、66	
GRI 401 : Employment 2016				
401-1 New employee hires and employee turnover	G4-LA1	7.1	55	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	G4-LA2	7.3	62	
401-3 Parental leave	G4-LA3	7.4	64	



Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
GRI 402 : Labor/Management Relations 2016				
402-1 Minimum notice periods regarding operational changes	G4-LA4	7.3	62	
GRI 403 : Occupational Health and Safety 2016				
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	G4-LA6	7.4	64	a. The absentee rate (AR) for all employees, with a breakdown by region 【Information unavailable】 The total number of days of absence is a sum for the entirety of the Group's staff, and as the system does not currently distinguish between regions, this year we are unable to provide absentee rates broken down by region.
403-3 Workers with high incidence or high risk of diseases related to their occupation	G4-LA7	7.4	64	
GRI 404 : Training and Education 2016				
404-1 Average hours of training per year per employee	G4-LA9	7.2	59	
404-2 Programs for upgrading employee skills and transition assistance programs	G4-LA10	7.2 7.5	59 - 66	
404-3 Percentage of employees receiving regular performance and career development reviews	G4-LA11	7.5	66	
GRI 405 : Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	G4-LA12	4.3 7.1	20 - 55	
405-2 Ratio of basic salary and remuneration of women to men	G4-LA13	7.3	62	
Material Topics: Local Communities				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 8.1	9 - 67	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 8.1 Commitments 8.1 Goals and targets 8.1 Responsibilities 8.1 Resources 8.1 Grievance mechanisms 3.1 Specific actions 8.1	7 - 67	
103-3 Evaluation of the management approach	G4-DMA-c	8.1	67	
GRI 413 : Local Communities 2016				
413-1 Operations with local community engagement, impact assessments, and development programs	G4-SO1	8.2	68	
413-2 Operations with significant actual and potential negative impacts on local communities	G4-SO2	The company's locations are all in metropolitan areas; it does not have any negative impact on local communities.	--	

Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Sector specific Guidance for Management Approach Disclosures				
FS13 Access points in low-populated or economically disadvantaged areas by type		5.3	37	
FS14 Initiatives to improve access to financial services for disadvantaged people		5.1 5.3	33 - 37	
Material Topics: Marketing and Labeling				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 5.4	9 - 41	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 5.4 Commitments 5.4 Goals and targets 5.4 Responsibilities 5.4 Resources 4.2 Grievance mechanisms 3.1 Specific actions 5.4	7 - 18 - 41	
103-3 Evaluation of the management approach	G4-DMA-c	5.4	41	
GRI 417 : Marketing and Labeling 2016				
417-1 Requirements for product and service information and labeling	G4-PR3	5.4	41	
417-2 Incidents of non-compliance concerning product and service information and labeling	G4-PR4	5.4	41	
417-3 Incidents of non-compliance concerning marketing communications	G4-PR7	5.4	41	
Sector specific Guidance for Management Approach Disclosures				
FS15/ Management Approach Disclosures Policies for the fair design and sale of financial products and services		5.4	41	
FS16/ Management Approach Disclosures Initiatives to enhance financial literacy by type of beneficiary		5.1 5.4 7.1 8.1	33 - 41 - 55 - 67	
Material Topics: Customer Privacy				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 5.5	9 - 44	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components Policies 5.5 Commitments 5.5 Goals and targets 5.5 Responsibilities 5.5 Resources 4.2 Grievance mechanisms 3.1 Specific actions 5.5	7 - 18 - 44	
103-3 Evaluation of the management approach	G4-DMA-c	5.5	44	



Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
GRI 418 : Customer Privacy 2016				
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	G4-PR8	5.5	44	
Material Topics: Product Portfolio (Sector specific topics)				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 5.3	9 - 37	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components	7 - 18 - 37	
		Policies		5.3
		Commitments		5.3
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103-3 Evaluation of the management approach	G4-DMA-c	5.3	37	
Sector specific Guidance for Management Approach Disclosures				
FS1/ Management Approach Disclosures Policies with specific environmental and social components applied to business lines		5.2 5.3	37	
FS2/ Management Approach Disclosures Procedures for assessing and screening environmental and social risks in business lines		5.2	37	
FS3/ Management Approach Disclosures Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		5.3	37	
FS4/ Management Approach Disclosures Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		3.3 4.2	11 - 18	
FS5/ Management Approach Disclosures Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities		3.1 6.2	7 - 49	
FS6 Percentage of the portfolio for business lines by specific region, size(e.g. micro/SME/large) and by sector.		4.2	18	
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose		5.1 5.3	33 - 37	
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		5.1 5.3	33 - 37	

Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Material Topics: Audit (Sector specific topics)				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 4.4	9 - 24	
103-2 The management approach and its components	G4-DMA-b	Section regarding management approach and its components	7 - 24	
		Policies		4.4
		Commitments		4.4
		Goals and targets		4.4
		Responsibilities		4.4
		Resources		4.4
		Grievance mechanisms		3.1
		Specific actions		4.4
103-3 Evaluation of the management approach	G4-DMA-c	4.4	24	
Sector specific Guidance for Management Approach Disclosures				
FS9/ Management Approach Disclosures Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures		4.4	24	
Material Topics: Active Ownership (Sector specific topics)				
GRI 103 : Management Approach 2016				
103-1 Explanation of the material topic and its Boundary	G4-DMA-a	3.2 4.5	9 - 26	
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		Goals and targets		3.1
		Responsibilities		4.5
		Resources		3.1
		Grievance mechanisms		3.1
		Specific actions		4.5
103-3 Evaluation of the management approach	G4-DMA-c	--	--	a. An explanation of how the organization evaluates the management approach 【 Information unavailable 】 In June 2016 the TWSE Corporate Governance Center issued the Stewardship Code for Institutional Investors, to which Yuanta became a signatory that November. Now this code has been incorporated into relevant lines of business, we await long-term results in order to carry out an evaluation of the code's efficacy, and thus at present we have no evaluation mechanism in place for this.



Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Sector specific Guidance for Management Approach Disclosures				
FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	--	--	--	【Information unavailable】 In June 2016 the TWSE Corporate Governance Center issued the Stewardship Code for Institutional Investors, to which Yuanta became a signatory that November. At present, we have no relevant cases, however any situations will be fully and regularly disclosed on our website.
FS11 Percentage of assets subject to positive and negative environmental or social screening.	5.3		37	
FS12/Management Approach Disclosures Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	4.5		26	

GRI Standards Voluntary Disclosures and GRI G4 Content Index

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102-15 Key impacts, risks, and opportunities	G4-2	4.7	28	
Ethics and integrity				
102-17 Mechanisms for advice and concerns about ethics	G4-57 G4-58	4.6	26	
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102-19 Delegating authority	G4-35	3.3	11	
102-20 Executive-level responsibility for economic, environmental, and social topics	G4-36	3.3	11	
102-21 Consulting stakeholders on economic, environmental, and social topics	G4-37	4.3	20	
102-22 Composition of the highest governance body and its committees	G4-38	4.3	20	
102-23 Chair of the highest governance body	G4-39	4.3	20	
102-24 Nominating and selecting the highest governance body	G4-40	4.3	20	
102-25 Conflicts of interest	G4-41	4.3	20	
102-26 Role of highest governance body in setting purpose, values, and strategy	G4-42	4.3	20	
102-27 Collective knowledge of highest governance body	G4-43	4.3	20	
102-28 Evaluating the highest governance body's performance	G4-44	4.3	20	
102-29 Identifying and managing economic, environmental, and social impacts	G4-45	4.4	24	
102-30 Effectiveness of risk management processes	G4-46	4.4	24	
102-31 Review of economic, environmental, and social topics	G4-47	4.3	20	
102-32 Highest governance body's role in sustainability reporting	G4-48	3.3	11	
102-35 Remuneration policies	G4-51	4.3	20	
102-36 Process for determining remuneration	G4-52	4.3	20	
102-37 Stakeholders' involvement in remuneration	G4-53	7.3	62	

Disclosures	G4 Indicators	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)
GRI 201 : Economic Performance 2016			
201-3 Defined benefit plan obligations and other retirement plans	G4-EC3	7.3	62
GRI 305 : Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	G4-EN15	6.3	51
305-2 Energy indirect (Scope 2) GHG emissions	G4-EN16	6.3	51

UN Sustainable Development Goals(SDGs)

SDGs	Business Theme	Corresponding GRI Standards Disclosures	Related Report Section(s) and Explanatory Notes	Page(s)
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	Economic inclusion	103-2	3.1 3.5 4.2 4.7 8.2	7、15、18、28、68
2 Infrastructure	Infrastructure investments	201-1	4.2 4.7 8.2	18、28、68
	Air quality	305-1 305-2	6.3	51
	Spills	306-2	6.1	47
3 Good Jobs and Economic Growth	Occupational health and safety	403-2 403-3	7.4	64
	Education for sustainable development	102-27	4.3	20
	Employee training and education	404-1	7.2	59
5 Gender Equality	Economic inclusion	103-2	3.1 7.1	7、55
	Equal remuneration for women and men	405-2	7.3	62
	Gender equality	401-1 404-1 404-3 405-1	4.3 7.1 7.2 7.5	20、55、59、66
	Infrastructure investments	201-1	4.2 4.7 8.2	18、28、68
	Parental leave	401-3	7.4	64
6 Clean Water and Sanitation	Women in leadership	102-22 102-24 405-1	4.3 7.1	20、55
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	Water-related ecosystems and biodiversity	306-2	6.1	47
7 Affordable and Clean Energy	Infrastructure investments	201-1	4.2 4.7 8.2	18、28、68
	Access to financial services	FS6 FS7 FS13 FS14 FS16	4.2 5.1 5.3 5.4 7.1 8.2	18、33、37、41、55、68
8 Decent Work and Economic Growth	Diversity and equal opportunity	405-1	4.3 7.1	20、55
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	Freedom of association and collective bargaining	102-41	7.3	62

SDGs	Business Theme	Corresponding GRI Standards Disclosures	Related Report Section(s) and Explanatory Notes	Page(s)
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	Access to financial services	FS7 FS13 FS14 FS16	5.1 5.3 5.4 7.1 8.2	33 - 37 - 41 - 55 - 68
	Equal remuneration for women and men	405-2	7.3	62
	Responsible finance	FS1 FS2 FS4 FS5 FS9 FS11 FS15	3.1 3.3 4.2 4.4 5.2 5.3 5.4 6.2	7 - 11 - 18 - 24 - 37 - 41 - 49
	Access to affordable housing	FS7	5.1 5.3	33 - 37
	Air quality	305-1 305-2	6.3	51
	Environmental investments	103 305 306	3.1 6.1 6.3	7 - 47 - 51
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	Environmental investments	103 305 306	3.1 6.1 6.3	7 - 47 - 51
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Note: This table lays out links between SDGs and GRI indicators in line with the UN and the SDG Compass Inventory of Business Indicators jointly developed by GRI and the World Business Council for Sustainable Development.

ISO 26000 Social Responsibility

Category	Core Subjects and Issues	Related Report Section(s) and Explanatory Notes	Page(s)
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	Discrimination and vulnerable groups	7.2	59
	Civil and political rights	4.6	26
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Labor practices	Employment and employment relationships	7.1	55
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	Protection of the environment, biodiversity and restoration of natural habitats	6.1	47
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Category	Core Subjects and Issues	Related Report Section(s) and Explanatory Notes	Page(s)
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Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Report by TWSE Listed Companies—Finance and Insurance Table

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Chapter 2 Exercising Corporate Governance	3.Material Topics Identifications and Management 4.Corporate Governance in Practice.
Chapter 3 Fostering a Sustainable Environment	6.Environmental Sustainability
Chapter 4 Preserving Public Welfare	5.Customer Service 7.Happy Workplaces 8.For the Common Good
Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information	3.Material Topics Identifications and Management 4.Corporate Governance in Practice
Chapter 6 Supplementary Provisions	3.Material Topics Identifications and Management

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

Rules	Related Report Section(s)
1. Within the scope of the listed companies' financial products or services agreements or transactions, processes for encouraging and paying attention to their clients' or other counterparties' compliance with environmental and social requirements and how reasonable conditions are being followed.	5.Customer Service
2. Number of employees in non-supervisory positions, annual employee benefit expenses and difference comparing to those of the preceding year.	6.Environmental Sustainability



Yuanta Financial Holdings