



元大金控

*Yuanta
Financial Holdings*



ESG

REPORT 2021





ESG
REPORT 2021



About This Report

Looking back to 2021, the world was still in the midst of the COVID-19 outbreak. In addition, the international political and economic situation has changed rapidly and the financial market was highly volatile. The Company continues to adopt prudent and stable operating principles and adjusts its execution direction in a timely manner in response to external changes. Looking ahead, we will continue to focus on environmental, social and corporate governance (ESG) enhancement and work towards sustainable development of the Company.

Reporting Period

Yuanta Financial Holdings issues non-financial information reports every year and published the “Yuanta Financial Holdings 2021 ESG Report” in June 2022 (Starting from 2021, the name of the Yuanta Financial Holdings CSR report was changed to the ESG Report / hereafter referred to as this report). This ESG Report is available in Chinese and English, and both versions can be accessed from the ESG section of the Yuanta Financial Holdings website. This report covers Group performance in 2021 (January 1, 2021 to December 31, 2021) in three ESG dimensions—environmental, social, and corporate governance—as well as the management of the Group and its response to material issues.

Report Boundaries and Scope

The organizational boundaries of this report are set based on consolidated reporting principles and cover Yuanta Financial Holdings and our eight subsidiaries. The report’s scope of disclosure is primarily focused on Taiwan-based operations and activities. If there is any re-editing or special disclosure requirement of information, the scope definition and calculation methods will be indicated in the relevant data and sections.

All financial figures within this report are calculated in New Taiwan Dollars (TWD). All calculations adhere to international standards.

Within this report, “the Company” shall refer to Yuanta Financial Holdings, while “the Group” shall encompass Yuanta Financial Holdings and all eight subsidiaries (including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta

Futures, Yuanta Venture Capital, Yuanta Asset Management, and Yuanta Securities Investment Consulting), and “the Foundation” shall refer to the Yuanta Cultural and Educational Foundation.

The previous report was issued in June 2021.

Report Authoring Principles

Sustainability

Compliance Standards

- GRI Standards Core Option
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Reports by TWSE Listed Companies
- Integrated Report (IR) Framework
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards—Investment Banking and Brokerage
- Task Force on Climate-Related Financial Disclosures (TCFD)

Financial

Compliance Standards

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

Environmental

Compliance Standards

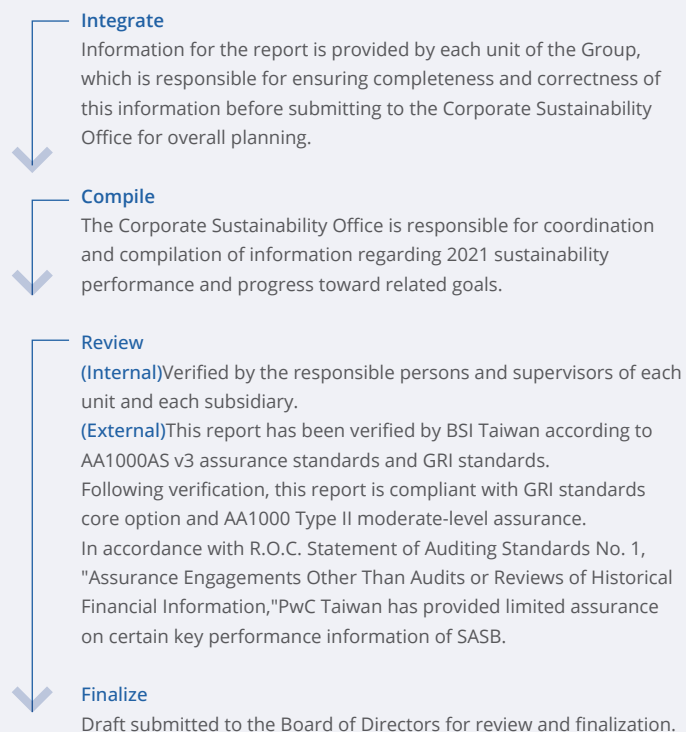
- ISO 14001 / ISO 14046 / ISO 14064-1
- ISO 20400 / ISO 50001

Social

Compliance Standards

- ISO 45001 / ISO 26000 / ISO 27001 / ISO 45005

Report Quality Management Process



Yuanta Financial Holdings - The Corporate Sustainability Office

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A Word from the Chairman

In 2021, the COVID-19 epidemic was still ongoing and causing social and economic turmoil around the world. In addition, natural disasters caused by extreme climate change have also alerted us to the threat and impact that climate change has on human beings. The importance of ESG (Environmental, Social and Governance) has become a global consensus.

On World Earth Day, April 22, 2021, Taiwan announced it was joining the ranks of 2050 net zero emissions community. As a corporate citizen, Yuanta is actively reducing greenhouse gas emissions and mitigating the impact of climate change. It has established Taiwan's first financial business location that uses 100% green electricity. We are committed to achieving 10% green power usage by 2023 and will follow the Science Based Targets' (SBT) carbon reduction targets and set up emission reduction strategies and pathways to align with the international trend of "net zero carbon emissions" .

The epidemic worsened in Taiwan in May, straining medical resources and severely overburdening healthcare workers. First to see the needs of the community, Yuanta donated NT\$160 million to the frontline medical system and worked with suppliers to create more than 1,000 kits with quarantine supplies to give students peace of mind at school. We also prepared ample materials for frontline employees at each branch and provided an epidemic allowance of NT\$10,000 to maintain uninterrupted financial operations to put the hearts and minds of employees at ease. Yuanta implemented a meticulous epidemic prevention strategy and established a standardized workflow, becoming the first financial institution in Taiwan to be certified under the ISO 45005 General Guidelines for work safety during an epidemic, helping the government to play a stabilizing role in stabilizing people's lives.

Despite the impact of the epidemic on the global economy, the Company demonstrated operational resilience, post-tax net income of NT\$34.866 billion, EPS of NT\$2.87, and ROE of 13.35%, representing a 44.6% increase in profitability. For three consecutive years, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Markets Index and the World Index, ranking first in the world in the category of diversified financial services and capital markets. As an international sustainability benchmark company, Yuanta improves and adjusts the direction of ESG implementation on a rolling basis with full commitment from top to bottom, from board members to each employee, to achieve our goals efficiently and effectively.

The Company has followed the "Corporate Governance 3.0 - Sustainable Development Roadmap" to strengthen ESG information disclosure. The sustainability report employs both GRI and SASB standards and is third-party certified and accountant certified, so that the public can understand

Yuanta's sustainability information, which is provided to them with clarity and transparency. To implement ESG promotion, the Group has specified in the "Performance Management System" that the work objectives of senior managers must be linked to corporate sustainability-related business. Through the performance-linked reward system, the Group is able to achieve its sustainable development goals.

In terms of environmental sustainability, we are committed to reducing the impact of our operations on the environment through scientific and systematic environmental management and the introduction of relevant international standards to improve management efficiency. We are focusing on global climate change and carbon reduction issues, are promoting the Task Force on Climate-related Financial Disclosures (TCFD) with both risk and opportunity, and plan to publish a TCFD report in 2022. By introducing the Internal Carbon Pricing (ICP) mechanism, the external cost of greenhouse gas emissions has been internalized and the Group has taken a proactive role in reducing its carbon emissions, which has been recognized by domestic and international organizations.

Yuanta was awarded the "Highest Leadership Level A" of CDP (formerly Carbon Disclosure Project) and the "Silver Award" of the 3rd National Enterprise Environmental Protection Award.

In terms of social participation, Yuanta staff volunteer on their own initiative, with an average of one in five volunteering, demonstrating a high level of enthusiasm and social concern. The Group's long-term concern for disadvantaged groups and community organizations and groups has expanded the scope of public welfare care. 2021 charity activities help more than 100 organizations benefit more than six million people. We also invite our employees' families, suppliers and customers to join us in public service and environmental advocacy activities to expand our social impact.

With the spirit of "fulfilling your biggest dream" , Yuanta has adopted "DREAM" as its sustainable goal and has been practicing sustainable development in five major areas: corporate governance, customer rights, employee care, environmental sustainability, and social welfare. In 2021, we launched our second five-year sustainable development strategy roadmap, incorporating ESG concepts into our business strategy and actively working with stakeholders to call on all sectors to focus on sustainable development and work together with the economy, society and the environment to keep the Earth "spinning sustainably" and businesses running sustainably, so that together we can promote a better world for future generations.

Chairman,
Yuanta Financial Holdings

Tony Shen





Important Achievements and Sustainable Management Outcomes in 2021



CORPORATE GOVERNANCE

3rd consecutive year

Selected as a constituent stock of the Dow Jones Sustainability(DJSI) Emerging Markets Index and World Index

Diversified Financials industry group First place



S&P Global 「The Sustainability Yearbook 2021 Top 10%」



FTSE4Good

The 5th Consecutive Year

FTSE4Good Emerging Index constituent stock

The 4th Consecutive Year

FTSE4Good TIP Taiwan ESG Index constituent stock

The Asset ESG Corporate Awards —Jade Award

Taiwan Stock Exchange [Ranked 6%-20% in the Corporate Governance Evaluation](#)

Taiwan Corporate Governance Association
CG6012 (2019) [Corporate Governance Framework Assessment Certificate with High Distinction](#)
(Certificate valid for December 25, 2020 to December 24, 2022)

《Corporate Governance Asia Magazine》

[Asia's Best CEO \(Investor Relations\)](#) – President-Chien Weng

[Asia's Best CFO \(Investor Relations\)](#) – CFO Hsu-Shu Mai

[Best Investor Relations Professional](#) – Executive Vice President Ching-Tang Wu

[Best Investor Relations Company \(Taiwan\)](#)

《Global Banking & Finance Review》 [Best CSR Company Taiwan 2021](#)

《International Business Magazine》 [Best CSR Company Taiwan](#)

《SUSTAINALYTICS ESG RISK RATINGS》

[Investment Banking and Brokerage 1st in Asia 2nd in the world](#)

British Standards Institution (BSI) [Sustainability Resilience Award - Pilot Award](#)

《CommonWealth Magazine》 [CSR Corporate Citizenship Award TOP100](#)

《Wealth Magazine》 [Financial Holdings CSR Premium Award](#)

Taiwan Institute for Sustainable Energy

[Top 50 Taiwanese Companies Sustainability Award](#)

[Corporate Sustainability Report Awards – Silver Award](#)

[Climate Leadership Award](#)

[Growth Through Innovation Leadership Award](#)

[Talent Development Leadership Award](#)

[Creative Communication Leadership Award](#)





Important Achievements and Sustainable Management Outcomes in 2021

SOCIAL CO-PROSPERITY



2021 Bloomberg Gender-Equality Index (GEI)



HR ASIA Best Company to Work for in Asia



《GLOBAL VIEWS MONTHLY》
Corporate Social Responsibility Awards
Financial Industry Category- Excellent
Public Welfare Promotion Category- Excellent

ENVIRONMENT FRIENDLY



CARBON DISCLOSURE PROJECT (CDP)
Leaped forward to a Leadership level score of A



3rd Annual National Enterprises Environmental Protection Award R.O.C. (AEEPA) Silver Award

Taiwan Blood Services Foundation Outstanding Blood Donor Group for the 6th consecutive year

Ministry of Justice Group of Merit in Helping to Promote Rehabilitation and Protection

Ministry of Education 2021 Social Education Contribution Award

Ministry of Education Crystal Award for Donations to Educational Institutions

Ministry of Culture The 15th Wenxin Award - Silver Award



TAIWAN INSTITUTE FOR SUSTAINABLE ENERGY
Taiwan Sustainability Action Awards (TSAA)
Gold Award for Environmental Sustainability



Actions Taken in Response to COVID-19

In response to the COVID-19 outbreak, the Company activated the relevant crisis management mechanism. The Chairman of the Board of Directors, Tony Shen, is the convener of the “Group Epidemic Prevention and Business Continuity Response Team” and set up an epidemic prevention officer to hold regular epidemic prevention meetings in accordance with the “Severe and Special Infectious Pneumonia Contingency Management Guidelines” and to formulate the “Epidemic Prevention Contingency Emergency Plan” with reference to the epidemic prevention recommendations of the Department of Disease Control in Taiwan.

In order to comply with the latest government announcement on epidemic prevention and to effectively stop the spread of epidemic, the Company regularly updates the Group’s epidemic prevention guidelines and disseminates them to all employees for compliance. The epidemic prevention guidelines include global epidemic information collection, employee travel management, notification and medical assistance, promotion of employee epidemic prevention concepts, environmental disinfection, and other epidemic prevention measures to complete company-wide epidemic prevention preparations, and provide a safe workplace environment.

In order to implement systematic management of various epidemic prevention and control measures, we have also established a grading scale for group epidemic prevention and control measures based on the epidemic alert standards set by the government, and divided the epidemic prevention and control measures into categories such as personal protection, assembly activities, building management, personnel flow control and travel management, and clearly

regulated the epidemic prevention and control actions of each level.

After the local epidemic entered the Level 3 Alert, Yuanta Securities, a subsidiary of the Company, suspended the opening of its business offices as soon as possible to protect the safety of its customers and employees. In terms of material support for epidemic prevention, Yuanta Bank is the first bank in Taiwan to distribute isolation suits and protective masks to front-line staff at its operating locations in hot areas of the epidemic, and to prepare three months’ supplies of emergency epidemic prevention materials, including masks, alcohol and quick home screening tests, to provide the best logistical support for its employees. Since the beginning of the Level 3 Alert, the Company has activated the mechanism of off-site office, home office, and work-shift diversion to reduce the minimum manpower demand at the sales offices. In addition to wearing masks, implementing a physical contact system, and installing transparent partitions at the sales counters, we have also dispensed transparent masks and protective clothing to our front-line staff to ensure that

both employees and customers are properly protected.

Our employees are the most important assets of our Company, and we are aware of the psychological pressure that our front-line employees have been under since the outbreak of the epidemic. In order to encourage the front-line staff, the Company provided an epidemic prevention allowance of NT\$10,000 per person for the front-line staff including 146 branches of Yuanta Securities, 149 branches of Yuanta Bank and 5 head and branch offices of Yuanta Futures. We take practical actions to take care of our employees and their families to overcome the epidemic together.

Yuanta also has a standard notification procedure for confirmed cases. Through immediate reports and contingency measures provided by the government, we assisted in isolation and rapid screening, graded epidemic investigation, and operational site decontamination, while activating the operational backup plan to provide continuous care and necessary assistance to high-risk colleagues.



Epidemic prevention response actions

In order to manage and identify the risks associated with the COVID-19 pandemic and to help organizations respond quickly, Yuanta Financial Holdings and Yuanta Securities are the first financial institutions in Taiwan to implement ISO45005:2020 (General Guidelines for Safe Working during the COVID-19 Pandemic). Through the international standardized process, COVID-19 risk control and epidemic prevention measures are implemented throughout the Group to provide the highest standard of workplace safety services to every employee and customer. As the epidemic became more severe in 2021, more detailed plans and measures for uninterrupted operations were prepared. Please refer to the employee section “5.3.3 Employee Care”.

Donations to fight the epidemic

In May 2021, the COVID-19 epidemic in Taiwan became increasingly serious, causing a strain on medical resources and a severe physical and mental strain on health care workers. The frontline of epidemic prevention was on the verge of collapse. As a nationwide financial institution, the Group does not stand aloof from the situation. In addition to the NT\$100 million donation from the related subsidiaries of the Company, the majority shareholder, the Ma family invested company, donated NT\$60 million to the Yuanta Cultural and Educational Foundation, making a total donation of NT\$160 million. The recipients were the Ministry of Health and Welfare Hospital System, the National Taiwan University School of Medicine Hospital System, and the Veterans General Hospital System, which are the three major medical systems in Taiwan. Since Taipei was the hardest hit area at the time, the Ma family donated NT\$10 million to MacKay Memorial Hospital, one of the major isolation and response hospitals for infectious diseases in Taipei.

The donation was used for epidemic prevention, mainly for the emergency purchase of related medical equipment and direct medical care for front-line health care workers. We hope that through our support of the frontline medical system, we can inject tangible power into the prevention of the epidemic for the whole population and join hands with the government to fight against the epidemic. We hope to help Taiwan society get off the alert of the epidemic and return to normal life as soon as possible.



Prevention Kit

Many poor families have been hit by the epidemic and are less able to withstand the impact of risk due to low income from work. According to the Taiwan Fund for Children and Families, by the end of September 2021, nearly 9,000 families had been affected by the epidemic.

Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation have been investing in children’s care for a long time. As the epidemic gradually stabilizes in the second half of the year, people will have more opportunities to go out, and the demand for epidemic prevention materials will increase accordingly. At the same time, to help poor families cope with the impact of the epidemic, 51 suppliers have joined hands to create 1,050 sets of practical epidemic prevention kits, including medical masks for children, alcohol wipes and other epidemic prevention materials. The kits were donated to five of the Taiwan Fund for Children and Families service sites in Taipei City, New Taipei City, Taichung City and Kaohsiung City, which are located in densely populated areas, to help disadvantaged families with financial security, so that children can focus on their studies and live with peace of mind.



■ Negative pressure isolation cabins

Donation recipients	NT\$	The importance of Yuanta Financial Holdings' donation recipients
The Ministry of Health and Welfare Hospital System	50,000,000	As a specialized hospital for epidemic prevention and responsible for the establishment of quarantine facilities throughout Taiwan, there is an urgent need for an additional 3,500 centralized quarantine facilities.
NTU Hospital	50,000,000	The most important hospital for admission of COVID-19 and seriously ill patients.
Veterans General Hospital	50,000,000	The hospital is large enough to support the adjustment of beds and medical capacity.
MacKay Memorial Hospital	10,000,000	Hospitals designated for isolation and response.



TCFD Climate-Related Risks and Opportunities

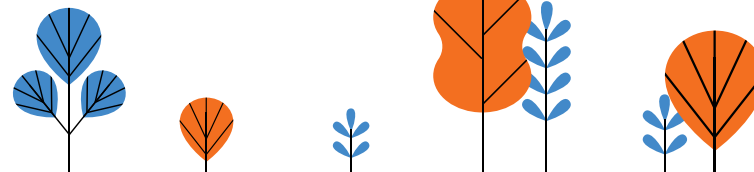
In the face of climate change and extreme weather, representatives of various countries at the 26th United Nations Climate Change Conference (COP26) in 2021 not only reaffirmed the climate crisis, but also reached an agreement that countries should actively set carbon reduction targets in order to achieve the goals of the Paris Agreement, and that the world should join hands to contain the temperature to within 1.5°C by the end of the century. At the same time, Taiwan authorities are placing greater emphasis on the transparency of ESG and climate-related information disclosure by companies, requiring the financial industry to establish appropriate climate risk and opportunity management

mechanisms in order to enhance operational resilience and achieve the goal of sustainable finance.





Since 2018, the Group has been disclosing the effectiveness of its climate management in the Company's sustainability reports and on its website annually in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) disclosure framework. In 2022, we further released an independent "TCFD Report" to strengthen the integrity and

transparency of climate related information disclosure, in response to stakeholders' expectations and to demonstrate the Group's proactive response to the risks and opportunities brought about by climate change. The following is a summary of the contents of the TCFD report and a scenario analysis.

[TCFD report](#)



TCFD Executive Summary and Highlighted Performance

ASPECT	Governance 	Strategy 	Risk Management 	Metrics and Targets 
EXECUTIVE SUMMARY	<ul style="list-style-type: none"> ✓ The Company's Board of Directors is the highest climate related supervisory authority and has established the "Risk Management Committee" and "Sustainable Development Committee", chaired by the Chairman of the Company, which are responsible for overseeing and managing climate related risks and opportunities, and promoting the Group's overall climate strategy and policies. ✓ The TCFD Working Group, consisting of the Risk Management Department, Corporate Planning Department and Administration Department, is responsible for identifying, evaluating and monitoring climate related risks and opportunities, and reporting important climate risk related information to the Risk Management Committee on a quarterly basis. ✓ The Corporate Sustainability Office is responsible for promoting the Group's policies and related work plans, developing adaptive strategies and action plans, and reporting regularly to the Sustainable Development Committee on the effectiveness of implementation. 	<ul style="list-style-type: none"> ✓ We regularly identify short-, medium- and long-term climate risks and opportunities, and develop countermeasures and management strategies. ✓ Modeling of scenario analysis and quantification of financial impacts: <ul style="list-style-type: none"> -Analysis of the transition risk and physical risk scenarios for the Top Down and Bottom Up scales of the investment and financing sectors. -Scenario analysis of the physical risk in its own operations. -Analysis of financial opportunities in a transition risk scenario. ✓ The quantitative results are used to develop corresponding risk management actions, including related indicators or targets. 	<ul style="list-style-type: none"> ✓ The process for identifying, measuring and managing climate-related risks and opportunities is defined and integrated into the existing risk management framework. ✓ Incorporate climate risk into the Group's risk management policy and establish a management mechanism to facilitate the consideration of climate risk in daily operations. 	<ul style="list-style-type: none"> ✓ The Group sets targets and goals for major climate risks and opportunities, including greenhouse gas emissions and green electricity use, and regularly tracks and discloses progress towards them. ✓ Annual disclosure of various types of greenhouse gas emissions and obtaining external verification.
PERFORMANCE HIGHLIGHTS	<ul style="list-style-type: none"> ✓ Improved the climate governance structure and created a TCFD working group to manage climate related issues and impacts in a comprehensive manner. ✓ The performance evaluation of senior management has included the indicators related to climate management performance, and the evaluation results are linked to the reward. ✓ The independent director has a professional background in climate risk management. ✓ Training courses for senior management and board members on climate related issues. ✓ Approved the 2021-2025 Sustainable Development Strategy Roadmap for the Group. 	<ul style="list-style-type: none"> ✓ The 7 risks and 7 opportunities were identified in 2021. ✓ Deepened the climate risk scenario analysis model, expanded the analysis of highly sensitive industries, and completed the financial impact calculation of investment and financing position at different scales. ✓ Developed a strategic roadmap for the Group's sustainable development from 2021-2025. ✓ Introduced the Internal Carbon Pricing (ICP) mechanism to evaluate the carbon reduction benefits of energy saving and carbon reduction projects. ✓ Continuously promote climate finance products and services, and implement responsible investment and responsible financing. 	<ul style="list-style-type: none"> ✓ Include climate related risk factors in the investment and lending review process. ✓ The thresholds and control principles for the Group's overall climate risk value control indicators have been established. 	<ul style="list-style-type: none"> ✓ Set the threshold for the Group's overall climate risk value monitoring indicator. ✓ Completed SBT category 1 and 2 target settings. ✓ According to Partnership for Carbon Accounting Financials' (PCAF) proposed methodology and TCFD disclosure framework, the carbon emission inventory of investment and financing assets was completed, and the carbon reduction target for Category 5.4 investment and financing was set according to the SBT methodology. ✓ Continuously enhanced the use of renewable energy, and 100% of the four operating sites used green power in 2021.
TCFD Report	<p style="text-align: center;">Governance</p>	<p style="text-align: center;">Comprehensive Climate Risk Management and Quantitative Analysis Low Carbon Strategy</p>	<p style="text-align: center;">Comprehensive Climate Risk Management and Quantitative Analysis</p>	<p style="text-align: center;">Metrics and Targets</p>

Investing and Financing Carbon Emissions Inventory

In order to capture the impact of investment financing on climate change, the Group has estimated the GHG emissions from investment financing since 2018 (1,866,739.76 metric tons of CO₂e ; 1.02 metric tons of CO₂e /NT\$ million). As the relevant accounting methodologies mature, the Group continues to expand the scope of the inventory in accordance with the PCAF methodology and TCFD disclosure recommendations as a basis for managing investment and financing climate risks and opportunities, and discloses the results of the inventory on a yearly basis. Detailed disclosure information is available in the TCFD report.

Financing	2019	2020	2021
Greenhouse gas emissions (metric tons of CO ₂ e) ^{Note 1}	1,584,972.66	3,140,616.85	2,939,046.21
Greenhouse gas intensity (metric tons of CO ₂ e/NT\$ million) ^{Note 2}	3.74	5.25	4.73
Data coverage (%) ^{Note 3}	22.41	28.64	27.51

Notes:

- Investing in financing greenhouse gas emissions: The Group's long-term investment assets were based on Yuanta Bank's corporate long-term loans, power generation project financing, commercial real estate mortgage loans, and the Group's consolidated long-term investment assets in listed companies and bond. The calculations were made using the methodology recommended by the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard - first edition for the Financial Industry announced on November 18, 2020. The relevant GHG emissions data used consist of external databases, self-collection and estimation.
- Financial assets Carbon Intensity: The methodology recommended by TCFD Guideline has been used to calculate each Financial assets Carbon Intensity. Calculation formula : Total financial assets greenhouse gas emissions (metric tons of CO₂e)/Total financial assets position (NT\$ million) = Financial assets Carbon Intensity(metric tons of CO₂e/ NT\$ million) .
- The data coverage rate is the proportion of the total number of assets included in the inventory to the total number of investments and loans.
- The GHG emission inventory scope was expanded in 2020 (including short-term investment position), making the degree of Financial assets Carbon Intensity in year 2020 being higher than in 2019.

TCFD Scenario Analysis

| Contextual Analysis General Description

In 2021, the Group deepened its climate risk scenario analysis model by integrating Top Down analysis (the level of overall investment position) and Bottom Up analysis (the level of individual company in high climate risk industries) to analyze climate related financial impacts at different time horizons and in different scenarios from different perspectives.

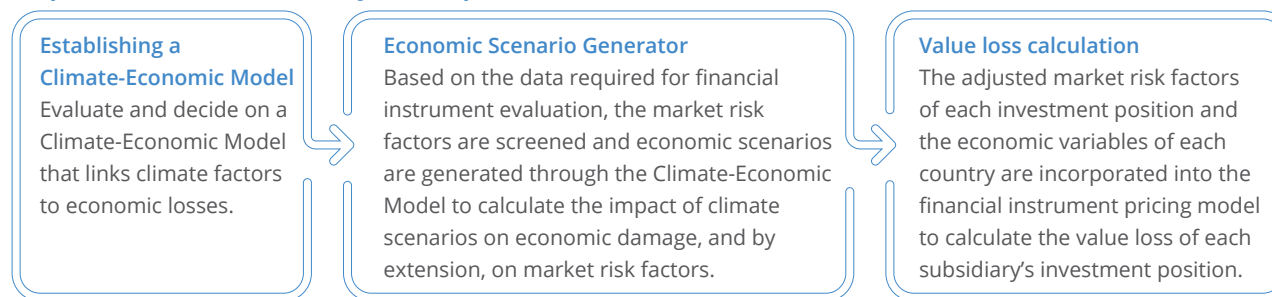
Top Down analysis

Calculate additional losses of investment positions under the impact of climate change at the industry level by incorporating information on climate risks derived from economic model.

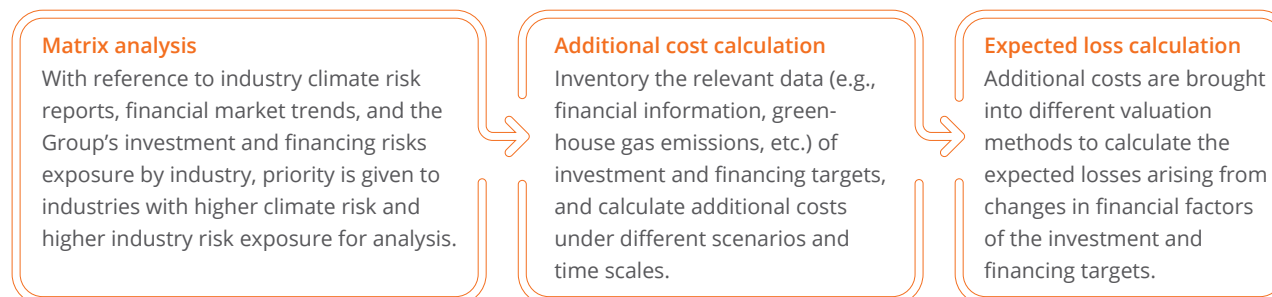
Bottom Up Analysis

Analyze the impact of individual investment and financing targets on the Group by understanding industry climate risks and risk exposures with industry-specific climate risk assessment tools.

Top Down Scenario Analysis Steps



Bottom Up Scenario Analysis Steps



Quantitative Analysis of Financial Impact

Strategies	Top Down	Bottom Up	
Risk Type	Overall Climate Risk	Transition Risk - Cost of Carbon Reduction	
Climate Scenario	RCP2.6 / RCP4.5 / RCP7.0 / RCP8.5	NGFS Net Zero 2050 (1.5°C) / Well Below 2°C	
Evaluation Period	2022 / 2025 / 2030	2025 / 2030 / 2035 / 2040 / 2045 / 2050	
Analysis of the Industry	All Industries	Steel and iron, cement, plastics, automobile manufacturing, aviation, maritime transport industry	
Analysis of the Subject	Investment position	Corporate banking credit position	Equity investment position
Evaluation Method	Climate VAR Methodology	Expected Credit Loss Model	Equity Valuation Model



Top Down Quantitative Analysis Chart

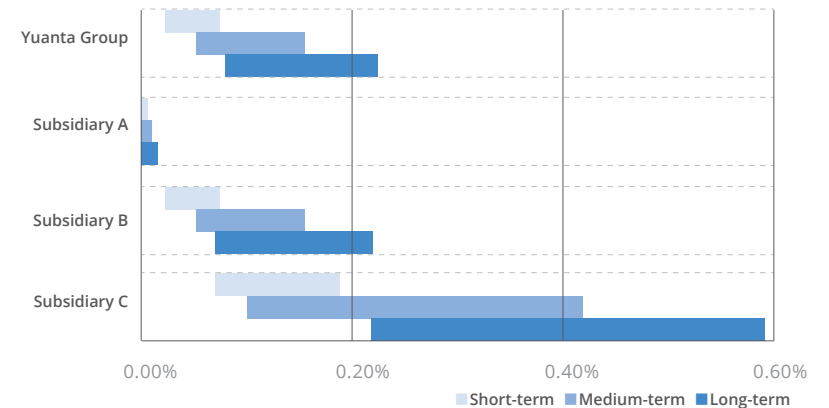
The chart presents

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

Assessment results

The Group's diversified investment strategy has resulted in the negative impact caused by climate risks to be less significant. However, Subsidiary C's investment position is more concentrated on specific financial products, which may be vulnerable to climate impact in the long term.

Climate Impact/Market Value-The Group and its subsidiaries



Notes:

1. The numerical ratio is the percentage of the short-term, medium-term and long-term market value reductions of investment value relative to the market value of the reference day (end of December 2021) due to rising temperature.
2. Short-term is defined as 1 year, medium-term as 5 years, and long-term as 10 years.
3. The lower limit of the interval is the calculation based on RCP2.6, and the upper limit of the interval is the calculation based on RCP8.5.

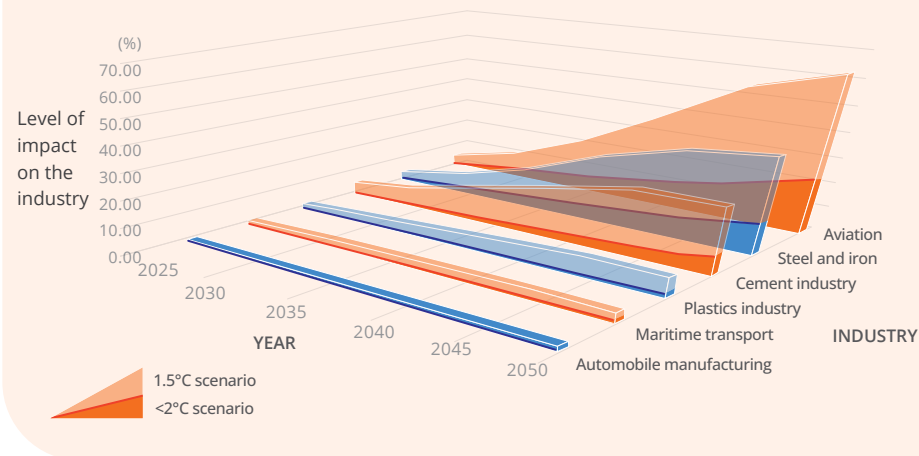
Bottom Up Quantitative Analysis Chart

The graph presents

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

Assessment results

Among the equity investment portfolios, aviation, steel and iron and cement industries have significant changes in the impact level as time proceeds. Moreover, changes in the impact level for the 1.5°C scenario are greater than that for the <2°C scenario.



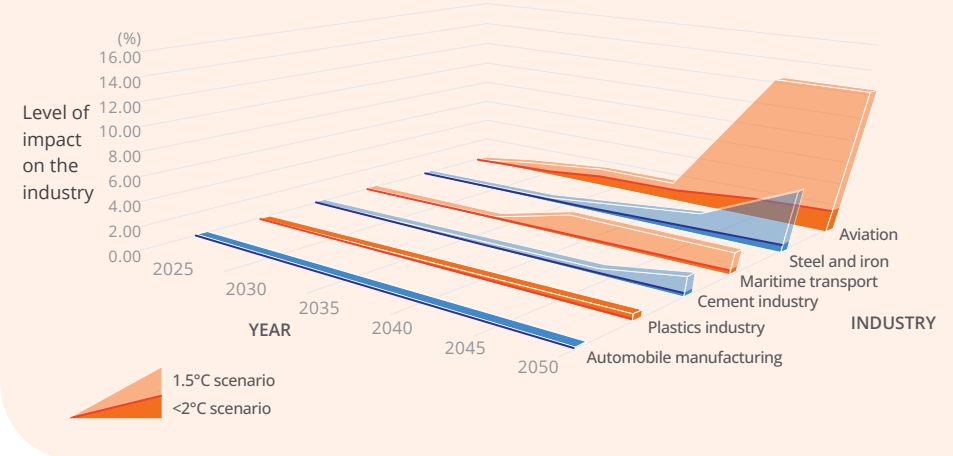
Note: The level of impact on the industry refers to the percentage of the expected loss in relation to the amount of risk exposure on the reference date (the end of December 2021) under different climate scenarios.

The graph presents

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

Assessment results

The aviation, steel and iron and maritime transport industries in the corporate banking business have increasing level of impact each year. Among them, changes in the level of impact in the 1.5°C scenario is greater than that of the <2°C scenario.



Note: The level of impact on the industry refers to the percentage of the expected loss for the credit position relative to the amount of risk exposure on the reference date (the end of December 2021) under different climate scenarios.

Response Measures

The Group establishes indicators for monitoring the Climate VAR based on the estimated loss of the investment portfolio by integrating the results of the Top Down analysis, in order to control the amount of each investment transaction and prevent the loss of value caused by extreme climate risks. In addition, the Company has been combining the results of the Bottom Up analysis with the analysis of individual companies to manage the investment and financing targets that have a greater impact, and continues to develop related measures, such as strengthening the examination of customers' ability to cope with transitional risks in the credit process, reducing the investment and financing of enterprises with high climate risks, and negotiating with the target companies of high carbon emission industries. The Group will continue to monitor changes in climate risk trends and regularly review the results of risk analysis, which will be used as a basis for formulating relevant countermeasures and promoting sustainable financial strategies.



CHAPTER 1

ABOUT YUANTA

1.1 Yuanta Financial Holdings Profile

1.2 Operating Performance

The Company's long-term goal is to grow steadily and enhance shareholder value. In recent years, the Company has been able to integrate its business units and grow on its own initiative, to realize the benefits of mergers and acquisitions, to build up its overseas securities business, and to actively pursue its growth business. The overall scale of operations has increased significantly, and the Company has developed into a financial holding company with five major profit generating engines: securities, banking, life insurance, funds and futures.

Looking ahead to the post-pandemic era, the Company will manage risks prudently and continue to adopt a comprehensive growth strategy with the main axis of "solidification of cores and driving of growth". In addition to consolidating our core businesses and deepening our competitiveness, we are focusing on businesses, markets and customer segments with growth potential. By leveraging the growth benefits of cross-sector and cross-border integration, the Group will be able to effectively stabilize and improve earnings levels, and make steady progress towards its vision of being the "Best Financial Services Provider in Asia Pacific".

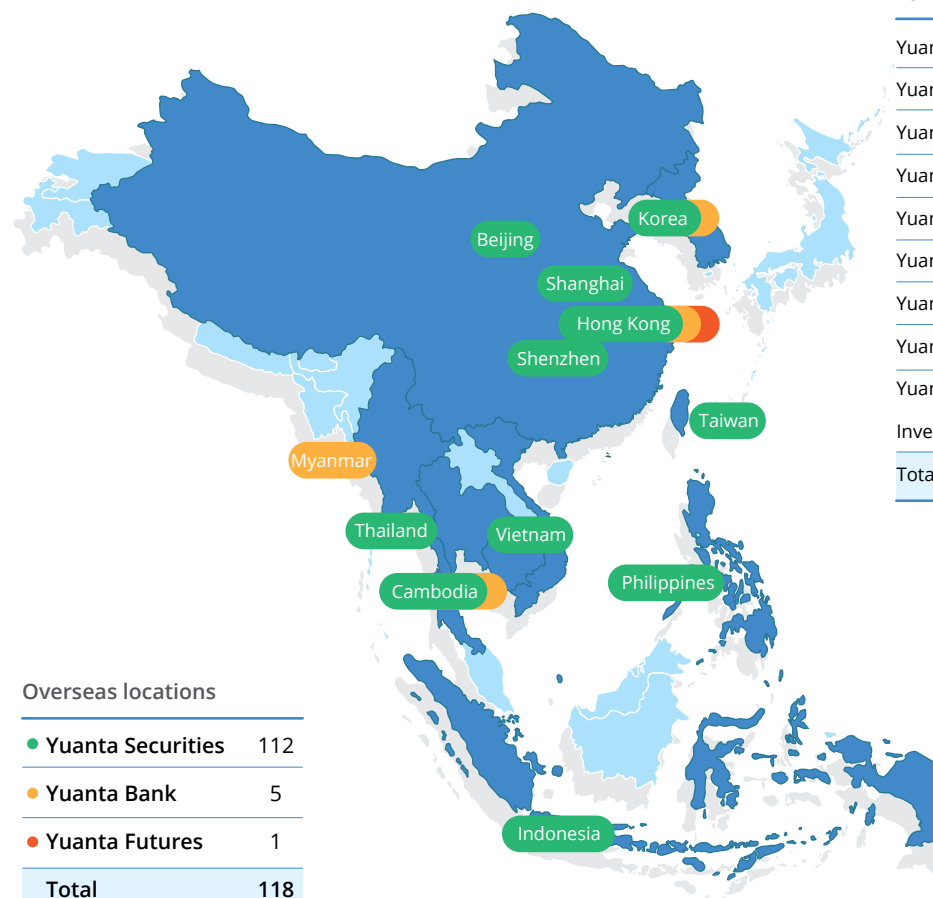
1.1 Yuanta Financial Holdings Profile

Basic information of Yuanta Financial Holdings

Location of headquarters	No. 66, Dunhua South Road, Section 1, Songshan District Taipei
Established	February 4, 2002
Chairman	Mr. Tony Shen
Chief Executive Officer	Mr. Chien, Weng
Capital	NT\$ 121,374,360,000
Total assets	NT\$ 3,023,019,302,000
Number of employees	11,040
Industry type	Finance and Insurance
Stock code	2885

Global Locations

As of the end of 2021, we had a total of 146 securities locations (headquarters and branches) and 149 bank branches in Taiwan, with operations across entire Taiwan to provide our customers with a full range of financial services. In recent years, Yuanta Financial Holdings has focused on overseas development, and we currently have 118 overseas locations and are gradually working toward becoming the "Best Financial Services Provider in Asia Pacific".



Taiwan locations

Yuanta Financial Holdings	1
Yuanta Securities	146
Yuanta Bank	149
Yuanta Life	11
Yuanta Funds	2
Yuanta Futures	5
Yuanta Venture Capital	1
Yuanta Asset Management	1
Yuanta Securities	1
Investment Consulting	
Total	317

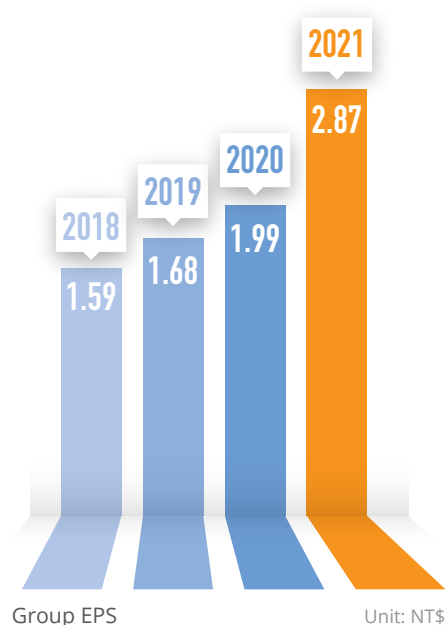
Overseas locations

● Yuanta Securities	112
● Yuanta Bank	5
● Yuanta Futures	1
Total	118

1.2 Operating Performance

Financial Performance

In 2021, despite continued turbulence in governments, economies, and financial markets around the world, the Company persisted to adhere to its prudent and sound operating principles, making internal adjustments in response to external changes. In 2021, the Company generated after-tax net profits of NT\$348.66 billion with an EPS of NT\$2.87 and an ROE of 13.35%. Yuanta Financial Holdings' profit performance increased 44.6% over the previous year.



Group Economic Performance

Unit: NT\$ thousand

	2019	2020	2021	
Direct Economic Value	Net interest income	26,132,919	26,918,952	29,973,751
	Net non-interest income	81,475,158	88,709,914	89,266,752
	Service fees and commissions	17,796,223	27,210,777	40,606,346
	Insurance business	40,738,914	35,509,066	16,021,241
	Investment income	17,676,616	27,271,198	32,320,073
	Foreign exchange profit	-635,767	-6,664,689	-5,384,950
	Other income	5,899,172	5,383,562	5,704,042
Subtotal of direct economic value	107,608,077	115,628,866	119,240,503	
Distributed Economic Value	Operating expenses	58,634,193	57,645,791	40,846,155
	Employee salary and benefits	23,276,027	26,983,562	33,955,070
	Donation to governmental agency	40,932	40,215	146,359
	Donation to school fund	4,058	3,922	2,198
	Social welfare	108,711	180,335	136,138
	Political donations	0	0	0
	Pay dividends and interest	10,503,550	7,585,898	14,564,923
	Income tax expenses	2,494,938	4,277,495	4,950,047
	Fines	3,259	8,763	13,239
	Others	0	0	0
	Subtotal of distributed economic value	95,065,668	96,725,981	94,614,129
	Retained Economic Value^{NOTE}	12,542,409	18,902,885	24,626,374

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



Operating Performance of Subsidiaries

Unit: NT\$ thousand

Company	Operating Direction of Subsidiaries	Item	2019	2020	2021
Yuanta Securities	Balancing the development of various businesses domestically, and actively promoting the regional layout in Asia overseas	Total assets	365,076,873	454,697,118	539,006,241
		After-tax gains and losses	9,018,519	14,399,429	23,293,080
		EPS	1.56	2.41	3.89
Yuanta Bank	Expanding lending scale and deepening customer base, enhancing customer service through emerging technologies and digital platforms	Total assets	1,329,968,350	1,431,853,979	1,651,478,911
		After-tax gains and losses	10,046,230	6,895,871	8,021,862
		EPS	1.36	0.93	1.08
Yuanta Life	Focusing on USD traditional insurance and investment-linked products, and steadily expanding protection-type and long-term products	Total assets	284,651,026	343,790,499	390,529,091
		After-tax gains and losses	909,534	1,810,207	2,074,289
		EPS	0.93	0.88	0.87
Yuanta Funds	Focusing on four core developments ①Expanding Taiwan equity fund base ②Actively promoting high dividend quality products ③Promoting global themed products ④Actively developing digital financial transformation	Total assets	5,567,382	6,327,666	6,934,264
		After-tax gains and losses	1,188,944	1,719,220	1,918,960
		EPS	5.24	7.58	8.46
Yuanta Futures	Strengthening the domestic and international brokerage business to maximize the benefits of the business channels and enhance brokerage revenue	Total assets	73,149,665	95,736,549	95,652,955
		After-tax gains and losses	1,135,799	1,070,099	860,282
		EPS	4.89	4.23	2.97
Yuanta Venture Capital	Emphasizing on both core and growth businesses, with the industry changes, grasping local business opportunities, supplemented by overseas markets	Total assets	2,740,721	2,896,948	3,946,044
		After-tax gains and losses	148,187	287,342	939,305
		EPS	0.60	1.06	3.46
Yuanta Asset Management	Deepening the handling of existing assets, implementing the management of NPL cases, refining foreclosure real estate appraisal, real estate management and maintenance planning within the Group, appraisal and participation in urban renewal and renewal of old and dangerous buildings	Total assets	3,680,439	3,852,077	4,023,338
		After-tax gains and losses	124,033	121,132	139,433
		EPS	0.98	0.38	0.43
Yuanta Securities Investment Consulting	Continuously providing real-time, professional and abundant investment analysis and research reports to enhance customer service	Total assets	259,024	284,194	299,984
		After-tax gains and losses	3,175	6,478	1,085
		EPS	0.32	0.65	0.11

Group Tax Information

Unit: NT\$ thousand

Items	2020	2021	Average
Net profit before tax (A)	30,766,278	44,141,344	37,453,811
Income tax expenses (B)	4,789,234	6,950,633	5,869,934
Adjustment item (C)			
Time differences	614,856	1,113,502	864,179
Tax-exempt income	2,617,240	2,538,035	2,577,638
Effective tax rate (%) ((B)+(C)) / (A)	26.07	24.02	24.86
Income tax cash payment (D)	4,277,495	4,950,047	4,613,771
Cash tax rate (%) (D) / (A)	13.90	11.21	12.32

The tax rate of the Group differs from the average effective tax rate and the average cash tax rate in the banking industry provided by GICS because:

1 Single jurisdiction tax law:

The tax rate in Taiwan is 20%, lower than the average tax rate (25.31%). Because Taiwan's tax code stipulates that some income is considered tax-free, such as that from securities trading, the rate is lower than the national statutory tax rate. The amount of tax-free income affected in 2020 and 2021 were NT\$2,617,240 thousands and NT\$2,538,035 thousands, respectively.

2 Time differences

Mainly due to deferred income tax items not recognized for temporary differences, overestimation of income tax in previous years and unrecognized tax losses in previous years were used in this year. The impacted amounts for 2020 and 2021 were NT\$614,856 thousands and NT\$1,113,502 thousands respectively.

Tax Deductions Recognized by National Taxation Bureau

Unit: NT\$ thousand

Items	2019	2020	2021	
Unrecognizable Deductions	0	0	0	
Recognizable Deduction without a Limit Amount				
Donations to aid in national defense infrastructure, support the military, to government at all levels, to the SME Development Fund, and otherwise approved by the Ministry of Finance.	Donation/Contribution	37,432	42,663	143,008
Recognizable Deduction with a Limit Amount				
Donations to education, culture, philanthropy, charitable groups/ institutions, and charitable trusts	Donation/Contribution	101,067	168,349	110,328
Election donations that comply with the Political Donations Act	Donation/Contribution	0	0	0
Donations to the China region	Donation/Contribution	0	0	0

Note: The Group mainly gave donations to education, culture, public welfare, charitable institutions or groups and public welfare trusts in 2021. Yuanta did not give any improper donations or sponsorships.

The Domestic and Overseas Tax of Yuanta Groups

Unit: NT\$ thousand

Items	2019	2020	2021
Domestic (Taiwan) tax amount	2,220,333	4,092,572	4,360,943
The ratio of domestic (Taiwan) tax amount to the total tax amount (%)	88.52	95.68	88.10
Overseas (Korea) tax amount	231,235	142,037	329,831
The ratio of overseas (Korea) tax amount to the total tax amount (%)	9.22	3.32	6.66
Overseas (other countries) tax amount	56,689	42,886	259,273
The ratio of overseas (other countries) tax amount to the total tax amount (%)	2.26	1.00	5.24

Tax Information

Unit: NT\$ thousand

Country/Region	Total Employees	Operating Income (Net Income)	Net profit before tax	Income Tax Expenses	Income Taxes Paid
Taiwan	11,132	97,828,337	37,531,220	5,236,757	4,360,943
Korea	1,832	16,527,007	5,288,240	1,214,680	329,831
Others	1,478	4,885,159	1,321,884	499,196	259,273

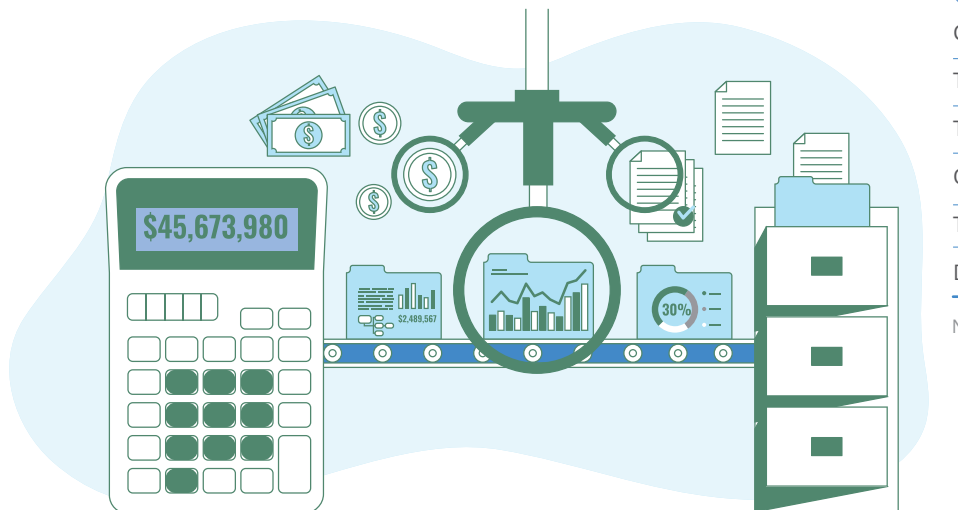
Major Positions on Public Associations

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

The Group actively participates in various public association activities, such as banking associations, securities associations, trust associations, and Chinese National Association of Industry and Commerce, Taiwan. The purpose of some public associations is to assist the government in the implementation of financial policies. Expenses related to implementation of financial industry policy research and promotion incurred by these types of public associations was NT\$56,620 thousands.

In terms of promoting financial inclusion, Yuanta Securities Director of the Board, Ming Hong Ho, serves as the chairman of the Taiwan Securities Association. In 2021, he actively responded to the "Capital Market Blueprint" announced by the competent authority, recommending that the competent authority should open up the possibility for securities dealers to accept clients to buy and sell foreign securities on a "fixed-term" basis, so as to lower the threshold for young people and people with small assets to invest in overseas stocks and implement financial inclusion.

In terms of promoting TCFD disclosure in the banking industry, the former chairman of Yuanta Financial Holdings (now the top advisor), Rong Jou Wang, is the executive supervisor of the Bankers Association of the Republic of China and the chairman of the Bankers Association of Taipei. In 2021, the authorities promoted the TCFD (Task Force on Climate-related Financial Disclosures) related research and required all banks to disclose climate-related financial information based on the results of the study conducted by the bankers associations to help banks quantify the possible financial impact of climate change risks and strengthen risk management.



Financial Industry Policy Research and Promotion Related Expenditure Statistics Table Unit: NT\$ thousand

Unit	2018	2019	2020	2021
Chinese National Futures Association	29,867	27,452	29,716	31,693
Taiwan Securities Association	26,003	22,951	19,627	14,535
The Bankers Association of the Republic of China	2,942	2,913	2,942	2,602
Others	5,531	5,744	6,565	7,790
Total Expenditures	64,343	59,060	58,852	56,620
Data Coverage (%)	100	100	100	100

Note: Expenses related to the research and promotion of financial industry policy in 2021 were mainly aimed at promoting the development of Taiwan's financial industry. The Group actively participates in various public association activities, such as those organized by securities associations, futures associations, banking associations, and credit associations, and our directors or senior executives hold important positions in the associations, providing practical experience and helping promote the development of fintech and innovative digital technology to build a smart finance environment. We support the development of green finance and financial inclusion to build a sustainable financial society. In addition, the Group has made no contributions to political groups, lobbying activities, and other tax-exempt groups and related expenses.

Regional Net Income

Unit: NT\$ thousand

Regions	2019	2020	2021
Taiwan	92,766,683	98,297,679	97,828,337
Korea	11,322,090	13,745,580	16,527,007
Others	3,519,304	3,585,607	4,885,159
Total	107,608,077	115,628,866	119,240,503

Regional Net Profit before Tax

Unit: NT\$ thousand

Regions	2019	2020	2021
Taiwan	22,959,589	26,903,812	37,531,220
Korea	2,523,676	3,800,397	5,288,240
Others	57,632	62,069	1,321,884
Total	25,540,897	30,766,278	44,141,344

Tax Governance

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

- 1** Compliance with laws and regulations: The Company shall comply with the tax laws and regulations of each country in which it operates and the spirit of its legislation, complete tax returns and make tax payments in accordance with the law, fulfill its social responsibility as a tax payer.
- 2** Tax structure: Tax planning and organizational restructuring is to be conducted legally and not for the primary and sole purpose of tax avoidance.
- 3** Economic substance:
 - (1) The Company is not to deliberately transfer profits or organizational structure to the Organization for Economic Cooperation and Development (OECD) or the EU List of Non-cooperative Jurisdictions for Tax Purposes, or to countries or regions with low tax burden outside of Taiwan as defined by the Income Tax Act. (e.g., tax havens).
 - (2) Transactions with related parties shall comply with the principles of regular transactions, and the pricing shall reflect the economic substance and comply with the OECD and the laws and regulations of each country in which the Company operates to prepare transfer pricing related documents in order to comply with the transfer pricing regulations.
- 4** Risk Management:
 - (1) Each tax plan must comply with the principles of sustainable development, corporate social responsibility, and risk management to protect shareholders' rights and interests and create shareholder value.
 - (2) In order to reduce the Company's and subsidiaries' domestic and overseas tax risks, the Accounting Department is to actively participate in the discussions of important or special tax issues between the Company and its subsidiaries due to differences in tax opinions and planning; if necessary, external professional advisors may be appointed or consulted to effectively control tax risks and evaluate countermeasures.
- 5** Active communication: Maintain a good, appropriate communicative relationship with the tax authorities and provide our perspective and experience as part of the industry to help improve the tax environment and national taxation system.
- 6** Information transparency: Comply with International Financial Reporting Standards (IFRS) and other relevant laws and regulations and regularly disclose tax information in public, such as financial statements, to ensure that tax information is open and transparent.
- 7** Personnel training: Continue to improve and strengthen professional tax-related capabilities through education, training, and participation in various taxation-related seminars.



CHAPTER 2

SUSTAINABILITY STRATEGIES AND COMMITMENTS

- 2.1 Sustainable Commitment
- 2.2 Sustainability Strategies and Goals
- 2.3 Sustainable Governance
- 2.4 Stakeholder Agreement
- 2.5 Creating Sustainable Impact Value



2.1 Sustainable Commitment

Become an International Sustainability Benchmarking Company to Actively Promote a Better Future for Future Generations

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

We focus on long-term planning, systematic and effective actions, and invest in financial products and services that have a positive impact on society and the environment, and publicly disclose our goals and progress to demonstrate our commitment to sustainability. Yuanta Financial Holdings has set specific medium- and long-term goals for its commitments, and has invested in many projects in accordance with its commitments and goals, regularly reviewing the status of achievement and revisiting the pace of implementation on a rolling basis to gradually achieve sustainable commitments.

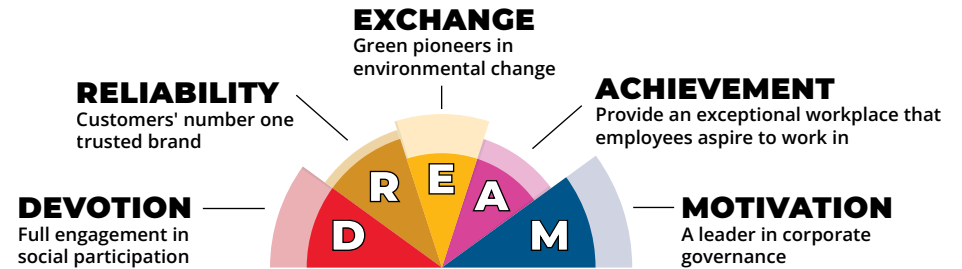
	Commitments	Projects	Completed
Commitment 1: Net Zero Carbon Emissions	<ul style="list-style-type: none"> ✔ Yuanta Financial Holdings supports the Paris Climate Agreement’s “50% global carbon reduction by 2030 and net zero carbon emissions by 2050” target. 	Green Energy Procurement and Use	<ul style="list-style-type: none"> ✔ Signed Renewable Energy Power Purchase Agreement (PPA). ✔ Four green power sites of Yuanta Securities and Yuanta Bank officially supply electricity. ✔ Signed the “RE10x10 Climate Declaration” in response to Greenpeace’s RE10x10 carbon reduction target. ✔ Expanded the use of green power to other subsidiaries of the Group (in progress).
	<ul style="list-style-type: none"> ✔ Group-wide carbon governance and carbon reduction target setting with reference to the Science-Based Targets (SBT) and the Partnership for Carbon Accounting Financials (PCAF). 	Carbon Governance	<ul style="list-style-type: none"> ✔ Inventoried and disclosed the carbon emissions of each investment and financing portfolio according to the Science-Based Targets (SBT) and the Partnership for Carbon Accounting Financials (PCAF). ✔ Completed the setting of long-term carbon reduction targets for Scope 1 and 2. ✔ Introduced the internal carbon pricing (ICP) mechanism to evaluate the benefits of energy-saving and carbon-reduction projects by carbon pricing.
Commitment 2: Sustainable Finance	<ul style="list-style-type: none"> ✔ Green finance has become a trend in the international financial industry, incorporating environmental and social risk considerations in the evaluation of financial instruments and projects. 	Climate Risks, Opportunities and Financial Disclosure	<ul style="list-style-type: none"> ✔ In accordance with the framework for climate scenario analysis proposed by the UNEP Finance Initiative for the implementation of the TCFD pilot project in the financial sector, we are promoting a project to quantify the financial impact of climate risk in investment and credit. ✔ Completion of the TCFD initiative signature and official registration on the TCFD website, and introduction of a climate transition risk analysis tool.

	Commitments	Projects	Completed
Commitment 2: Sustainable Finance	At the same time, the TCFD framework strengthens the assessment of climate risk and contributes to a virtuous cycle of investment and industry pursuit of sustainable development.	Responsible Crediting	<ul style="list-style-type: none"> ☑ In accordance with the “Sustainable Finance Guidelines,” each subsidiary incorporates ESG (environmental, social, and corporate governance) factors according to its business characteristics to control its investment portfolio. ☑ Became a member bank of the Equator Principles Association. ☑ Completed training of specialized staff. ☑ Established the operating methods and procedures based on the Equator Principles, carried out environmental and social risk classification, and integrated the examination process into the original credit granting process. ☑ Completed the trial run of cases.
Commitment 3: Talent Cultivation	Yuanta is committed to the transmission of financial knowledge. In addition to using its financial expertise to train its employees to perform multiple functions internally, Yuanta also conveys financial knowledge to students, the general public, and the senior community, so that the Company, the public, and its customers can grow together and grasp the trends of financial management.	Green Financial Talent Development Program New Generation Financial Literacy	<ul style="list-style-type: none"> ☑ All domestic employees are required to attend sustainability and green finance promotion training. ☑ For staff involved in green finance business, such as business planning, corporate finance, investment banking, digital finance, financial product design, investment trading, and risk management, we arrange participation in green finance forums, seminars, sustainable finance courses, and certifications. ☑ Through industry–academia collaboration, we disseminate financial knowledge through invitations to campus financial seminars, corporate visits, invitations to mentor investment and finance clubs, recruitment and other campus activities, and cooperation with colleges and universities to offer credit-bearing courses. ☑ Yuanta Securities held the 5th Yuanta Stock Race, which attracted nearly 100 universities and colleges to participate in individual and team competitions under the guidance of professors, allowing new stock market participants to accumulate trading experience and select the right investment targets through simulation contests, validate classroom theories and establish correct investment concepts and financial habits.

2.2 Sustainability Strategies and Goals

“People are great because of their dreams, and dreams are realized because of people.”

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



- 1 With the "public welfare platform" as the core, we integrated the Group's resources, connected stakeholders, and used our financial functions to help solve social and environmental problems, becoming a solid partner of social welfare organizations and demonstrating social influence.
- 2 Using financial technology to promote products of financial inclusion, expand the accessibility and use of financial services, and enable all customers to have reasonable access to financial services.



- 1 To provide quality services with a customer-centric approach, and to build Yuanta into a financial brand that customers can trust with confidence.
- 2 We are deeply engaged in the field of digital finance, using technology to introduce ESG factors, providing customers with a new experience in investment and financial management, strengthening the development of Internet and mobile applications, and providing convenient and smooth financial services.
- 3 Integrate the Group's resources to implement "Green Finance Action Plan 2.0" and provide diversified financial services, and focus on sustainability issues with our customers. Integrate the spirit of ESG into investment strategies and incorporate environmental and social risk assessment into the investment and financing selection process to guide and encourage clients to pay attention to green and social issues
- 4 We provide sound information security protection to create a reliable and trustworthy financial trading environment. We use intelligent and prospect technology to filter intelligence to ensure a sound information security system and layout, and strengthen information security.



- 1 To properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, we identify and manage the risks of climate change by incorporating them into our operational decisions.
- 2 In the face of global warming and the resource depletion crisis, the Group is fully committed to responding to the trend of energy saving and carbon reduction and to carry out mitigation and adaptation actions to reduce the impact on the environment.
- 3 We support and encourage our suppliers to work together to implement corporate social responsibility, promote environmentally sustainable development, and practice the protection of basic human rights.



- 1 Employees are a company's most important asset. We are committed to providing a friendly and excellent work environment by promoting physical and mental health programs and welfare measures that are better than the law requires.
- 2 We provide employees with multi-functional education and training system and course activities, and strengthen employees' competitive advantage through performance evaluation mechanism to enhance talent retention rate and corporate competitiveness.
- 3 Encourage more people to commit to ESG corporate sustainability through a linkage between sustainability KPIs and long-term rewards. Create a quality work and career development environment for employees in order to bring together quality employees and create a competitive advantage.
- 4 Fully implement the Declaration on Human Rights Policy and introduce human rights due diligence and issue management in overseas subsidiaries. (By country)



- 1 Actively respond to the "Corporate Governance 3.0 Sustainable Development Roadmap" by improving the corporate governance structure, strengthening the functions and effectiveness of the board of directors, and enhancing information transparency to ensure shareholders' rights and interests and enhance sustainable corporate development.
- 2 Establishing an independent and comprehensive risk identification and management mechanism to manage various operational risks, enhance the quality of risk management, and ensure sustainable and sound business operations.
- 3 The implementation of relevant regulations can reduce operational risks and losses from significant penalties and facilitate the development of international business and expand the scale of operations.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Growth rate of employees volunteering compared to the previous year	Employee participation in volunteer activities increase by 1% compared to the previous year, with an accumulation of 12,000 hours.	<input type="checkbox"/> Note 1	2%, 15,000 hours.	3%, 20,000 hours.
Supplier input into the Group's social engagement activities	An accumulative total of 3% supplier involved.	<input checked="" type="checkbox"/>	5%.	8%.
A long-term concern for children and disadvantaged groups in remote areas	Collaborated with key partners to continue to care for children in remote areas and disadvantaged groups.	<input checked="" type="checkbox"/>	Collaborated with key partners to continue to care for children in remote areas and disadvantaged groups.	
Continuing to support social activities of senior care and medical services	At least 2 sessions per year.	<input checked="" type="checkbox"/>	At least 3 sessions per year.	At least 4 sessions per year.
Continuing to provide additional assistance to students who wish to complete their studies	Collaborate with key partners to continue to help motivated students complete their education.	<input checked="" type="checkbox"/>	Collaborate with key partners to continue to help motivated students complete their education.	
Cultivating young financial talents through industry-academic exchanges in the financial profession	At least 10 partner schools, with the number of beneficiaries increasing yearly.	<input checked="" type="checkbox"/>	At least 10 partner schools, with the number of beneficiaries increasing yearly.	
Empowering local social organizations and groups to promote social betterment	Empowering local organizations or groups.	<input checked="" type="checkbox"/>	Empowering local organizations or groups.	
	All group branches hold 1 community care activity per year.	<input checked="" type="checkbox"/>	All group branches hold 2 community care activities per year.	3 community care activities per year.
Assisting small investors in building financial habits through regular fixed deposits or small savings accounts	Participation increase by 10%.	<input checked="" type="checkbox"/>	Participation increase by 10%.	Participation increase more than 10%.
Customer satisfaction	Yuanta Securities 96.5%.	<input checked="" type="checkbox"/>	Yuanta Securities 97%.	Yuanta Securities 97.5%.
	Yuanta Bank 90%.		Yuanta Bank 91%.	Yuanta Bank 92%.
	Yuanta Life Counter Service 90%.		Yuanta Life Counter Service 91%.	Yuanta Life Counter Service 92%.
	Yuanta Futures 95%.		Yuanta Futures 95.5%.	Yuanta Futures 96%.
	Yuanta Funds 90~95%.		Yuanta Funds 95.3%.	Yuanta Funds 95.8%.
Providing reliable and high-quality customer care system using ISO 10002	Yuanta Securities, Yuanta Life, and Yuanta Futures obtained ISO 10002 customer complaint management certification. Yuanta Bank is maintaining certification.	<input checked="" type="checkbox"/>	Ongoing annual certification.	Ongoing annual certification.

Note:

1. Affected by the COVID-19 epidemic, this year's volunteer activities are mostly small and online activities. In the future, the target value will be adjusted flexibly in line with the changes in the epidemic situation.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Implementing the principle of fair treatment of customers	Our five largest subsidiaries set up fair treatment committees or promotion teams and submit policies related to fair treatment principles and their implementation to the board of directors for approval.	☑	More than 5 hours of training per person per year on the principles of fair treatment.	More than 5 hours of training per person per year on the principles of fair treatment.
Making digital accounts convenient to increase the number of users	<ul style="list-style-type: none"> · Optimize UI/UX process. · Enhance service functions. 	☑	Increase 10 % of users.	Continue to expand the use of AI to create efficient green financial products.
Digital mobile user activity levels	Active digital mobile users account for 50% of all electronics users.	☑	Active digital mobile users account for 60% of all electronics users.	Committed to the development of digital financial system deployment, providing customers with a full range of digital services related to their lives.
Complying with voluntary green investment and financing guidelines (Principles for Responsible Banking PRB, Principles for Responsible Investment PRI, Principles for Sustainable Insurance PSI)	Evaluate relevant business areas.	☑	Plan execution schedule.	Published voluntarily to follow.
Continuing to promote the Group's sustainable finance commodity development strategies – Implemented "Sustainable Finance Guidelines" assessment	<ul style="list-style-type: none"> · Complete the revision of the "Industry-Specific Environmental and Social Risk Management Rules" in cooperation with the subsidiaries. · Introduce "Sustainable Finance Guidelines" and evaluate 3,000 cases in total. 	☑	Continue to implement in accordance with relevant regulations.	Introduce "Sustainable Finance Guidelines" and evaluate 18,000 cases in total.
Project financing evaluation according to Equator Principles	Integrate the Equator Principles mechanism, optimizing and adjusting internal workflow, and complete case trials and employee training.	☑	Promote and implement the Equator Principles industry-specific environmental and social risk management mechanism.	Provide green financial products and increase the proportion of green financial business.
Social and environmental risks are taken into account in transactions (for companies in the steel, plastic materials, and semiconductor manufacturing industries)	Complete 150 social and environmental risk assessments.	☑	Complete 600 social and environmental risk assessments.	Complete 1,000 social and environmental risk assessments.
Growth in revenue of ESG-related products/services	Total sustainable investment / lending amounted to NT\$270 billion.	☑	Total sustainable investment / lending amounted to NT\$300 billion.	Total sustainable investment / lending amounted to NT\$340 billion.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Issuance of sustainability / green bonds	Issue first green bond.	☑	Issuance of sustainability / green bonds.	
ISO 27001 Information security management system certification	Yuanta Financial Holdings and its five subsidiaries have passed ISO 27001 certification.	☑	Continue ISO 27001 certification.	
Establishment of information security incident monitoring mechanism (SOC)	Yuanta Securities and Yuanta Bank have implemented Information Security and Event Management System (SIEM).	☑	<ul style="list-style-type: none"> · SIEM is implemented in Yuanta Financial Holdings, Yuanta Life, Yuanta Funds and Yuanta Futures. · The Group's SOC mechanism is first introduced into Yuanta Securities and Yuanta Bank. 	Establish of Group information security Incident monitoring mechanism.
Implementation of an AI analysis mechanism for alert and event linkage analysis	Yuanta Securities plans to introduce an AI analysis mechanism.	☑	Yuanta Financial Holdings, Yuanta Life, Yuanta Funds and Yuanta Futures have installed AI analysis mechanism.	Establish a Group-wide AI analysis mechanism.
Implementation of climate change adaptation and mitigation	<ul style="list-style-type: none"> · Quantify the financial risk of investment and financing for industries that are sensitive to climate change (steel industry). · Introduce climate scenario analysis tools. 	☑	Continue to deepen the disclosure of the four major aspects of TCFD.	
Increase the intensity of the CDP question set by 20% every year and continue to be rated at the A- leadership level ^{Note 2}	30% improvement in the CDP question set to enhance their performance and continue to be rated at the A- leadership level.	☑	15% improvement in the CDP question set to enhance their performance and continue to be rated at the A leadership level.	20% improvement in the CDP question set to enhance their performance and continue to be rated at the A leadership level.
Employ SBT methods to maintain Group-wide carbon emission targets. (Base year is 2017)	4% reduction in carbon emissions and 3% reduction in energy consumption per unit of revenue.	☑	6% reduction in carbon emissions and 5% reduction in energy consumption per unit of revenue.	8% reduction in carbon emissions and 7% reduction in energy consumption per unit of revenue.
Use renewable energy	2 operating locations use 100% renewable energy and our use of renewable energy to increase by 2% every year.	☑	<ul style="list-style-type: none"> · 4 operating locations use 100% renewable energy. · Renewable energy use target reaches 1.5 million kWh. 	Renewable energy use target reaches 2.7 million kWh cumulatively, accounting for 2% of total energy use.
Newly constructed office buildings have received the Green Building Label	Yuanta Insurance's Yuntai Plaza obtains Green Building Label certification.	☑	Yuanta Bank obtains the Green Building Label certification for its head office building.	Yuanta Securities' Tatung Building obtains Green Building Label certification after building renewal.
Control of group-wide waste reduction (Base year is 2019)	1% reduction in waste per capita.	☑	2% reduction in waste per capita.	3% reduction in waste per capita.

Note:

2. The Company has achieved the highest leadership level A of CDP carbon disclosure in 2020, and the mid- and long-term goals will be revised accordingly.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Control of group-wide water reduction (Base year is 2019)	1% reduction in water consumption per square meter compared to the base year.	☑	2.5% reduction in water consumption per square meter compared to the base year.	4% reduction in water consumption per square meter compared to the base year.
Credit card carbon footprint certification	The Yuanta Bank Credit Card receive "Carbon Label" from EPA.	☑	The Yuanta Bank Credit Card receive "Carbon Reduction Label" from EPA.	Become a "Zero Carbon Credit Card" in 2025.
Introduction of ISO 20400 sustainable procurement standards	Entire Group to comply with ISO 20400 sustainable procurement standards.	☑	Entire Group to comply with ISO 20400 sustainable procurement standards.	
Signed Supplier Sustainable Procurement Guidance	100% coverage of contracted manufacturers.	☑	100% coverage of contracted manufacturers.	
Regular audits of major suppliers	50% written audit rate of major suppliers.	☑	<ul style="list-style-type: none"> 60% written audit rate of major suppliers. 5% field audits from written audits. 	<ul style="list-style-type: none"> 70% written audit rate of major suppliers. 5% field audits from written audits.
Committed to demonstrating corporate responsibility through safe, healthy and sustainable processes	Obtain ISO 45001 Occupational Health and Safety Management certification.	☑	<ul style="list-style-type: none"> ISO 45001 certification has been continuously obtained. Improvement rate of 70% for internal and external auditing deficiencies. 	<ul style="list-style-type: none"> ISO 45001 certification has been continuously obtained. Improvement rate of 85% for internal and external auditing deficiencies.
Promoting employee health, safety and welfare programs	Provide more maternity leave and paternity leave days than the law requires.	☑	Continue to promote 3 employee health, safety and welfare projects.	Continue to promote 5 employee health, safety and welfare projects.
	Introduction of Employment Assistance Programs (EAPs).	☑	<ul style="list-style-type: none"> Satisfaction with EAPs Advocacy > 4. (5-point scale) 80% positive feedback after using EAP services. 	85% positive feedback after using EAP services.
Application for workplace health label certification	Yuanta Group's 8 major subsidiaries all obtain Workplace Health Mark certification.	☑	The percentage of business locations with more than 30 employees that have obtained workplace health label certification reach 70%.	reach 80%.
Ratio of employees receiving education and training	<ul style="list-style-type: none"> 100% of employees in Taiwan receive education and training. 90% of employees in Taiwan and overseas receive education and training. 80% or more of employees in Taiwan and overseas satisfied with their learning and development. 	☑	<ul style="list-style-type: none"> 100% of employees in Taiwan receive education and training. 93% of employees in Taiwan and overseas receive education and training. 83% or more of employees in Taiwan and overseas satisfied with their learning and development. 	<ul style="list-style-type: none"> 100% of employees in Taiwan receive education and training. 95% of employees in Taiwan and overseas receive education and training. 85% or more of employees in Taiwan and overseas satisfied with their learning and development.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Green finance talent development program	<ul style="list-style-type: none"> Total number of individuals increase by 10%. Total number of hours increase by 10%. 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> Total number of individuals increase by 10%. Total number of hours increase by 10%. 	<ul style="list-style-type: none"> Total number of individuals increase by 10%. Total number of hours increase by 10%.
Percentage of employees included in performance evaluation	<ul style="list-style-type: none"> Taiwan employee performance evaluation coverage rate of 100%. Taiwan and overseas performance appraisal types and employees cover 90%. 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> Taiwan employee performance evaluation coverage rate of 100%. Taiwan and overseas performance appraisal types and employees cover 93%. 	<ul style="list-style-type: none"> Taiwan employee performance evaluation coverage rate of 100%. Taiwan and overseas performance appraisal types and employees cover 95%.
Return on investment in human capital	Return on investment in human capital remain at 350% – 400%.	<input type="checkbox"/> ^{Note 3}	Return on investment in human capital remain at 400% or more.	Return on investment in human capital remain at 400% or more.
Long-term bonus and reward plan	Study the scope of the applicable target group and set work objectives and KPIs related to sustainable development.	<input checked="" type="checkbox"/>	Design of long-term incentive and sustainable development plans and evaluation mechanisms.	Implement a long-term compensation plan that links sustainable development and performance to encourage commitment and long-term engagement.
Employee engagement survey	<ul style="list-style-type: none"> Over 85% participation rate in the survey of employee engagement in Taiwan and abroad. Employee engagement rate 85% or higher for both Taiwan and overseas employees. 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> Over 85% participation rate in the survey of employee engagement in Taiwan and abroad. Employee engagement rate 87% or higher for both Taiwan and overseas employees. 	
Excellent talent retention rate	Maintain 93% – 95% retention rate of high performers.	<input checked="" type="checkbox"/>	High-performing talent retention rate of 95% or more.	
Human rights due diligence and issue management	The value of existing risks remain or decrease from the previous year through the continued management of effective mitigation measures. ^{Note 4}	<input checked="" type="checkbox"/>	The value of existing risks remain or decrease from the previous year through the continued management of effective mitigation measures.	
	Continue to systematically review and manage potential new risk issues.	<input checked="" type="checkbox"/>	Continue to systematically review and manage potential new risk issues.	
Human Rights Risk Mitigation Measures. Number of locations. Expanding the scope of human rights risk mitigation measures introduced	Introduce human rights due diligence and implemented human rights risk mitigation measures in overseas subsidiaries in South Korea and Thailand.	<input checked="" type="checkbox"/>	Introduce human rights due diligence and implemented human rights risk mitigation measures in overseas subsidiaries in Hong Kong, Vietnam, Indonesia, Philippines.	

Notes:

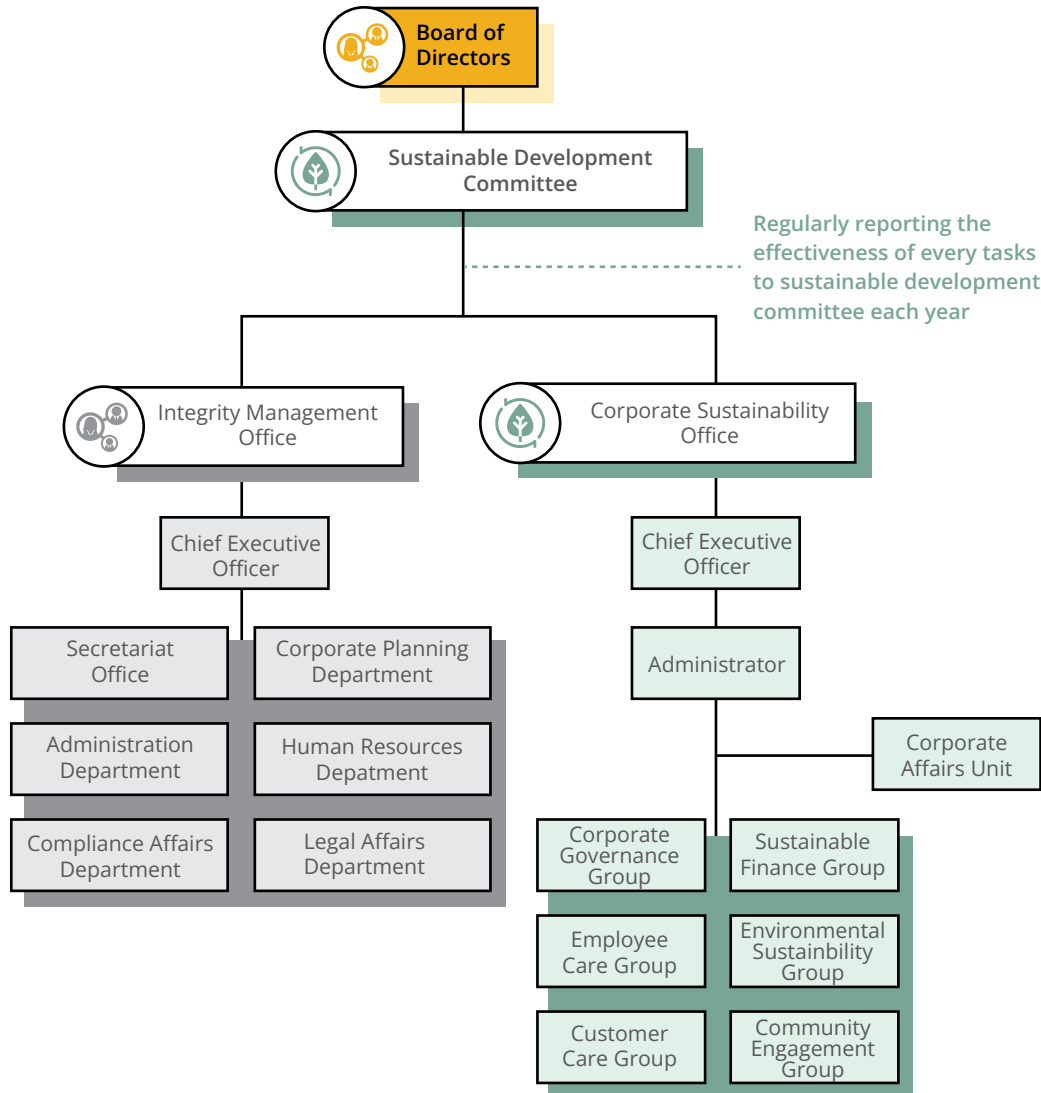
3. The increase in employee benefit expenses in 2021 is greater than the increase in net income, resulting in a slightly lower return on investment in human capital than the target.

4. Adjust the risk issues of concern every year. The achievement status listed in this item is the result of taking mitigation measures to manage the same risk issues in two years.

Item	2021 Sustainability Goals	Achievement Status	Medium-term Goal (2023)	Long-term Goal (2025)
Listed companies by Corporate Governance Evaluation	Top 5% of listed companies by Corporate Governance Evaluation of Taiwan Stock Exchange.	<input type="checkbox"/> ^{Note 5}	Consistently ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange.	
Conduct regular board performance evaluations to enhance the board's functions	Appoint an outside professional organization to conduct board performance evaluation and develop improvement measures to address weaknesses.	<input checked="" type="checkbox"/>	Plan for the 2024 external board performance evaluation.	
Plan diversified director education programs to enhance the professional functions of directors	Incorporate information security and intellectual property management into the education programs to enhance professional knowledge that the needs of corporate governance development.	<input checked="" type="checkbox"/>	In line with the Corporate Governance 3.0 Sustainable Development Roadmap, we provide director education courses in line with the international trend development.	
Promote paperless meetings to enhance board management effectiveness in line with sustainable development goals	Board of directors' paperless meeting system to go online.	<input checked="" type="checkbox"/>	Expand the use of the paperless conference system.	The benefits of paperless meetings are digitized.
Improving information transparency and promoting sustainable management	Study and plan shortening of the publication time of annual financial report to 2 months.	<input checked="" type="checkbox"/>	Publish annual financial report within 2 months after the end of the accounting year.	
	ESG report to incorporate SASB International Standards.	<input checked="" type="checkbox"/>	Deepen financial metrics to reveal ESG information with financial materiality and decision usefulness.	Expand the SASB standard indicator items.
Provide risk management sustainability goals	<ul style="list-style-type: none"> Inventory and evaluate the extent of climate change impact risk, enhance the reliability of related service functions, reduce disaster/epidemic risks, and develop sustainable operation plans. Enhance major risk warning and risk response mechanism, optimize the value of financial investment and financial services in two dimensions of risk management. 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> Continue to improve climate change management, develop a climate change scenario analysis module, and improve the financial impact assessment of risks and opportunities. Develop risk quantitative modules, expand integrated system analysis functions, and increase the breadth and depth of financial investment and financial service risks. 	
Money Laundering Prevention Unit staff certified as international anti-money launderers	70% of the Company's specialists passing the international anti-money laundering exam.	<input checked="" type="checkbox"/>	Expand subsidiary passing rate, so that it reaches 70%.	

Note:
5. Ranked 6%–20% in the Corporate Governance Evaluation in 2021.

2.3 Sustainable Governance



Sustainable Governance

The Company follows the Yuanta Financial Holdings Sustainable Development Guidelines, the Yuanta Financial Holdings Corporate Governance Guidelines, and the Yuanta Financial Holdings Integrity Management Guidelines to implement the concept of sustainable corporate development. The Company established the Sustainability Committee, a functional committee of the Board of Directors, in November 2018. And on March 15, 2022, the 39th meeting of the 8th Board approved the renaming of the “Sustainability Committee” to “Sustainable Development Committee”.

This term of the Sustainable Development Committee is composed of the Chairman of the Board of Directors and four independent directors, with the Chairman of the Board of Directors acting as the convener and the proportion of independent directors being as high as 80%. At least two meetings are held each year to approve the annual plan and strategic direction of sustainable development and to supervise and review the effectiveness of various sustainable implementation programs. The committee regularly reports to the Board of Directors on the Company’s sustainability strategy and annual results. ESG implementation and sustainability performance for the year have been reported to the Board of Directors of Yuanta Financial Holdings.

Sustainable Governance Operating Model

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

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

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

2.4 Stakeholder Agreement

Stakeholder Communication

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

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

Stakeholder Communication Topics of Interest

Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2021 Key communication achievements
Shareholders and Investors/ Creditors	Two-way communication through periodic overseas and domestic legal conferences and one-on-one meetings with institutional investors are carried out each year to provide institutional investors with a clear understanding of the Company's long-term development strategies and financial and business overview and to learn about institutional investors' suggestions and ideas for the Company and report them to decision makers for consideration of the Company's future strategic direction.	<ul style="list-style-type: none"> •Corporate governance •Integrity Management •Legal Compliance •Risk Management •Sustainable finance •Financial inclusion •Information and transaction security •Climate Action 	Announcement of operation profile on Market Observation Post System and company website	Monthly	<ul style="list-style-type: none"> •Good operational performance, positive return on equity for 6 consecutive years. •Held one shareholders meeting. •The Company has been selected as a constituent of several international indices, including the Dow Jones Sustainability World Index, Dow Jones Sustainability Emerging Markets Index, Bloomberg Gender Equality Index, FTSE4Good Emerging Index and FTSE4Good TIP Taiwan ESG Index, and was ranked No. 1 in the S&P Global Corporate Sustainability Assessment (CSA) in the Diversified Financial Services and Capital Markets category this year. •Winner of the S&P Global Sustainability Yearbook Gold Class, CDP Leadership Level A, and The Asset's Jade Award for Best ESG Company. •The Company, Yuanta Securities and Yuanta Bank have been certified by the CG6012(2019) of the Taiwan Corporate Governance Association as having an exceptionally good corporate governance system rating. (The certificate is valid from December 25, 2020 to December 24, 2022). •In 2021, we were invited to 6 investor meetings. At the same time, we conducted more than 100 meetings with investors (video/telephone/email, etc.) and regularly reported investors' opinions and concerns (e.g. net market transformation, risk management, trends, etc.) to the management. •Exposes ESG information and data based on SASB's Investment Banking and Commercial Banking Indicators; and identifies climate risks and opportunities using the TCFD framework. •The Company entered into a trustee contract with a third-party institution to exercise the right to monitor and check the performance of the Company's obligations related to corporate bonds on behalf of creditors.
			Announcement of financial reports and investor presentations on the Company's website	Quarterly	
			Shareholders Meeting	Annual	
			International ESG Ratings	Annual	
			Participating in credit rating	Annual	
			Issuance of Annual Report and ESG Report in English and Chinese	Annual	
			Setting up Chinese and English website and stakeholder contact area	On a regular basis	
			Domestic and international investor presentations	Nonscheduled basis	
			Disclosing the latest information on corporate governance and sustainable development	Nonscheduled basis	
			Communication with investors through bond underwriters, preparation of public prospectuses	Nonscheduled basis	
Providing the Company's credit rating report and disclosing the latest financial and operational information for reference in credit evaluation	Nonscheduled basis				

Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2021 Key communication achievements
Government Agencies	To comply with the relevant requirements and strengthen management capabilities through regular and periodic responses to surveys with the competent authorities and to release major information and to respond to relevant inquiries.	<ul style="list-style-type: none"> • Legal compliance • Customer Rights • Friendly and excellent working environment 	Reporting operations overview	Quarterly	<ul style="list-style-type: none"> • Monthly/quarterly reports and operational overviews are provided to competent authorities, so that they can keep track of the overall financial environment. • The Company has not violated Taiwan Stock Exchange's requirements for declaring information and press conferences for material information and explanations.
			Responding to inquiries from the competent authorities through official documents, meetings, phone calls, emails and public information	Nonscheduled basis	
			Announcement of material information	Nonscheduled basis	
			Reporting the results to the Market Observation Post System within 2 days of receiving the credit rating	Nonscheduled basis	
Current Employees	Through communication with employees, we listen to their opinions and needs, and communicate with them about the Company's policies, including education and training, workplace safety and health, compliance with laws and ethics, and performance appraisal, so that we can work together to achieve good results.	<ul style="list-style-type: none"> • Corporate governance • Integrity management • Talent cultivation and development • Friendly and excellent working environment 	Club activities	Quarterly/Monthly	<ul style="list-style-type: none"> • In response to the COVID-19 global pandemic, we have issued a total of 26 guidelines for epidemic prevention in accordance with the daily epidemic notification and epidemic prevention measures to continuously protect the health of our employees and their families. • Executives at all levels incorporated sustainable development goals and ESG business into their annual work objectives, and linked them to the reward system to implement sustainable business development. • Employee engagement rate 85% for both Taiwan and overseas employee, 86% of participating employees rated sustainable engagement positively. • The average number of training hours for employees increased by 2% and the average training cost increased by 1.5% compared to the previous year. • Developed and implemented occupational safety and health prevention programs, such as the maternal health protection program, overload prevention program, human-caused hazard prevention program, and unlawful infringement prevention program to care for employees. • Our Company are certified by ISO 45001 Occupational Safety and Health Management System and ISO4500 "General Guidelines for Safe Working during the COVID-19 Pandemic" providing a safe workplace for our employees.
			Convening labor-management meetings and occupational safety and health committees	Quarterly	
			Performance evaluation and feedback	Half year	
			Employee engagement survey	Annual	
			Occupational safety and health training	Annual	
			Organized Summit Forum / "Yuanta e-Learning" online courses	On a regular basis	
			Employee complaint mailbox, internal communication channel, e-newsletter	On a regular basis	
Employee Benefit Committee, Employee Stock Ownership Committee, and Labor Retirement Reserve Committee	Nonscheduled basis				
Potential Employees	The Company welcomes outstanding talents and helps students understand the current status of the financial industry to help them with their career choices.	<ul style="list-style-type: none"> • Talent management and development 	Industry-academic cooperation internship	Annual/Half year	<ul style="list-style-type: none"> • Working with 88 schools on industry-academia cooperation, we have been actively cultivating financial talents through joint credit courses, internships, lectures, corporate visits, and campus recruiting, with a total of 12,075 visitors this year. • We operate a Facebook fan page and an official internship matchmaking page to help students learn about Yuanta and various internship opportunities.
			Lectures, industry-academia cooperation	On a regular basis	
			Recruitment website, company website, company Facebook	On a regular basis	
			Course cooperation, career counseling	Nonscheduled basis	

Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2021 Key communication achievements
Clients/ Debtors	We provide a complete range of products to meet customers' needs, provide more diversified and convenient services, and combine multi-faceted issues and methods to attract customers' attention and increase customer loyalty. We also help customers understand the risks and costs associated with the use of financial products and services, so as to reduce the chance of future disputes.	<ul style="list-style-type: none"> • Customer service and privacy • Financial product innovation and services • Information and transaction security • Inclusive finance • Sustainable finance 	E-News and various investment research reports	Daily/ Monthly	<ul style="list-style-type: none"> • The average customer satisfaction rate of our five major subsidiaries is 98.08%. • Yuanta Securities ranked in the top 20% of the fair treatment principle assessment in 2021. • Yuanta Bank approved 7 cases of sustainable linked loans with total loan amount of NT\$4.55 billion and US\$45 million. • Yuanta Life promoted Micro Injury Insurance. 4,717 people were insured in 2021, and the amount of insurance coverage was NT\$1.73 million. • In 2021, the "Mr. Yuanta Fund" APP was launched, and the app was downloaded 47,000 times. • Yuanta Futures held the "Foreign Exchange Simulation Competition" with 1,740 participants from 67 colleges and universities. • Each subsidiary has set up a comprehensive complaint channel and dedicated handling unit for customer complaints https://www.yuanta.com/EN/ESG/StakeholderEngagement/Contacts.
			Payment discount program notification letter	Daily/ Monthly	
			Repayment negotiation	On a regular basis	
			Customer service center, customer service and complaint hotline	On a regular basis	
			Web services and mobile services app	On a regular basis	
			Investment and financial management seminars, talks and forums	Nonscheduled basis	
			Customer satisfaction survey	Nonscheduled basis	
			Debenture replacement	every 5 years	
Media	The Company has created good media relations and established smooth communication channels, so that the media can report fairly the Company's operating status to the public.	<ul style="list-style-type: none"> • Corporate governance • Integrity • Legal compliance • Financial product innovation and services 	Providing the latest market overview and financial commodity information	Regular	<ul style="list-style-type: none"> • Issued 247 press releases this year. • Specialized staff is responsible for media communication between the Company and its subsidiaries, and respond to media questions immediately. • Issued press releases or statements on major issues. • Provided the latest market overview and financial products information to help the public keep abreast of market trends. • From time to time, the Company and its subsidiaries hold press conferences and events.
			Media, press conferences and advertising	Nonscheduled basis	
			Explanation of unexpected events	Nonscheduled basis	
Community	The relationship between business and society is one of coexistence and co-prosperity. Our role as a "charity platform" helps others to realize their dreams, turn their lives around, and move forward to happiness. We also help the public to know more about the Group and how it continues to spread positive energy for Taiwan.	<ul style="list-style-type: none"> • Social welfare 	Group blood donation campaign	Annual	<ul style="list-style-type: none"> • The Group invested 2,588 volunteers, logged 6,405 volunteer hours, and benefited 6,080,980 people from its annual public welfare activities. • For five consecutive years, we have organized the "Dream Big Project" and provided human and material resources to assist 30 small social welfare organizations in need, benefiting 57,882 people in total. For the past 11 consecutive years, we have been promoting the Yuanta-FJU Dreams Take Flight Project and accumulated 19,261 students have received Yuanta scholarships, including 117 undergraduates and 6 graduate students. For the second year in a row, Yuanta has been awarded the Crystal Award, the highest recognition in the Ministry of Education's "Donation to Education" program. • Disclosure of the status of public donations on our website https://www.yuanta.com/EN/ESG/Social-Engagement.
			Dream Big Project	Annual	
			Public Associations	On a regular basis	
			Community care and neighborhood visits	Nonscheduled basis	
			Collaboration with NPO/NGO groups	Nonscheduled basis	

Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2021 Key communication achievements
Suppliers	To enable our suppliers to understand our environmental and human rights standards and to work together with them to promote ESG concepts.	<ul style="list-style-type: none"> •Supplier management •Information and transaction security •Social welfare 	Supplier reviews	Annual	•Passed ISO 20400 sustainable procurement certification and required contracted suppliers to sign the “Yuanta Financial Holdings Supplier Sustainable Procurement Guidance” listed in the contract.
			Supplier self-assessment	Annual	•Incorporated ESG terms and conditions into supplier contracts and signed the “Supplier’s Terms and Conditions for Sustainable Procurement” and “Integrity Commitment Statement.”
			Supplier conference	Annual	•Supplier meetings are held to communicate and educate on sustainability-related issues such as human rights and the environment.
			Signing of Supplier’s Terms and Conditions for Sustainable Procurement	Regular	•Annual evaluation of 154 major suppliers, classified into three grades of ABC according to the evaluation results, including 30 grade A, 116 grade B, and 8 grade C.

Materiality Assessment Procedures

Our Company values the views of our stakeholders. Our stakeholders include shareholders and investors/creditors, government agencies, customers/debtors, current employees, potential employees, media, communities, and suppliers. We employed various channels and stakeholder communication to understand and identify their concerns. In 2021, we evaluated and made adjustments with reference to the GRI criteria and the internal and external practices of the Company. They were discussed and jointly decided by the person in charge of the Corporate Sustainability Office and the group leaders. In response to these Material Topics, we disclosed corresponding management policies and specific actions. The evaluation process and the Material Topics identified are as follows:

Procedures for identifying material topics

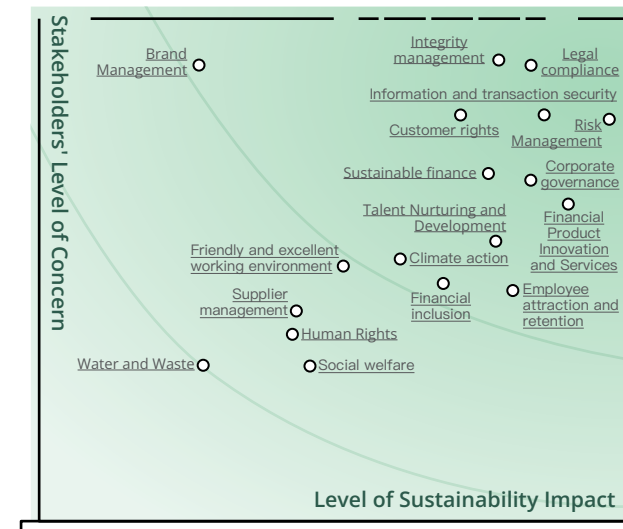
Step 1: Identify In 2021, the members of the Sustainable Management Committee selected 18 key sustainability issues based on the GRI criteria, taking into account the development of our industry peers, international trends (UN SDGs, etc.) and industry characteristics, as well as the concerns expressed through the Stakeholder Communication channels.

Step 2: Prioritization Twelve key themes were identified by evaluating the impact of sustainability issues on the economic, environmental and social (ESG) impact of the Company, both internally and externally.

Step 3: Verification After identifying Material Topics, the head of Corporate Sustainability Office and the team leader jointly confirm the significance of the topics and further evaluate the boundaries of the Material Topics for consideration inside and outside the organization to ensure that the important ESG information has been fully disclosed in the report.

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

Material Topics Matrix



Note: The Material Topics for 2021 that have been renamed from those in 2020 are as follows: "Corporate Governance and Integrity Management" was changed to "Corporate Governance" and "Integrity Management", "Risk Management and Internal Control" to "Risk Management", "Energy and Climate Change" to "Climate Action". In addition, "Employee Attraction and Retention" have been merged from "Talent Retention" and "Talent Cultivation and Development". "Legal Compliance" have been merged from "Anti-Money Laundering and Combating the Financing of Terrorism". "Customer Rights" have been merged from "Marketing and Labeling".

Material Topics and Their Impact Boundaries

Material Topics	Aspects to consider with respect to GRI Standards	Corresponding sections	Impacted parties-Value chain							
			Yuanta Financial Holdings	Shareholders and investors / creditors	Government agencies	Potential employees	Customers /debtors	Media	Communit y	Suppliers
Corporate governance	GRI102-16 GRI102-18	4.1 Corporate governance	☐	☐	☐					
Integrity management	GRI102-16	4.1 Corporate governance	☐	☐	☐		☐		☐	☐○
Legal compliance	GRI206 GRI419	4.3 Legal compliance	☐	☐	☐		☐			
Risk management	GRI102-11	4.2 Risk management	☐	☐	☐		☐			
Information and transaction security	NA	4.5 Information Security	☐	☐	☐		☐			☐○
Employee attraction and retention	GRI401	5.1 Employee attraction	☐							
Talent nurturing and development	GRI404	5.2 Talent nurturing and development	☐	☐	☐	▲				
Customer rights	GRI418	3.4 Customer rights	☐				☐		☐○	
Financial product innovation and services	NA	3.1 Financial product innovation and services								
Sustainable finance	G4 Industry Exposure - Financial Services: Product Portfolio	3.2 Sustainable finance	☐	☐				☐○		
Financial inclusion	G4 Industry Disclosure- Financial Services: Local Communities	3.3 Financial inclusion	☐				☐			
Climate action	GRI302 GRI305	6.1 Climate action	☐							▲

Degree of impact involvement: ☐Direct shock 、▲Indirect shock 、○Shock caused by business relationship



Management Approach

Material Topics	Commitment	Policy	Unit	Evaluation	Corresponding sections
Corporate governance	The Company believes that good corporate governance and integrity management are the foundation of its operations. In particular, the financial industry plays an important role in maintaining the stability of the financial environment and the flow of commercial capital. Therefore, we are committed to sound management, decision-making oversight, and professional and ethical operations, which are key to gaining the trust of our stakeholders.	Corporate Governance Guidelines	Secretariat Office	The performance of the Board of Directors and Functional Committees is evaluated annually (self-evaluation), and every three years, the performance of the Board of Directors is evaluated by an outside professional and independent organization or outside experts.	4.1 Corporate governance
Integrity Management	Integrity has always been our management philosophy. In order to carry out our corporate philosophy of sustainable management, we have been promoting corporate governance, strengthening the management of the Board of Directors on integrity management and practicing corporate social responsibility, and integrating integrity and ethical values into our management strategy.	<ul style="list-style-type: none"> • Integrity Management Guidelines • Procedures for Integrity Management and Guidelines for Conduct • Whistleblowing System and Implementation Measures 	Integrity Management Office	<ul style="list-style-type: none"> • The prevention plan and the related regulations established by the Company. • Internal control and other related regulations for each unit to follow internal control and operating procedures. • General business audits conducted by the auditing unit on an annual basis. 	4.1 Corporate governance
Risk Management	The global financial environment is becoming more complex and the risks involved in the financial industry are more diversified and intensified. Through the three lines of defense of risk management, the Company can effectively diversify, transfer or reduce risks to achieve a win-win situation for customers, shareholders, and employees.	<ul style="list-style-type: none"> • Risk Management Policy • Crisis Management Policy and Procedure Rules 	Risk Management Department	Compliance and enforcement of regulations and internal control systems are verified through the Internal Auditing Department, which is part of the Board of Directors.	4.2 Risk Management and Internal Control
Legal compliance	Good compliance with laws and regulations is an important basis for companies to gain the trust of their stakeholders. In order to reduce compliance risks and ensure that the Company operates in compliance with relevant laws and regulations, we aim to strengthen employees' awareness of compliance, maintain an effective and appropriate internal control system, and promote sound operation of the Company.	<ul style="list-style-type: none"> • Compliance Manual • Anti-Money Laundering and Counter-Terrorist Financing Policy 	<ul style="list-style-type: none"> • Compliance Affairs Department • Internal Auditing Department 	Through the Internal Auditing Department under the Board of Directors, the Company conducts general business audits at least once a year and project business audits every six months.	4.3 Legal compliance
Information and Transaction Security	With the increasing development of technology, the financial trading environment is becoming more and more dependent on the Internet, and the diversification of services also brings the impact of information security risks. The Group aims to provide stable and secure information services with the sustainable goals of "protecting the security of information assets" and "maintaining business continuity to achieve sustainable business operation".	Information Security Policy	<ul style="list-style-type: none"> • Information Security Department • IT Department 	The information security team of the Company and each subsidiary holds regular group meetings and management review meetings every year to evaluate and improve the effectiveness of information security management, audit and evaluation results, and feedback from stakeholders.	4.5 Information Security

Material Topics	Commitment	Policy	Unit	Evaluation	Corresponding sections
Talent Nurturing and Development	In the ever-changing financial industry, human resources are one of the foundations of the Company to provide good services and corporate innovation. The Company actively cultivates multiple functions of its staff, consolidates core professions and develops new functions to meet the needs of the financial industry and the Group's business development and enhance the Group's overall competitiveness.	The Group's talent cultivation strategy is to "solidification of cores and driving of growth", encourage employees to learn and transfer to other positions, and promote lifelong learning by combining physical and online training courses and providing learning resources through four course structures: Management College, Professional College, License College and Life College.	Employee Care Group	Managing employee education and training coverage rate and return on human capital investment, cultivating green financial talents, and reviewing employee performance evaluation.	5.2 Talent Nurturing and Development
Employee attraction and retention	Talent is an important driving force for companies to move forward. The Group actively invests resources in recruiting outstanding and diversified talents, and provides competitive advantages for the Group to expand into Taiwan and the Asia-Pacific region through diversified talent recruitment.	We have established multiple channels to source talents and provided a comprehensive compensation and benefit system to recruit domestic and overseas talents.	Employee Care Group	We have established a long-term incentive plan linked to sustainable performance, actively retained high-performing personnel, and conducted regular employee engagement surveys.	5.1 Employee attraction and retention
Customer rights	From the perspective of customers' needs, the Group leverages the diverse core business characteristics of its subsidiaries to introduce diversified and innovative products, strengthen customer communication, cultivate customer trust and loyalty, and continue to provide attentive and caring services to customers.	<ul style="list-style-type: none"> • Personal Data Protection Act • Cyber Security Management Act • Financial Holding Company Act • Regulations on Joint Marketing among Subsidiaries of Financial Holding Companies 	Customer Care Group	We incorporate the principles of fair treatment into our daily core business. Each of the five subsidiaries has established a specialized unit, with the chief executive officer as the convener, to hold regular meetings to plan, review, and promote improvement plans on matters related to the principle of fair treatment of customers and product review, and to report the implementation status to the Board of Directors to strengthen implementation from the top down.	3.4 Customer rights
Financial Product Innovation and Services	Digital platforms and mobile services have become part of our daily life. In response to the gradual changes in the behavioral patterns of consumers and the financial industry, the Group has been improving the functions of its financial digital platform based on its business characteristics, optimizing the investment process and customer habits through a convenient and fast digital experience, cultivating customer loyalty, and strengthening the Group's digital competitiveness.	<ul style="list-style-type: none"> • Digital platform development process • Design criteria specification document and production design specification file 	Sustainable Finance Group	We hold monthly meetings and occasional meetings with colleagues in the digital finance department of each subsidiary to discuss and ask the head of the digital finance department of each subsidiary to report on the content, progress, schedule, and promotion of mobile device development and optimization. Every six months, we evaluate the growth rate of mobile users of each subsidiary's digital finance department.	3.1 Financial Product Innovation and Services

Material Topics	Commitment	Policy	Unit	Evaluation	Corresponding sections
Sustainable finance	The Group places emphasis on sustainable financial development and is in line with international trends. We have developed Sustainable Finance Guidelines and are gradually incorporating ESG considerations into our credit, investment and financial products and services development. We also combine the business expertise of each subsidiary to provide diversified financial services and support the development of enterprises with sustainable concepts, and use our influence as a capital provider and manager to channel capital to sustainable industries and expand the influence of sustainable finance.	<ul style="list-style-type: none"> • Sustainable Finance Guidelines • Industry-specific Environmental and Social Risk Management Rules 	Sustainable Finance Group	Through quarterly meetings of the chief executive officers of the Company and its subsidiaries, we review the progress and performance of sustainable investment and financing, ESG products and services, and ESG consultation and negotiation, and discuss relevant international trends and directions for promoting sustainable finance, so that ESG can be implemented in our operations.	3.2 Sustainable finance
Financial Inclusion	The Group is committed to strengthening the inclusiveness of its financial services and integrating the core idea of “fulfilling your biggest dreams” to provide diversified, convenient, and lower-cost financial services to the disadvantaged people and micro-enterprises in the society, effectively promoting the development of local finance and expanding the reach of financial services, such as micro-insurance, public trust, and barrier-free financial services. We hope to enable disadvantaged groups to enjoy equal access to financial services.		Sustainable Finance Group	We track and manage the performance of each subsidiary's financial inclusion products on a quarterly basis. Through each subsidiary's quarterly reports on the new financial products developed, the number of participants, and the amount of money involved, as well as reporting on the 24 financial inclusion indicators and 4 observation indicators of Taiwan's Financial Supervisory Commission (FSC), we are able to grasp the financial inclusion policies of the competent authorities.	3.3 Finance Inclusion
Climate action	We are committed to building a corporate green culture by managing internal energy consumption and greenhouse gas emissions, continuously improving energy efficiency, and actively purchasing green power and renewable energy to reduce the environmental impact of our operations.	<ul style="list-style-type: none"> • Environmental Policy • Energy and Climate Change Management Policy 	Environmental Sustainability Group	<ul style="list-style-type: none"> • Environmental related ISO standard system is introduced and third party verification is obtained. • Annual review of carbon reduction, energy saving, renewable energy use, water saving, and waste reduction targets. 	6.1 Climate action



2.5 Creating Sustainable Impact Value

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

Six Types of Major Sustainable Capital

- **Financial Capital**
Operating costs NT\$ 40.846 billion.
Employee benefits costs NT\$ 33.955 billion.
- **Smart Capital**
The Group obtained a total of 15 patents.
Electric Vehicle ETN product designed by Yuanta Securities was listed.
Yuanta Fund issued Yuanta Taiwan High-yield Leading Company Fund A (The source of dividend distribution of the Fund may be the income equalization).
Yuanta Fund issued Yuanta Global 5G & NexGen Telecommunication Components ETF.
- **Human Capital**
Local talent development and cultivation costs of NT\$ 45.15 million.
Entire staff invested 519,285 hours into learning to enhance workplace competitiveness.
- **Natural Capital**
Green procurement of NT\$ 68.445 million.
Energy Saving Action Project NT\$ 4.53 million.
- **Social Relations Capital**
Charitable donations of NT\$ 224 million.
The Group's volunteer commitment reaches 2,588 number of people; Volunteer input 6,405 hours.
- **Production Capital**
Operation locations.
Yuanta Securities 146 locations.
Yuanta Bank 149 locations.
Total number of ATMs: 504.

Economic Impact



NTD **1,459,869,609** thousand

Under the development strategy of "Solidification of cores to drive growth", Yuanta Financial Holdings has achieved significant economic performance and generated real profits in 2021 despite the epidemic era and international political and economic changes, with an overall performance growth of 43% compared to last year. Employee payroll, capital expenditures, tax contributions, and financial investment activities generate economic benefits for employees, government, and industry, and drive the overall economic development of society.

Profits, salaries and employee benefits, intangible assets, capital expenditures, investment, and financing, tax contributions

Environmental Impact



NTD **-4,528,100** thousand

"Green Pioneers of Environmental Change" is the responsibility of Yuanta Financial Holdings. The value of our positive impact on the environment in 2021 through a series of climate actions, water resources and waste management was NTD 5,167 thousand. Mainly from the use of renewable energy, energy efficiency, digital paperless promotion, water saving action, domestic waste reduction, investment on renewable energy power utilities, etc. The negative environmental impact was NTD -4,533,267 thousand, which was mainly due to the social cost of carbon generated from investment and financing activities, in addition to the energy consumption of operational needs. In the future, we will continue to expand our investment in industrial targets with carbon reduction benefits to enhance the overall positive environmental benefits.

Waste disposal and recycling, water consumption, greenhouse gas emissions, investment in greenhouse gas emissions, carbon reduction benefits

Social Impact



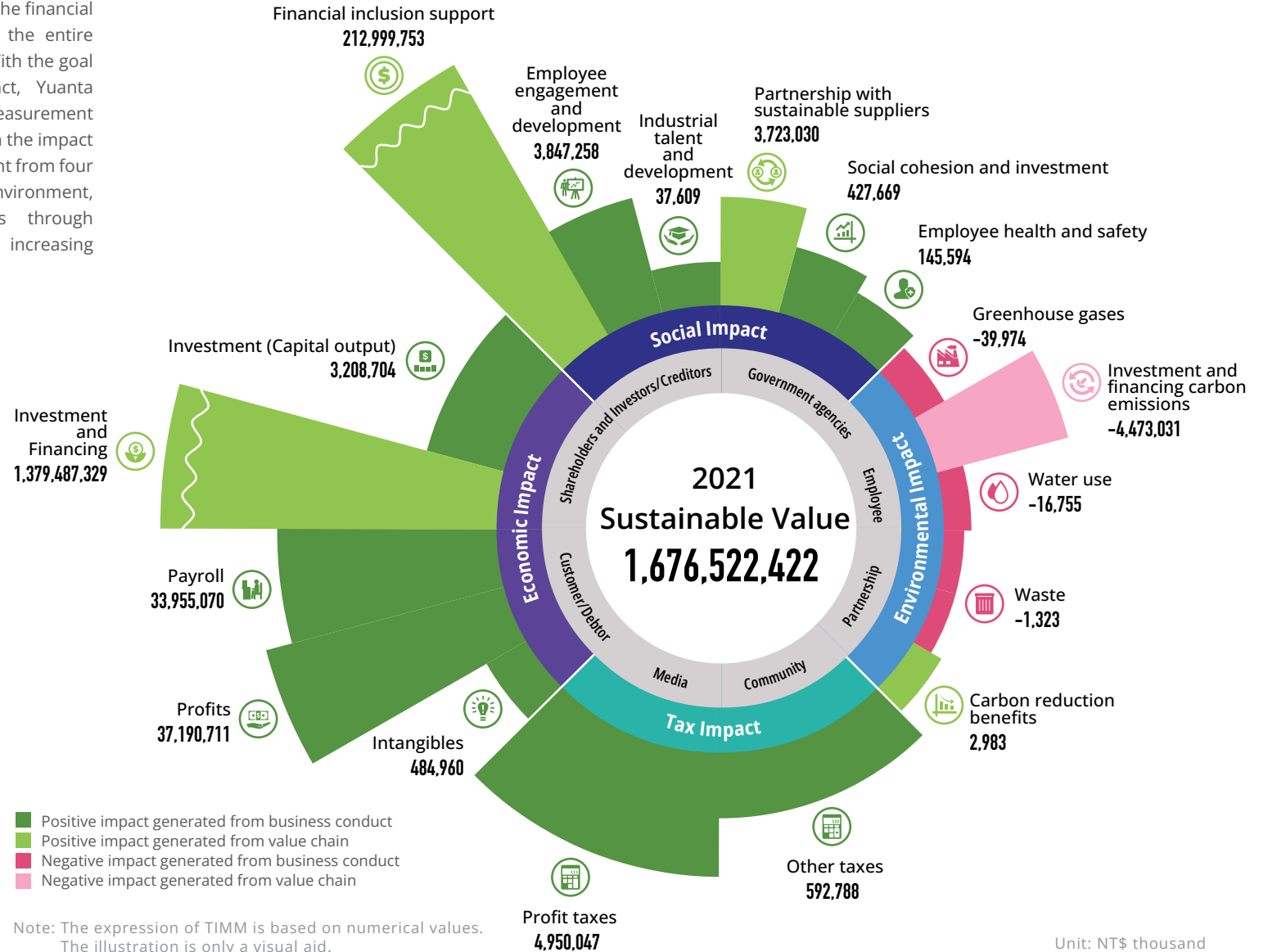
NTD **221,180,913** thousand

Among the five sustainable strategies of DREAM, employee care, customer rights and social welfare are the focus of Yuanta's social impact development. The positive social impact in 2021 was NTD 221,180,913 thousand mainly due to the investment in multi-functional development and healthy working environment of employees, but the social loss due to occupational accidents was NTD 1,729 thousand. In terms of external groups, Yuanta offers external cultivation of financial talents and knowledge transfer, social welfare support and financial inclusion support, in order to provide and assist the disadvantaged groups in obtaining social and economic protection. Supplier support helps to build the stability of the social ecosystem by investing in local procurement, green procurement, and due diligence management.

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

In the critical era of sustainable development, the financial industry plays an important role in driving the entire society towards sustainable transformation. With the goal of continuing to create sustainable impact, Yuanta Financial Holdings uses the Total Impact Measurement and Management (TIMM) framework to explain the impact of its operations on society and the environment from four perspectives: economy, taxation, society, and environment, and to communicate with stakeholders through quantitative science, with the objective of increasing positive impact over time.

In 2021, the sustainability impact value of Yuanta Financial Holding was NTD 1,676,522,422 thousand. The positive impact mainly comes from the economic value driven by investment and financing activities, the development of employee engagement, and the social cohesion and social welfare created that by investment, and the renewable energy supports the reduction of greenhouse gas emissions and the development of the green energy industry. The negative impact comes mainly from the social cost of carbon emissions in the target industries. In the future, we will continue to implement and promote sustainable financial services as our top priority; we will focus on stakeholders and create long-term social benefits to promote and implement sustainable development strategies and action plans.



CHAPTER 3

CUSTOMERS NUMBER ONE TRUSTED BRAND

3.1 Financial Instruments Innovation and Services

3.2 Sustainable Finance

3.3 Financial Inclusion

3.4 Customer Rights



3.1 Financial Instruments Innovation and Services

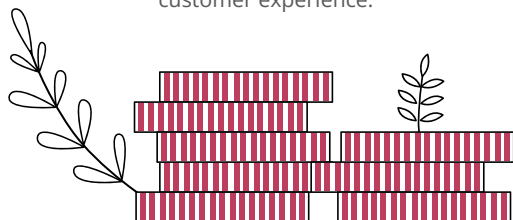
Creating Digital Journeys for Customers

The Group has insight into the changes brought about by innovative technologies in the financial industry in recent years. By combining the business expertise and channel resources of its subsidiaries, the Group is able to link up financial services such as application, financial management and payment that consumers need in their daily lives to form a financial ecosystem and create a customer-centric service with zero time difference. This year's pandemic has accelerated the development of digital finance and catalyzed the digital economy boom. With the arrival of the post-pandemic era, the Group has been applying big data and artificial intelligence to investment decisions through digital transformation programs and upgrading digital infrastructure in recent years. We also combine the Group's diversified investment products and services to enhance the customer experience in application scenarios, bringing a variety of investment channels and types, and demonstrating smart financial life with friendly and convenient services.



Online Application

- ✔ In order to meet the needs of customers, Yuanta Securities continues to optimize its account opening APP by using Optical Character Recognition (OCR) technology to streamline the process. We are also the first in the industry to set up fund management accounts (sub-accounts), and we have collaborated with Financial Information Service Corporation to use Application Programming Interface (API) technology to break through the limitation of supporting a single bank, so that customers can appoint their own bank accounts as settlement debit accounts and open both securities and wealth management accounts at the same time, breaking through the inconvenience of opening accounts online.
- ✔ Yuanta Securities launches Wanshitong 2.0 platform, which integrates the pooling operation and provides 8 straight through processing (STP) services such as online acquisition and deposit, prepayment/loop deposit, and cash coupon repayment, as well as the industry's only e-voting service, significantly increasing the convenience of online application for customers. We enhance our E-counter services to create a post-pandemic zero-contact investment experience.
- ✔ This year, Yuanta Bank launched Diamond-Gold Digital Deposit Account, which can be applied online through Internet Banking and Yuanta eCounter. After passing the verification, you can use both Internet banking and mobile banking services to transfer funds, make payments, exchange foreign currency and transfer fixed deposits, etc. You can also apply for a trust account at the same time, making it more convenient to apply for funds, allowing customers to take their foreign currency deposits and digital banking with them, solving their financial problems in one go.
- ✔ In response to digitalization, Yuanta Life provides iCare and online insurance customer area to provide e-policy function, which also allows insured customers to apply for e-policy. We also optimize UI/UX to create a more youthful and intuitive digital service process to enhance customer experience.





Smart Financial Management

- ✔ Yuanta Securities has continued to work with the younger generation in recent years, providing the public with free access to 17 technical indicators of individual stocks, including Mr. Investor APP's K-line and volume, for analysis when watching the market. We also provide AI intelligent stock selection, investment strategy setting and real-time monitoring function. Shortcut customization function can design a personal interface, and link to Yuanta's investment research reports to help customers fully grasp investment information. The software integrates stock selection, market watch and order placement functions, simplifying the investment process and enhancing customer experience. We continue to work hard to create a zero-time portable investment consultant to encourage young people to participate in the stock market.
- ✔ Yuanta Funds integrated the functions commonly used by investors to select funds and ETFs to launch "Mr. Yuanta Funds" APP. The overall project planning, design, API development and backend construction were all done by Yuanta's professional APP team. The Company uses big data and algorithms to provide customers with hot search funds, funds of possible interest, and optimized keyword search. It also uses biometric technology, dynamic browsing technology, and push broadcast mechanism to enhance the user experience, providing important information such as fund and ETF dividend distribution records, fund net worth trends and performance tables, and easily completing fund transactions such as single subscriptions, fixed deposits, buybacks, and switch subscriptions. As long as you are a former investor of Yuanta Funds Dividend Matching ETF and have participated in dividend allotment, you can check the historical details of your past participation in the ETF's dividend allotment, which is helpful for investors to keep track of their investment status and asset allocation in real time and facilitate dividend planning and management.
- ✔ "Mr. Yuanta Funds" APP data security technology uses high-strength message encryption and TLS secure transmission channel for data transmission, and is strengthened by source code obfuscation and envelope protection mechanism. In addition, Google reCAPTCHA V3 technology is used to strengthen the attack protection against credential stuffing attacks and obtain the MAS security certificate.
- ✔ Yuanta Futures launches iTRADER trading platform, and enhances the trading system and operation interface with a floating window structure and self-built tabs for free combination of windows to enhance the speed and efficiency of order placement. In the commodity and order process to provide a complete domestic and foreign options commodities, and support cloud smart orders, full-view cloud orders and cloud strategy orders, program trading intelligence, drawing online single-click to complete, can maintain pending orders for 30 days, upgrade the customer platform experience.



Multi-payment

- ✔ Yuanta Bank has set up "Account Link" service to link users' life scenarios, providing Yuanta Bank depositors to apply for iPASS Money bonded accounts and link to debit funds. In addition, mobile banking is also available to implement the Taiwan Pay QR Code payment service. After setting up the account link debit in mobile banking, users can present the QR Code or scan the code to transfer money, spend money and pay taxes in the application scenarios that support Taiwan Pay, extending the scope of mobile payment applications and making shopping, dining, transportation and accommodation services the basic life scenarios of users. In the future, we plan to develop payment services for the medical, insurance, telecom and smart services markets to expand the application scenarios. This year, the new icash Pay account link bonding service is added to share marketing resources with the convenient stores, create customer orientation benefits, and enhance cashless payment services. In addition to facilitating the use of general consumers, it also allows rural stores or night market vendors who use a lot of cash to receive and pay through convenient electronic payment tools, simplifying the payment receiving mechanism and reducing the risk of contacting service receipts and payments, as well as reducing the risk of cash transactions and the management process, and continuously expanding the financial ecosystem. The number of transactions for the year has exceeded 600,000 and the average monthly transaction amount is over NT\$550 million.
- ✔ Yuanta Bank has established the Yuanta Campus Services website to provide professional campus financial flow solution and create a new campus payment system platform to provide tuition and miscellaneous fee collection services for students, with easy account opening, electronic bill payment and the integration of domestic and international payment tools through the "Enjoy Learning" brand approved by the Taiwan's Ministry of Economic Affairs. Our quarterly marketing campaign also offers digital depositors benefits. We provide a highly efficient billing platform on the school side, with API / SFTP to send reconciliation information and virtual accounts for timely deposit notifications, which can instantly check payment status, improve billing efficiency and produce accurate reports, clear reconciliation management and reduce management costs. Yuanta Bank has also been working on campus for many years through its school network to reach out to young people and expand its services to non-credit card customers (e.g. students) to achieve financial inclusion benefits. This year, we have cooperated with nearly 60 colleges and universities, and the number of campus payment operations has increased by about 33% compared with the previous year, creating a cashless campus life.
- ✔ We provide convenient campus cash flow solutions and open up campus administrative fee collection without the need to download additional APPs or tie up specific wallets to use multiple payment tools for payment. Students' cash payment and payment risks can be solved, and the electronic retention of records can further cultivate the habit of financial bookkeeping.
- ✔ Yuanta Bank observes that domestic enterprises are developing rapidly in e-commerce, digital mobile payment and teleworking, and the digital content has become an indicator for evaluating business capability this year. In order to accompany enterprise customers to face the pressure of upgrading and transformation, we provide four functions of "Cash Management", "Payroll Transfer", "Import and Export Trade" and "Financing Management" and group account management services, which can optimize the capital deployment efficiency needs, optimize the operation process and reduce labor costs, and significantly reduce the financial operation costs of business owners. In order to connect with the international development of bilingual digital services, we provide English functional interface for foreigners to read and use without borders. The total number of corporate Internet banking transactions increased by 48% and the total number of logged-in customers increased by 16% compared with the same period of the previous year.

Fintech Website

Creating a Better Financial Life Together

Integrating domestic and international innovative financial services, combining with daily life to bring consumers an integrated experience to outline the future of financial life.

The Next Mile of Financial Innovation

The Company combines the application of new technologies, creativity and financial services, and explores new business models with consumers at the core.

Yuanta Bank uses digital wealth management as the core of its curatorial activities, and utilizes an online interactive approach that is in tune with the lifestyle of the younger generation, and makes more people aware of Yuanta Bank's online application services through its dedicated event website, including financial products such as Diamond-Gold Smart & Rich Card, Yuanta Securities Co-branded Card, and Diamond-Gold Digital Deposit Account. By linking the applications of various digital services, each financial service is not just a single product, but an interconnected digital financial tool. In addition to offering Yuanta Bank's digital financial products, this online exhibition also brings together the iconic financial technology services of Yuanta Financial Holdings' subsidiaries, including Yuanta Securities' Mr. Investor APP and Yuanta Funds' Mr. Yuanta Funds APP, to help customers find the true match for Yuanta's digital financial services through experiential activities. It is a great opportunity to find digital financial tools that can be put into practice in your life, not just during the short exhibition period.



The National Brand Yushan Award
“Most Popular Brand Award - Mr. Investor APP”



Innovation

- 1 It integrates stock selection, market watch, and order placement functions, and integrates all financial products into one electronic platform, providing one-stop purchase of a full range of investment and financial services.
- 2 With the introduction of intelligent stock selection, we can provide users with reference targets through big data calculation, and customers can also find stocks through current concept stocks.
- 3 In cooperation with Yuanta Securities Investment Consulting's investment consulting team, we set up an inventory health clinic based on the professional criteria provided by the investment consultant to help investors grasp entry and exit opportunities, and link to Yuanta's investment consulting research reports, so that each investor has a professional investment consultant on hand and shortcut customization features to design a personalized interface.
- 4 OTT cloud streams live programs such as "ET Net" and "Good Morning Taiwan Stocks", and by using the “child-mother screen” mode, you can watch video and watch orders at the same time.
- 5 Cooperate with the largest information source in China, Zhejiang Nucleus Straight Flush, to provide stock quotes in three popular overseas markets: U.S., Hong Kong and China.
- 6 Provide manga elementary school classroom analysis of the stock market, through carefully designed scripts, so that novice learn easily.



- 1 The satisfaction survey of Mr. Investor APP was conducted this year, and the overall satisfaction rate was 98%.
- 2 The number of downloads this year is nearly 1.2 million, and the cumulative number of downloads has exceeded 3 million, with significant results in revitalizing stock market transactions and nearly two-fold growth in the young age group under 30.
- 3 The number of clients using Mr. Investor APP accounts for 80% of electronic trading accounts.
- 4 Broke brokerage records and won 13 domestic and overseas awards.
- 5 Awarded 13 patents by the Intellectual Property Office, Taiwan's Ministry of Economic Affairs.

Safety

- 1 Introduction of international level information security certification mechanism: Information Security Management System (ISMS) and Personal Information Management System (PIMS).
- 2 Accredited by British Standards institution (BSI) to ISO 27001 and BS 10012 international standards for personal data protection management.
- 3 We strictly enforce network and system defense, email penetration defense, content protection platform, and endpoint and mobile threat defense.

Strengthen Digital Infrastructure

Digital Transformation

Emerging Technology Application Development Program

Yuanta Bank is fully committed to the development of digital finance and launched the “Emerging Technology Application Development Plan” in 2020, setting four major themes: digital services, business mobile platform, robot process automation, and network infrastructure and cloud applications, with an investment scale of nearly NT\$100 million.



Digital Services 1

Based on the patents obtained for financial technology innovations in digital accounts, wealth management, loan services, lifestyle applications, and digital money flow, Yuanta Bank has optimized the digital platform processes of online application, Internet banking, and mobile banking to enhance the digital customer experience and develop situational finance.



Business Mobile Platform 2

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



Robotics Process Automation 3

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

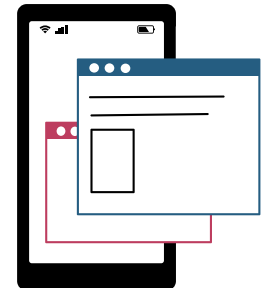


Network Infrastructure and Cloud Applications 4

The development of various emerging technologies must be built on a stable network environment. Yuanta Bank will adopt a new generation of network architecture to support the lightning-fast demand of financial technology, and through cloudization of software and hardware equipment, we can save the time and management cost of installation and lay the foundation for business cloud applications.

Achievements in 2021

- ✓ The number of foreign currency digital deposit accounts increased by 1,163% compared with the previous year.
- ✓ Through the online loan application service and the optimization of the front and back office system, we can significantly improve the application efficiency, and the number of online loan applications increased by 327% and the number of credit card applications increased by 157% compared with the previous year.
- ✓ At present, 21 Robotic Process Automation (RPA) programs have been launched, all of which have achieved labor savings and increased employee productivity after RPA implementation. For example, overseas transaction alert notification can save about 90% of manpower and completely replace the manual notification process.
- Open Bank has partnered with 6 TSPs in the second phase of Open Data, the largest number of partners in the financial industry. We are gradually increasing the number of Open API users.
- ✓ Business mobile platform mobile insurance usage rate reached 34%.



★ Diamond-Gold Digital Service



- ✔ The number of bonded accounts of Diamond-Gold Digital Service is about 100,000, and the percentage of customers using the service after bonding reaches 66%, the number of transactions reaches 4.6 million, and the average monthly transaction amount reaches 500 million.
- ✔ The number of online accounts opened in Diamond-Gold Digital Account increased by 1,163%, the balance of Taiwan and foreign currency deposits exceeded NT\$70 million at the end of the year, and the number of fund transactions increased by 1,241%.
- ✔ The average monthly payment amount of Diamond-Gold Digital Life Payment reached NT\$485 million, and the total number of customer payments increased by 26.6% and the payment amount increased by 18.7%.
- ✔ The digital online application service of Diamond-Gold Digital Loans, together with the optimization of the front, middle and back office system, can reduce the human workload by about 80% and save 33% of the mortgage appraisal process.


▮ Digital Transformation Development Plan

In order to accelerate the overall digital development and transformation and strengthen fair customer service measures, Yuanta Bank launched the “Digital Transformation Project” in 2020, which is divided into three major areas for overall planning and is expected to achieve four major results, including “fair customer service”, “digital innovation”, “virtual-real integration”, and “customer experience”.



Customer Experience 1

We conduct annual digital customer satisfaction surveys to analyze data and collect customer suggestions, as well as to take care of customer relationship management benefits. In this year's Digital Customer Satisfaction Survey, the overall average satisfaction score was 4.21 (out of 5).



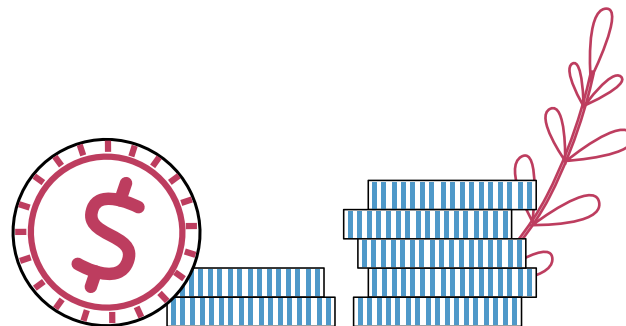
Digital Seeds 2

We set up digital seeds to receive regular professional training in digital finance. We conducted 33 seed training sessions and accumulated 2,115 hours of training for our staff in this year.



Digital Power Innovation Competition 3

To encourage employees to make innovative proposals, a digital innovation proposal competition is held, with feasibility and real benefit value as the main scoring points, and senior executives are invited to serve as judges. Awarded cases will be prioritized in the development schedule. The second Digital Power Innovation Competition has released its schedule. After the first stage of preliminary evaluation, a total of 8 cases were selected to enter the second stage of final selection, and 5 cases were selected by the chief executive officer of Yuanta Financial Holdings, chief digital development officer and supervisors of the Digital Development Division on December 24 of this year.



Achievements in 2021

- ✔ A total of eight proposals were selected for the 2020 Digital Innovation Project, and they were implemented and launched during the year.
- ✔ The Champion Program is a new model of consumer loan program. Customers can enter the program through the Yuanta eCounter interface, select credit card bill installment, auto loan or credit loan and complete the application after filling in the information. Online applications for consumer installment grew by more than 9%, online applications for credit grew by 28% and online applications for auto loans grew by 53% after the launch.
- ✔ The second place winner is the Small and Medium Enterprises (SME) Credit Insurance API linkage. 50% of the fields are linked through the system (automatic file creation), saving 20 minutes of operation time per case.
- ✔ The third place winner is Insurance Plus+, which uses data system integration technology and a clear and easy-to-use interface to manage customer information. The two main functions of the system are policy information inquiry and case tracking, important policy information and renewal notification. The system also summarizes the frequently asked questions of customers, helps the financial management professional to know the various needs of customers after applying for the policy in real time, and keeps track of the policy progress, so that the professional is not limited by time and space, and effectively provides agile services to customers.

Digital Power Innovation Competition 2021 – Champion

Yuanta Diamond-Gold Loans

Digital Power Innovation Competition 2021 – 2nd Place Winner

Customer Service Risk Early Warning System

Digital Power Innovation Competition 2021 – 3rd Place

Receipt big EASY

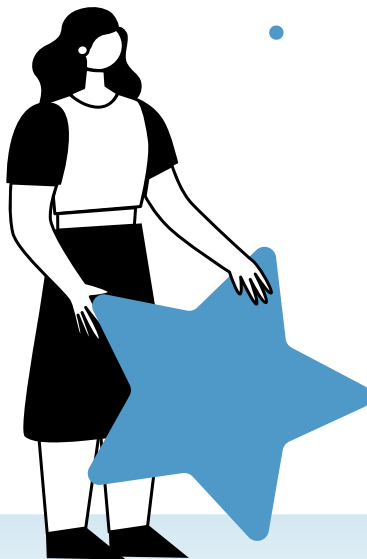


Digital Innovation

Smart Investment

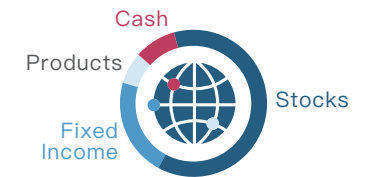
Yuanta Securities Strategy Trading Platform

In response to the changes in the trading market that have overturned history, it is no longer enough for investors to judge whether to place a trade by looking at the market trend alone in response to today's highly volatile and rapidly rotating capital market. Yuanta Securities has invested its professional strategy development team and rich investment know-how to provide dozens of top-quality investment strategies. Investors can refer to the strategies' win rate, return rate and rating, and can add their own personal indicators to form a personalized strategy, and allow the monitoring system to automatically check the best time to enter the market, and automatically send alert messages in real time to keep track of the market situation. The database contains a wide variety of return information such as payoff curves, buy and sell points, and analysis of the five forces of the strategy, with the goal of providing advanced investors with a more sophisticated investment experience and enhancing financial market competitiveness. The number of platform users has reached 120,000 this year, and the Company has received an investment credit from the Securities and Futures Bureau of the Financial Supervisory Commission for "Corporate Research and Development Expenses - Highly Innovative".



Yuanta ETF AI Intelligent Investment Platform

Yuanta Funds has observed the market trend that the young generation has become a key driver in the investment market and has created a wave of “digital financial management platforms”. The demand for customized financial products and investment transactions has increased, and financial institutions are gradually changing their role from product providers to solution providers. Yuanta Funds has developed the Yuanta ETF AI Intelligent Investment Platform in response to investors' needs, and is the first “Total ETF Solution Provider” in Taiwan. Yuanta Funds is the first platform in Taiwan to provide “open portfolio” simulation function and one of the few platforms to provide multiple ETF intelligent investment portfolios, integrating ETF optimized data query, ETF multiple investment strategies, ETF intelligent investment portfolios and ETF knowledge education articles.



Development History

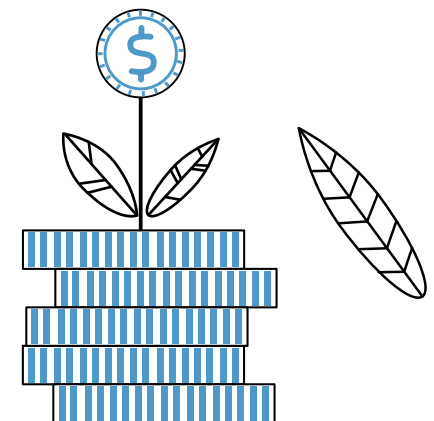


AI Investment Research Patent

Pattern Recognition System: Using historical price/volume patterns and economic cycle data, we can identify similar historical situations and predict future market trends.

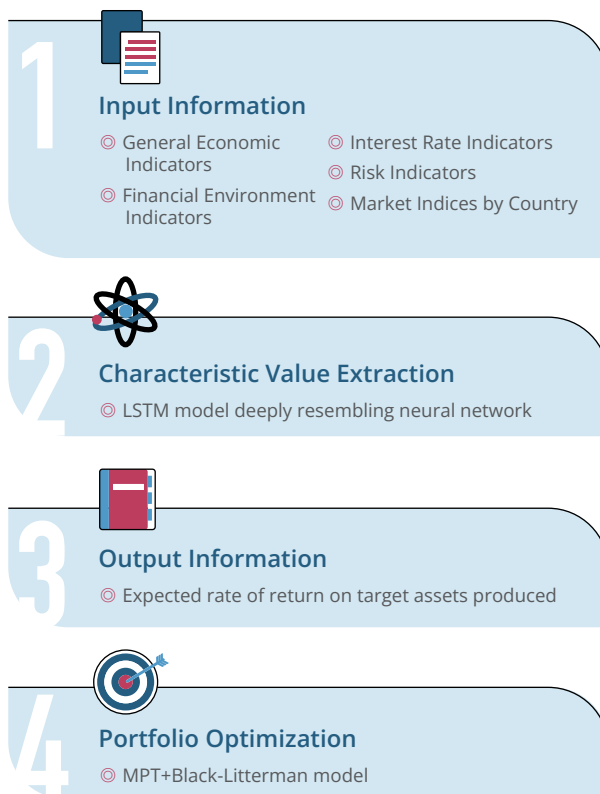
Trend Turning AI Identification: Through machine learning, we analyze multiple factors affecting the market (general economy, global stock market, foreign exchange, and commodities), and then find effective turning opportunities through attribution of feature contributions.

Quantitative AI-assisted strategy: The original quantitative strategy's historical buy and sell signals are analyzed by machine learning algorithms to evaluate the profitability of signal trading and significantly reduce trading costs.



Smart Portfolio Process Import

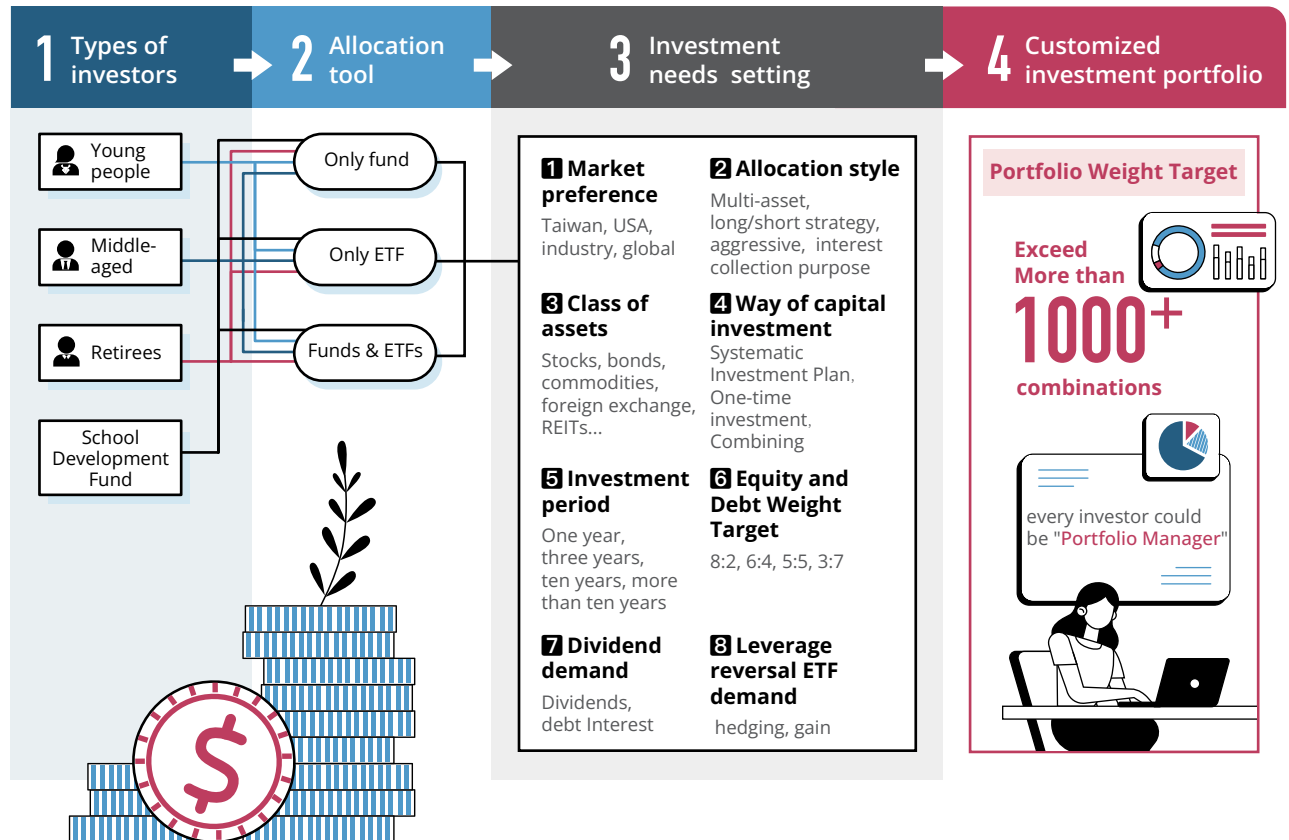
The combination of quantitative technology and machine learning algorithms introduces deep learning, random forest, XGBoost and other techniques in machine learning methods to monitor leading indicators, market chip momentum, and fundamental value timing cycles at any time, and to conduct variable analysis of key factors and timing situations, and the cooperation between experts and intelligent algorithms leads investors to the door of intelligent investment.



Customized & Standardized Investment Portfolio to Meet Different Investors

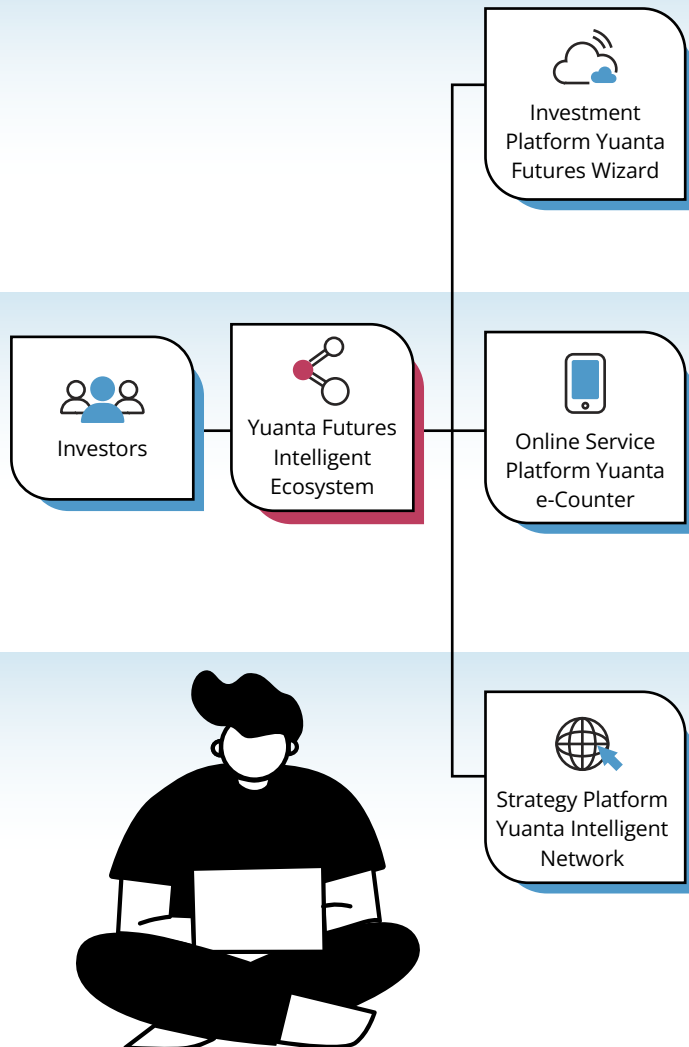
Smart Portfolio Function: After investigating the investment objectives and investor suitability risk scores, the quantitative + AI algorithm provides intelligent investment portfolios.

Portfolio Calculator Functions: Investors can set their own parameters such as “underlying (ETF/mutual fund)”, “allocation weight”, “rebalancing period”, “rebalancing frequency”, “investment amount”, etc., to quickly test the historical performance and risk indicators of their portfolio, and to understand whether the historical performance of their chosen portfolio meets their investment needs and risk attributes.



Yuanta Futures Options Investment Ecosystem

Yuanta Futures actively promotes the intelligent ecosystem, establishing one-stop consulting services such as online and physical seminars and courses, combining communication software to disseminate real-time market information, and providing a customized trading platform for traders to conveniently use online services such as options and leveraged trading commodities. Yuanta Futures develops a full range of digital financial services with customers at the core, including four categories: front-end operations, order trading, value-added subscriptions, and risk control. Through a full range of big data intelligent system control and daily risk analysis, we monitor market and capital liquidity in real time, confirm that all indicators fall within the standard safety range, assist front-line staff and customers in grasping the risk of positions, and provide more comprehensive protection for each customer.



Investment Platform Yuanta Futures Wizard

Strategy Platform

Traders can browse the basic introduction, features, and performance of strategies through Yuanta SmartNet. All strategies are marked with their risk levels through a stringent internal risk control review mechanism, allowing investors to choose differentiated strategy subscriptions according to their own investment risk attributes, and can connect to Yuanta's AP/APP trading platform to use program strategies for intelligent management of trading strategies.



Online Service Platform Yuanta e-Counter

Trading Platforms

In order to shorten the decision-making process and trading speed, and to satisfy customers with domestic and international trading systems and investment information for all commodities, Yuanta Futures provides a variety of AP and APP trading platforms that allow users to easily complete trades by applying multiple order placement, self-alerting, and graphical functions.

AP Platform



APP Platform



API Platform



Strategy Platform Yuanta Intelligent Network

Online Service Platform

We provide services such as online account opening, data change, e-Statement application, and e-newsletter subscription to simplify the application process and create an intelligent financial counter that serves global customers 24 hours a day.

Online Counter



| Blockchain Technology Applications

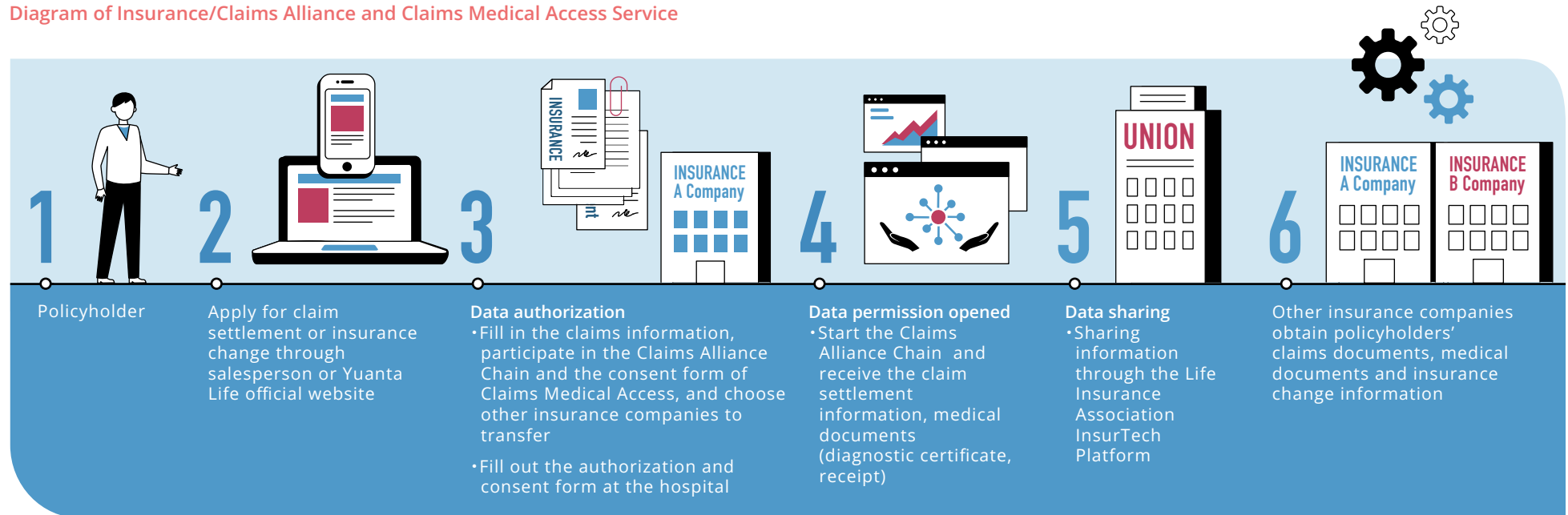
Blockchain Correspondence Service

Yuanta Bank and Financial Information Service Company are working together to develop blockchain technology applications and provide online application for “Letter Operation Corporate Authorization Agreement” service, which digitalizes the financial information of corporate clients to the accountants and greatly improves the accuracy and timeliness of the correspondence information. We also added a new business of “Business Correspondent Banking” on blockchain platform in this year.

Claims Online Application, Insurance/Claims Alliance Chain, Claims Medical Access

In January this year, Yuanta Life officially implemented the “Insurance/Claims Alliance Chain”, providing “Claims Online Application”, “Claims Alliance Chain Application Operation,” and “Claims Medical Access” services. By utilizing the security and convenience of insurance blockchain technology to create a highly secure file exchange mechanism, policyholders can apply for claims or coverage changes through the Yuanta Life website, achieving the convenience of applying to multiple insurance companies. By using the “Claims Medical Access” service, policyholders only need to fill out the application form at the counter of the partner hospital with diagnosis certificate, cost certificate and other information, and then submit the claim at our policyholder area, which can apply a claim to other insurance companies in the alliance chain at the same time. This speeds up the processing of medical insurance claims and provides a faster, more convenient and friendly environment for policyholders.

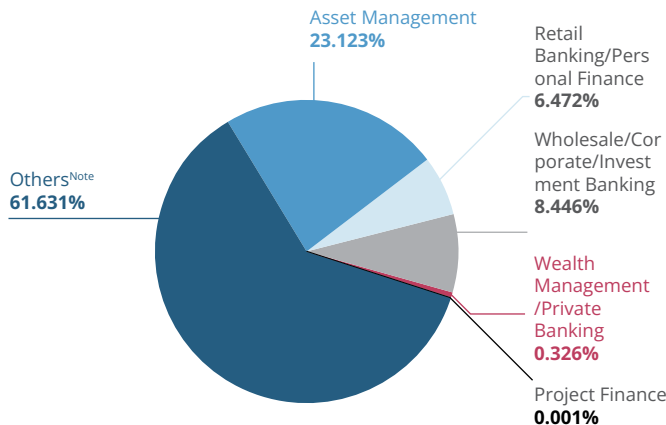
Diagram of Insurance/Claims Alliance and Claims Medical Access Service



3.2 Sustainable Finance

As a trusted brand that grows with our customers, Yuanta Group has been paying attention to international sustainability trends, following the United Nations Principles for Responsible Investment (PRI), signing up to the Equator Principles and disclosing sustainability-oriented indicators that have a significant financial impact in accordance with the SASB standards issued by the Sustainability Accounting Standards Board, highlighting industry risks and opportunities, and effectively communicating sustainability information that has a significant financial impact. As a financial institution that society relies on, we manage our capital to exert a positive influence, allocate capital resources to support sustainable industries, introduce diversified and differentiated products and services according to different businesses, and actively develop ESG innovative businesses, leading our clients to support sustainable financial development together.

Revenue Share by Business



Note: Others refers to premium income, brokerage fee income, etc.

Supporting Sustainable Economic Development

Climate Finance

Under the influence of global warming in recent years, the frequency and intensity of extreme climate disasters have continued to increase, and the mitigation and adaptation of climate change has become a necessary issue for sustainable management. The Group has been using the TCFD proposal framework to fully disclose relevant information since 2018. In 2019, the Group analyzed the impact of transformation and physical risks on past targets in the steel industry, and in 2020, the Group analyzed the potential physical hazards to real estate caused by climate change as the impact path, and conducted a situational analysis of real estate collateral and Taiwan-wide operation data, and formulated corresponding risk management actions based on the quantitative results. In 2021, the environmental and social risk factors of each industry were considered in the risk level of each industry in 2022, including the impact of emerging environmental or social factors on industry trends, the cost of climate transformation risks, and barriers to industry entry, with reference to the reports on industry risk assessment and economic situation analysis issued by well-known domestic and international institutions. In addition, in order to strengthen the management of the impact of climate change risk on the market risk of investment targets, a climate risk value limit and control mechanism will be established in 2022. In order to fully reveal the Group's actions on climate risk management issues, a separate TCFD report was issued this year to demonstrate the Group's commitment to and actual implementation of climate change issues. Please refer to the Yuanta Financial Holdings Climate-related Financial Disclosure Report for details.

Sustainable Financial Management Structure

Sustainable Finance Guidelines

The Company established "Sustainable Finance Guidelines" to formulate a green policy for investment and financing at the financial holding company level. Through a principled

framework and guidelines, the Company incorporated ESG factors into its daily operations and decision making, instituted a list of industries to be actively supported, standardized the list of companies to be avoided, strengthened due diligence and prudent evaluation of ESG high-risk targets, and guided companies to pay attention to governance, environmental, and social risks and to fulfill their responsibilities as global citizens.

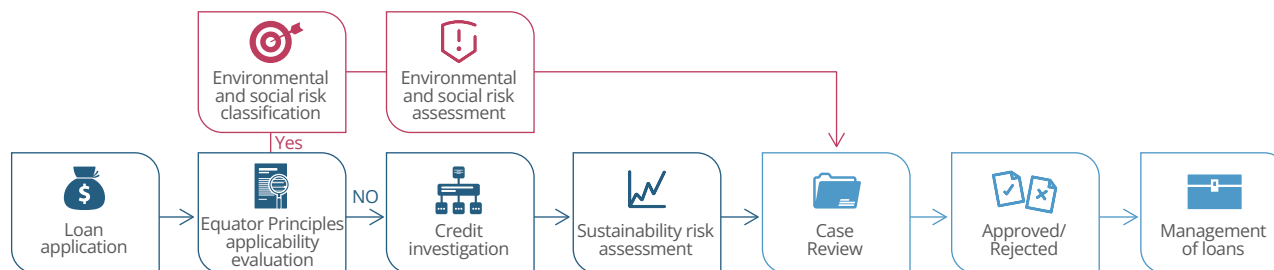
The Sustainable Finance Guidelines is used as a standard for our subsidiaries to implement criteria for sustainable lending and investment. We follow the rules to implement sustainability into our business planning and operations. This year, all subsidiaries have completed the review and revision of relevant regulations, extending the spirit of sustainability to products and the Group provided 124 in-house courses on sustainable finance-related topics, with a total of 7,974 participants and 13,773.53 hours of training. Through education and training, we help to familiarize our relevant employees with the implementation of sustainable financial issues and the cultivation of a sustainable culture, so that they are capable of leading our clients to develop sustainable benefits.

Industry-Specific Environmental and Social Risk Management Rules

In order to further strengthen the ESG screening mechanism in the Group's investment and lending business, the Company set up the "Industry-Specific Environmental and Social Risk Management Rules" this year stipulating that when performing business with companies engaged in environmental and socially risky industries, such as steel manufacturing, semiconductor manufacturing and plastic material manufacturing, case processors are to fill out the "Industry-Specific Environmental and Social Risk Management Checklist" applicable to their subsidiary to understand the social and environmental risk management measures of the business counterparties, examine the potential social and environmental risk impact of the customers and their ability to adjust to environmental and social risks, and ensure risk control of the transactions.

Responsible Financing

Responsible Financing Flowchart (including Equator Principles)



In order to implement sustainable financial risk management, Yuanta Bank follows the “Sustainable Finance Guidelines” to coordinate with the adjustment of relevant business practices and internal processes, incorporate sustainable financial risk management into the credit business review and decision making process, and require the completion of sustainable financial assessment for credit business, stipulating that credit business should carefully assess whether there are potential risks of environmental and social hazards in the counterparty or transaction content, and conduct KYC (know your customer) process to understand the reputation, business content, financial status, management capability and regulatory compliance of the credit counterparty, international sustainability index scores, and the presence of negative ESG issues to ensure risk control. In the case of controversial enterprises or enterprises with sensitive environmental and social (E&S) issues, we are to strengthen due diligence and consult with experts when necessary. For companies with high climate risk, we include E&S screening in the KYC process to identify and manage the potential E&S risks of our clients and enhance customer due diligence before granting credit.

After the loan is disbursed, review and follow-up examinations are conducted to see if the creditors can properly utilize the loan according to the original loan plan and actually fulfill the contractual requirements and other contractual matters; if there is a practical need for important credit cases, on-site review will be conducted. In addition to timely review of the operating activities and financial changes of the credit recipients, we will continue to pay attention to the dynamics of the use of funds after the contract is signed and funded, as well as to the implementation of the tracing of the sustainable development in order to avoid any significant adverse impact on the environment and society, and if there is any violation of environmental and social regulations, the loan amount will be reduced depending on the circumstances of each case. In 2021, we did not have any credit customers with environmental or human rights issues that required the suspension of financing.

In order to enhance communication with customers, Yuanta Bank has included in the credit application form a statement of support for the United Nations' sustainable development goals, in the hope that applicants to join hands with the Bank to fulfill promoting sustainable development. While pursuing business development and profitability, the Bank also pays attention to environmental protection, social welfare and corporate governance issues, supports green industries and low carbon transformation, advocates human rights protection and is committed to social welfare.

We urge applicants to apply for loans from Yuanta Bank in such a way that the use of funds will not have a significant negative impact on the environment and society. 100% of all credit customers completed credit application forms and read the above

statement of sustainable development goals of the United Nations. Yuanta Bank's corporate banking credit business has implemented E&S review in the CDD (customer due diligence) and KYC process to identify and manage customer risk cases. The number and amount of cases reviewed and approved by the “Sustainable Finance Guidelines” and “Industry-specific Environmental and Social Risk Management Rules” in 2021 were as follows:

Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Amount
Real estate development and operation industry	234	93,310,341
Financial services and securities futures	307	91,242,005
Computer, electronic products and optical products manufacturing industry	69	49,028,386
Pulp, paper and paper products manufacturing industry	22	47,164,780
Electronic component manufacturing industry	109	44,229,419
Wholesale industry	116	30,886,881
Plastic materials manufacturing	49	29,262,847
Semiconductor manufacturing industry	25	25,288,302
Retail	44	17,930,375
Textile industry	28	14,435,694
Other	906	191,121,263
Total	1,909	633,900,293

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

Unit : NT\$ thousand

Industries	Number	Amount
Plastic materials manufacturing	49	29,262,847
Steel manufacturing	31	12,695,600
Semiconductor manufacturing industry	25	25,288,302
Total	105	67,246,749

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

| Project Financing

ESG Risk Management Process



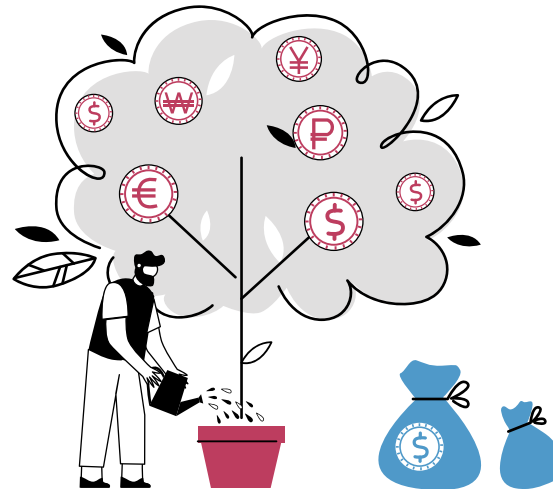
1 Risk Assessment

We joined the Sustainable Finance Guidelines review program to examine the potential ESG risks of our creditors. In accordance with the “Key Points for Project Financing Management,” the Company conducts due diligence, evaluates the financial, legal, insurance, and technical feasibility and risks of the project, implements a post-loan management mechanism, and strengthens the review and approval process. If negative news or abnormal information (such as food safety, fire, environmental disputes, etc.) occurs during the term of the credit line, we will carefully evaluate the impact of the event on the credit right, and through regular visits, we will grasp the actual financial situation of the credit line and review the reasonableness and authenticity of the transaction documents and the flow of funds.



2 Third Party Testing

If necessary, we commission external experts (e.g. lawyers, accountants, etc.), professional consultants or third-party inspection and testing organizations to issue evaluation reports. After careful evaluation of the reasonableness of the report, the evaluation report may be adopted as a feasibility and risk assessment report, or at its discretion, amended in accordance with the results of our own evaluation.



3 After Loan Management

If we find any abnormal signs of default or deterioration of financial or business conditions or other violations of credit regulations during the term of the credit line, we will immediately investigate the reasons and propose a review, adjust the credit rating and the risk level of the credit case, and if necessary, consider debt preservation measures (including the imposition of collateral, recovery of the remaining balance or agreement for settlement, etc.) and report them to the relevant units through the early warning system.









Equator Principles

Yuanta Bank signed the Equator Principles and became a member bank of the Equator Principles Association. In November 2020, Yuanta Bank completed the formulation of the “Guidelines for Managing Equator Principles Financing Cases ” and related operational procedures. The Equator Principles were officially implemented on June 1 of this year. The “Task Force on Environmental and Social Risk ” was established to evaluate, review, and monitor the environmental and social risks of credit cases, to appropriately reduce the environmental and social impacts of potential cases, and to encourage customers to pay attention to environmental protection and social responsibility.

When providing customer credit or related financial advisory services, business units are required to confirm whether the Equator Principles are applied in their dealings. If applicable conditions are met and the case is evaluated as a medium to high environmental and social risk case, the grantor shall be required to commission an independent third party to perform the environmental and social risk assessment and issue an assessment report as a reference basis for the environmental and social risk assessment of the case. If post-loan monitoring conditions are included in the assessment report, creditors should be required to regularly commission independent third-party organizations to perform environmental and social risk monitoring and issue reports. If it is found that the creditors do not comply with the post-loan monitoring criteria for environmental and social risks, an acceptable Equator Principles Action Plan will be imposed to ensure compliance with the Equator Principles and to raise the awareness of environmental protection and social responsibility among our customers.

In 2021, there is one project financing case that applies the Equatorial Principles and one case that was declined because it is located in a Class II coastal protection zone, which may affect migratory birds’ habitat, and it is in an area of land subsidence. Although the ecological compensation and monitoring plan had been established, but the environmental and social impacts were yet to be observed. As a result, the assessment results were politely rejected. The case undertaken was as follows:

<p>Industries</p>  <p>Energy and Power</p>	<p>Risk Rating</p>  <p>Class B</p>	<p>Region</p>  <p>Asia Pacific</p>	<p>Independent Third-Party Review</p>  <p>Yes</p>	<p>Project Financing Scale</p>  <p>NT\$ 5.7 billion</p>	<p>Project Description</p>  <p>Ground-based co-generation solar power plant</p>
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Sustainability-linked Loan

In accordance with the spirit of the “Sustainable Finance Guidelines”, Yuanta Bank takes the initiative to evaluate the sustainability reports of listed companies and screen potential customers in order to encourage companies to implement sustainable practices, and actively discuss with business and examination units to evaluate the characteristics of industries, the spirit of corporate sustainable development, and the credit structure on a case-by-case basis to promote sustainable linkage credit, with the hope of supporting companies that promote sustainable development of society with favorable credit terms. Seven cases have been approved this year, including five syndicated loans, and with loan amounts of NT\$4.55 billion and US\$45 million. There is still another one case under review. In the future, Yuanta Bank will review the achievement of its relevant ESG targets and provide preferential reductions in interest and fee rates. It will also continue to refine relevant business processes and actively promote sustainability-linked businesses and products, inviting customers to move together towards a sustainable path and enhance the positive impact on the environment and society.



Responsible Credit Performance

Corporate Finance Credit Business

In response to Taiwan government's "Five plus Two" Innovative Industry Policy, Yuanta Bank has lent to these seven industries, including green energy technology and circular economy, to assist these key industries in raising capital. The Group has also begun financing industries with sustainable models such as solar cell manufacturing and the renewable energy power generation industry, healthcare and education-related financing projects, etc. and help Taiwan's industries to move towards low-carbon and sustainable transformation.

Unit : NT\$ thousand

Categories	2020			2021		
	Loan Amount	Total Credit Amount ^{Note}	Proportion of Total Credit (%)	Loan Amount	Total Credit Amount ^{Note}	Proportion of Total Credit (%)
"Five plus Two" Innovative Industry Financing	68,180,329	373,896,093	18.23	93,821,856	411,623,889	22.79
Sustainability-related Industry Financing	962,418		0.26	714,490		0.17
Low-Carbon Public Transport Financing	3,987,356		1.07	3,118,109		0.76
Total	73,130,103		19.56	97,654,455		23.72

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

Sustainable Infrastructure Financing

Yuanta Bank, in order to assist enterprises in focusing on developing energy infrastructure and clean energy technology, provided NT\$3 billion in infrastructure loans in 2021. These loans promote local construction and support enterprises moving towards low-carbon development to create low-carbon cities.

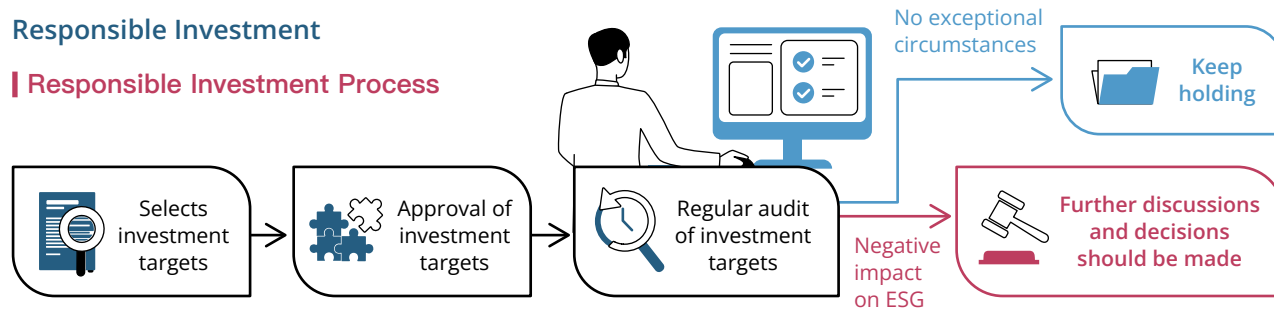
Unit : NT\$ thousand

Categories	2020			2021		
	Loan Amount	Total Credit Amount ^{Note}	Proportion of Total Credit (%)	Loan Amount	Total Credit Amount ^{Note}	Proportion of Total Credit (%)
Solar Power Infrastructure Financing	580,074	373,896,093	0.16	574,943	411,623,889	0.14
Sewage Treatment Infrastructure Financing	178,987		0.05	56,200		0.01
Recycling and Waste Disposal Infrastructure Financing	203,358		0.05	83,347		0.02
Low-Carbon Transportation and Communication Infrastructure Financing	1,425,510		0.38	1,147,942		0.28
Low-Carbon Building Infrastructure Financing	2,024,975		0.54	1,106,445		0.27
Total	4,412,904		1.18	2,968,877		0.72

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

Responsible Investment

| Responsible Investment Process



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

ESG Risk Assessment Program for Investment Business

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

In the above risk assessment framework, Yuanta Securities selects investment targets in proprietary trading, and if the target is a securities investment, the trading staff of the Securities and Investment Department should fill out the ESG checklist, perform the ESG audit operation process, and have the ESG assessment report approved by the department head of the Securities and Investment Department before executing the investment decision. If the underlying is a bond, an ESG checklist is completed by the bond trader and signed by the senior executive of the bond department to ensure the quality of ESG audit operations. The ESG audit criteria are formulated with reference to ESG-related indicators from domestic and international databases, and the audit process is conducted by Yuanta Securities’ internal staff to evaluate relevant indicators and information such as Bloomberg ESG indicator scores of investees, listed company websites, exchange websites, TDCC website and Bloomberg information. In the fixed-price securities trading business, Yuanta Securities uses the principle of medium- to long-term investment in marketable securities, and selects clients’ designated investment targets based on whether they are constituent stocks of the FTSE4Good TIP Taiwan ESG Index, in the hope of guiding clients to select companies with high ESG performance.

Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta Funds have all signed the Stewardship Principles and announced on the Company’s website the “Statement of Compliance with the Stewardship Principles”, “Stewardship Report” and “Voting Record of Attendance at Shareholders Meetings of Investee Companies” to express the Company’s goal of actively implementing responsible investment. We continue to pay attention to news, financial information, industry performance, business strategy, environmental protection, social responsibility and corporate governance of our investee companies. The Group also communicates with the management of investee companies through telephone calls or meetings (such as legal conferences and shareholders meetings). When an investee company violates ESG principles on specific issues and damages the rights of the Company’s customers or beneficiaries, the Company will exercise its voting rights or other shareholders’ rights to express its demands to the management of the investee company and further influence the conduct of the investee company.

Yuanta Life is aware of the international trend of sustainable finance and has integrated ESG issues into its operational decisions, issuing its first Sustainable Insurance Principles and Due Diligence Report this year. The first part is based on the four principles of the United Nations Principles for Sustainable Insurance (PSI), which expose the methods and performance of managing the risks and opportunities arising from ESG issues from different perspectives, including the company itself, its customers, business partners, the government, the public and stakeholders. The second section uses the six principles of the Stewardship Principles promulgated by the Taiwan Stock Exchange as a framework to reveal how to integrate ESG considerations and standards in the investment process and decision making to promote the sustainable development of both companies and the investee company, in order to fulfill the responsibilities of institutional investors. In terms of asset outsourcing, NYL Investors LLC has been appointed to manage foreign assets and has completed the signing of the Principles for Responsible Investment (PRI) to ensure that the organization supports sustainable financial standards and practices. In addition, the Company has completed a contractual amendment with the institution to incorporate ESG policies into its investment approach in 2022, ensuring that the partner institution also supports the spirit of sustainable finance.

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

Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Amount
Government Agencies	113	55,772,482
Semi-conductor Industry	161	9,075,355
Steel Industry	5	2,900,000
Investment Industry	19	5,839,811
Cement Industry	72	3,912,493
Financial Insurance	298	41,170,776
Textile Fiber	18	1,833,837
Public Business	13	7,800,000
Chemical Industry	10	592,022
Real Estate Investment Industry	3	499,124
Other	610	57,109,834
Total	1,322	186,505,733

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

Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Amount
Plastic Materials Manufacturing	31	5,186,247
Steel Manufacturing	7	4,251,803
Semiconductor Manufacturing Industry	152	8,946,597
Total	190	18,384,647

Notes:

1. Cases approved by the Industry-specific Environmental and Social Risk Management Rules are reviewed and assessed by Sustainable Finance Guidelines.
2. Data coverage includes Yuanta Securities, Yuanta Bank, and Yuanta Life.

Responsible Investment Performance

The Group actively provides asset management client products, incorporates ESG screening mechanism when designing products, and links client funds to ESG investment targets through the ESG products issued by Yuanta. In the consolidated table below, equity, debt and fund investments accounted for 50.77% of the total investment size, an increase of 12.85% compared to the investment size in fiscal 2021.

Unit : NT\$ thousand

Categories	2020			2021		
	Amount Invested	Total Investments	Proportion of the Total (%)	Amount Invested	Total Investments	Proportion of the Total (%)
Green Energy Warrant Investment	85,716		0.01	176,726		0.02
Sustainability-Related Mutual Funds Investment	253,423,320	668,762,326	37.89	396,321,000	784,483,800	50.52
ESG Related Products	101,523		0.02	1,794,199		0.23
Total	253,610,558		37.92	398,291,925		50.77

Underwriting and Consulting Services

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

In order to implement the spirit of responsible investment, Yuanta Securities amended the "Principles for Responsible Investment Decision Making" in September 2020. Decisions for underwriting on firm commitment basis are to be based on PRI and its spirit. As the lead underwriter, cases are evaluated for their ESG compliance according to the "responsible investment checklist. If the clients belong to specific environmental and social high-risk industries, they are required to fill out the "Industry-specific Environmental and Social Risk Management Assessment Form" to perform ESG-related auditing procedures, and the sale of underwriting parts must be approved by the department head of the Investment Banking Department. Underwriting cases shall exclude companies that are prohibited by the "Sustainable Finance Guidelines." In addition, the Company shall support or strengthen the assessment of relevant industries in accordance with the guidelines, and shall state the relevant reasons if it resolves to subscribe or underwrite the enhanced assessment of industries.

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

Bond Underwriting

The revenue and number of cases of Yuanta Securities' bond underwriting business to be evaluated for implementation of the "Sustainable Finance Guidelines" in 2021 were as follows:

Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Underwriting Revenue
Semi-conductor Industry	2	6,700
Financial Insurance	5	1,050
Leasing Industry	1	4,400
Other	1	1,600
Parts and Components	1	1,500
Public Business	1	70
Total	11	15,320

Performance of Underwriting ESG Fixed Income Products

In 2021, Yuanta Securities assisted in underwriting green bonds, participating in a total of 8 green bonds of UMC, Crédit Agricole CIB and Chailease Finance, and 3 sustainable development bonds of Cooperative Bank, Taiwan Land Bank and First Commercial Bank, totaling NT\$5.6 billion. The proceeds from the issuance of bonds by the above companies will be used for the development of renewable energy and energy technology, energy efficiency and energy conservation, greenhouse gas reduction, waste recycling or reuse, and other industrial applications related to the development of green energy. In terms of social benefits, we support affordable housing, enhance socio-economic development and rights protection, and we will continue to take practical actions to assist the development of green technology, care for the community and enhance people's well-being.

Unit : NT\$ thousand

Categories	2020			2021		
	Bonds Value	Total Value of Underwritten Bonds	Proportion of Total Underwritten Bond Value (%)	Bonds Value	Total Value of Underwritten Bonds	Proportion of Total Underwritten Bond Value (%)
Green Bonds	7,370,000		4.54	5,000,000		4.10
Sustainability Bonds	700,000	162,300,000	0.43	600,000	121,970,000	0.49
Total	8,070,000		4.97	5,600,000		4.59

Consulting Services ESG Factor Audit and Evaluation

Yuanta Securities has been actively implementing "Sustainable Finance Guidelines" and has held a total of 91 IPO & SPO meetings to evaluate cases in 2021, of which 20 have been completed in the current year:

Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Underwriting Amount
Electronic	7	4,388,050
Biotechnology and Medical	1	81,270
Computer Peripherals	1	44,100
Financial Insurance	3	233,688
Chemical	1	947,275
Optoelectronics	2	130,456
Communication Network	2	111,570
Shipping	1	22,868,300
Tourism	1	45,900
Other	1	70,711
Total	20	28,921,320



Performance of ESG Theme Consultation Services

The investment banking division of Yuanta Securities is actively enhancing its business related to the provision of IPO, SPO, capital increase and issuance of convertible bonds for environment-friendly industries, social welfare industries and other sustainability-related industries, etc. The proportion of business related to the provision of consulting services for environment-friendly, social welfare and sustainability related industries increased by 24.95% compared to 2020.

Unit : NT\$ thousand

Categories	2020			2021		
	Sustainability Consulting IPO/SPO Value	Total Consulting Service Value ^{Note}	Proportion of Total Consulting Service Value (%)	Sustainability Consulting IPO/SPO Value	Total Consulting Service Value ^{Note}	Proportion of Total Consulting Service Value (%)
Environmentally friendly and social rights related industries	5,154,054		61.77	18,412,659		42.76
Sustainability-Related Industry Financing	1,086,655	8,344,289	13.02	24,536,500	43,059,506	56.98
Total	6,240,709		74.79	42,949,159		99.74

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

Creating a Sustainable Financial Life

Personal Finance

Risk Assessment Process

Yuanta Bank understands and evaluates the financial and credit status of its customers. For personal credit cases under its management (including corporate accounts for auto loans), Yuanta Bank takes the initiative to understand KYC and strengthen due diligence when customers apply for loans, and checks relevant information through the anti-money laundering (AML) system to carefully evaluate whether there is any violation of the relevant regulations. Credit applications will be denied to those who are on the government sanction list upon inquiry. For other AML high-risk customers (e.g. those who meet the negative news related to money laundering prevention, insider trading, etc.), the sales unit or levying and auditing personnel should handle the credit account to enhance the examination operation and should raise the credit

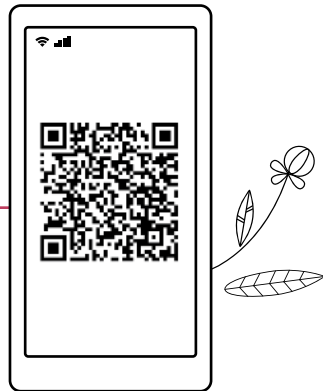
level of the case. In addition, for approved cases, the flow of funds should be tracked after the funds are allocated to confirm whether it is consistent with the purpose of the loan application in order to prevent money laundering incidents.

Yuanta Bank maintains a professional approach to credit, carefully evaluating the customer's creditworthiness, capital needs, financial capacity, and collateral value to grant the appropriate credit limit. In the process of evaluating ESG-related risks and opportunities, all cases are subject to customer credit interviews and collateral checks in order to fully understand the customer's financial ability and collateral status.

In addition, to strengthen ESG interaction with customers, Yuanta Bank invites its customers to join in the green consumption and cultivate sustainable living habits on their credit card bills. On the other hand, in order to encourage customers to purchase low-carbon products such as green buildings and petrol-electric vehicles, Yuanta Bank continues to cooperate with new-energy vehicle dealers this year, offering free handling fees, privileged test rides and preferential auto loan programs to encourage the public to purchase new-energy vehicles. We have added incentives for the public to purchase new-energy vehicles and Green Building Label homes to our car loan and mortgage credit trial webpages. At the end of December 2021, the total amount of auto and home loans and other personal consumption loans was NT\$324 billion, accounting for 56% of all personal loans. We encourage customers to give priority to sustainable products and join hands with Yuanta to create a sustainable home.

Encourage cardholders to save energy, reduce carbon and save the planet by using the e-ticket function to take public transportation and enjoy 5% cash rebate automatically, more benefits are available at Yuanta Bank Credit Card Zone.

For more benefits, please refer to the Yuanta Bank Credit Card Section



Diamond-Gold Joint icash Card

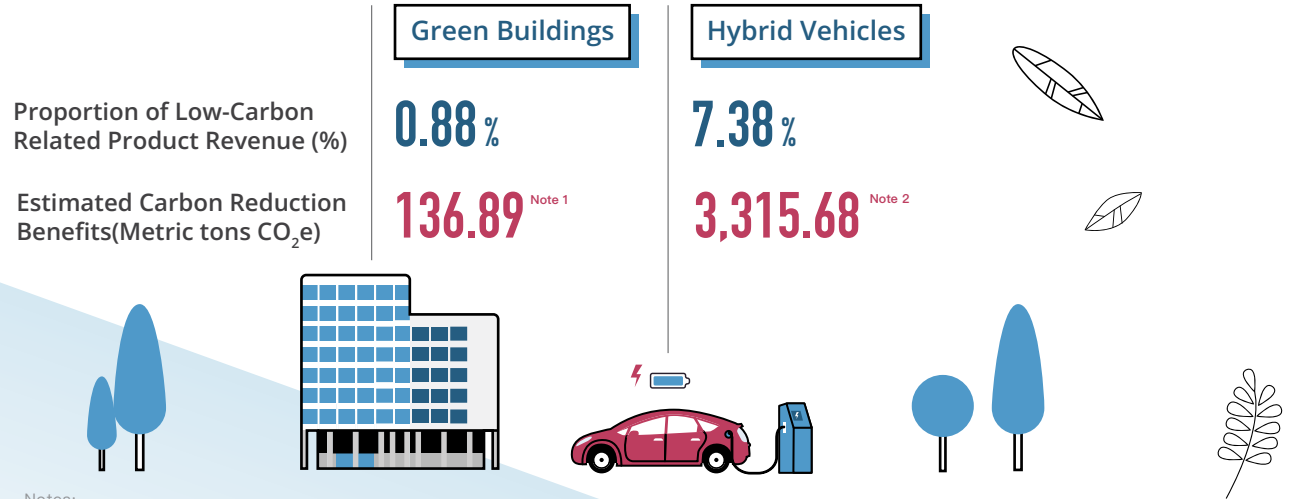
Yuanta Securities Joint Card

Performance of Personal Finance

Unit : NT\$ thousand

Categories	2020			2021		
	Loan Amount	Total Credit Amount	Proportion of Total Credit (%)	Loan Amount	Total Credit Amount	Proportion of Total Credit (%)
Green credit card	36,702,486	519,894,835	7.06	40,190,820	577,490,945	6.96
Green building mortgage	1,985,788		0.38	3,356,194		0.58
New energy vehicle loan	1,994,320		0.38	3,705,994		0.64
Total	40,682,594		7.83	47,253,008		8.18

Green Building/Hybrid Vehicle Loan Estimated Carbon Reduction Benefits







Notes:

1. Estimated carbon reduction benefits of green building loans: Carbon reduction benefits in 2021 is estimated based on the average monthly electricity consumption of 313 kWh per household announced by Taiwan's Bureau of Energy and the statistics of the Ministry of the Interior which showed the average energy consumption of green buildings is 20% less than that of conventional buildings, in conjunction with the number of green building loans granted by the Company.
2. Estimated carbon reduction benefits of hybrid vehicle loans: Based on Hotai Motor's statistics that each hybrid vehicle can reduce on average 10.6 tons of CO₂e emissions per 100,000 kilometers driven and assuming that each vehicle is driven 10,000 kilometers a year on average, the carbon reduction benefits in 2021 are estimated using the number of hybrid vehicle loans granted by the Company.

| Going Paperless Promotes Green Living

Paperless Measures and Services

The Group has been using digital functions, such as statement subscription, online passbook application, and online account opening to enhance the convenience of its services and actively promotes the use of digital channels for account inquiries, transactions, and various applications and signatures through branch counter guidance, digital marketing activities, and digital platform process renovation to achieve the goal of paperless energy conservation and carbon reduction. During the year, Yuanta Bank customers saved a total of 147,352,803 sheets of A4 paper by applying for online business, which helped save resources and reduce overall energy usage.

 <h3>1 Digitalized Counter Service</h3> <p>The Group has been promoting digital services in recent years, providing e-functional services such as online e-statement/e-statement subscription, e-passbook application, online account opening, online signature, password replacement, online insurance/mobile insurance, and online tax filing of financial certificates.</p>	 <h3>2 Automation of the Research Report Output Platform</h3> <p>Developing an automated research report generation platform provides analysts, research assistants and supervisors to review research reports between them, reducing the need for paper-based reports.</p>	 <h3>3 Paperless Conferences and Courses</h3> <p>Yuanta Funds' registration system introduced digital registration, QR Code scanning and digital handouts to achieve the goal of paperless energy saving and carbon reduction and to reduce energy consumption.</p>	 <h3>4 Digitalization of Product Fliers</h3> <p>E-fliers for various insurance products are available on the channel service platform and the social website for sales staff and customers to download or send by email to reduce the use of paper.</p>
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ISO 14067: 2018 Product Carbon Footprint Verification

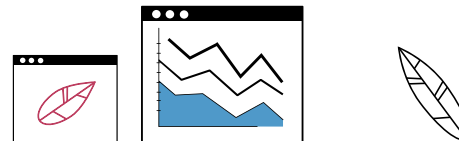
Yuanta Bank's all series of credit card carbon footprint had obtained the certification from the British Standards Institution (BSI) in 2021, with a carbon footprint of approximately 850g per credit card in November this year. Compared with the carbon reduction baseline in 2018, the carbon reduction of credit card products has successfully reached more than 3% in 5 years. Yuanta Bank has applied to the Environmental Protection Agency

for dual certification of "Product Carbon Footprint Label" and "Product Footprint Reduction Label," which is expected to be obtained in the third quarter of 2022, and has pledged to continue to improve the digital connection with the client side to jointly reduce greenhouse gas emissions during credit card use.

In response to the sustainable development goal of green finance and the impact of climate change, Yuanta Bank further focuses on the mobile banking app that has been very popular in recent years and voluntarily checks the carbon footprint of ISO 14067 products, which will be verified by the British Standards Institution international standard in March 2022. Yuanta Bank believes that it is important to grasp the impact of carbon emissions from digitized services as early as possible, and to plan the subsequent reduction and offsetting actions to fulfill its corporate social responsibility. Mobile Banking completed of PAS 2060 carbon neutrality verification in May 2022.

Yuanta Securities responds to the UN's net zero carbon emission target, the FSC's green finance and the Group's sustainable development policy. Yuanta Securities has integrated the ESG concept into its operation strategy. Under the rapid development of mobile business, Yuanta Securities has taken the initiative to conduct ISO14067 carbon footprint inventory by serving the key development project "Mr. Investor APP" to actively grasp the environmental impact of carbon emissions generated by products or services. We passed the British Standards Institution international standard verification in the first quarter of 2022, and became the first securities company to obtain the international standard "ISO 14067 Carbon Footprint" certification through a mobile application.

In addition, we develop carbon reduction practices and promote carbon neutrality plan to achieve carbon neutrality, and obtained the certification of the international standard "PAS 2060 carbon neutrality" in June 2022, officially announcing that it has achieved carbon neutrality, becoming the first zero-carbon APP in the securities industry. In response to climate change, we will continue to develop sustainable commodities and green financial service processes in the future, so as to reduce the impact on the environment during operations, strengthen the important role of financial service institutions in the global low-carbon transition, and drive customers towards Low carbon green life.



Investing in a Sustainable Future

Existing Product ESG Investment Management



Investment selection pool

1

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



2

Fund portfolio

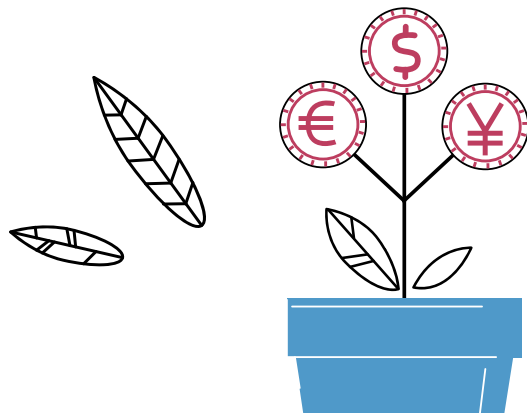
- ⊙ ESG risk tracking, if the ESG risk level of the investment target increases from low to medium, an ESG assessment report must be submitted



3

Fund report

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



The proportion of sustainable investment products managed by the Group increased by 11.65% compared to 2020. As of the end of the year, Yuanta Funds has 17 funds rated by Morningstar, Inc. with the highest rating of five Globes, including Yuanta Taiwan High-yield Leading Company Fund (The source of dividend distribution of the Fund may be the income equalization), Yuanta Taiwan Top 50 ETF, Yuanta Taiwan High Dividend Fund, and Yuanta FTSE4Good TIP Taiwan ESG ETF. This year, the size of five Globes funds reached NT\$388.86 billion, indicating that sustainability investment is gradually gaining market attention.




Yuanta Funds focuses on ESG risk management when developing investment products and services. Yuanta Funds imported information from the internationally renowned ESG rating database (RepRisk) to establish a set of daily ESG risk assessment logic for investable objects, and combined with the fundamental analysis of the team to evaluate whether the portfolio companies are continuing to develop towards sustainable operations. If an investee company is involved in ESG controversies, Yuanta Funds will hold internal discussions to decide if investment weight of the company should be adjusted and regularly review the overall ESG risk of the fund to ensure that the product has a sustainable significance, providing clients with the option to invest in a sustainable future.

ESG Investment Products

The Group has observed the recent investment market trends and the rapid growth of domestic ESG-related ETF asset management scale. According to Cerulli Associates, a U.S. investment research and consulting firm, there will be 70% to 84% high demand for ESG strategy products from Generation Z and millennials in the next 2 to 3 years, and nearly 80% of investors in Asia Pacific in MSCI's Global Institutional Investor Survey 2021 have significantly increased their ESG investments. Based on the above research report, the Group consolidates the following two classifications and combines them with the promotion of sustainable products to provide customers with precise and timely products that meet the spirit of ESG.

Post-epidemic era, demonstrating demand for some industries and resilience of sustainable companies

The impact of the epidemic has led to the growth of digital technology applications such as AI, 5G, the Internet of Things, and related products such as home office products. According to research by relevant institutions, sustainable funds and companies with higher ESG ratings have better return performance and resilience than traditional ones, demonstrating corporate resilience. Based on the above trend, the Group's subsidiaries have launched the following list of products. As of the end of this year, Yuanta Securities has four ESG-compliant ETNs with 324,000,000 units of ETNs outstanding in circulation and an outstanding amount of approximately NT\$1.84 billion. Yuanta Funds has two 5G ETFs, one ESG ETF and four Taiwan stock funds focusing on related industries, with fund size reaching NT\$35.036 billion. (Please see the next page for the product list)

Trend	Products	Features
 <p>Demand for 5G, Internet of Things, high-speed computing, electric vehicles, etc. is on the rise</p>	Yuanta Global 5G & NexGen Telecommunication Components ETF (formerly named: Yuanta Global Future-Critical Technology ETF) (Tracks iSTOXX Global Future Key Technology Index)	Focusing on 5G hardware infrastructure, covering communication components, IC design, cell phone components and other hardware manufacturing industries, and positioned to assist in the global smart life. As of end of this year, it is awarded 4 Globes by Morningstar Sustainability Rating.
	Yuanta Global Future Communications ETF (Tracks ICE FactSet Global Future Communications Index)	Covering the overall development of 5G industry, from communication equipment and infrastructure to cell phone manufacturing and telecommunication, supporting the complete supply chain of 5G upstream, midstream and downstream. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
	Yuanta Premier Fund	With a focus on high-technology and a complementary focus on industrial production, we are able to grasp the trend of industry rotation. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
	Yuanta Economic and Trade Fund	The investment characteristics are focused on national economic construction-related industries and export-related stocks. As of the end of this year, it is awarded 4 Globes by Morningstar Sustainability Rating.
	Yuanta 2001 Fund	A portfolio of large-cap growth stocks & small and mid-cap potential stocks, covering industry champions and future stars. As of the end of this year, it is awarded 4 Globes by Morningstar Sustainability Rating.
	Yuanta Duo Fu Equity Fund	A balanced portfolio of listed companies, with large-cap stocks with stable performance as core holdings, and actively seeking out small and mid-cap stocks with high growth potential. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
	Yuanta Electric Vehicles Total Return ETN (Tracks the Taiwan Electric Vehicle Representative Compensation Index)	We invest in 10 to 20 upstream to downstream companies in Taiwan's electric vehicle industry chain, including the complete industry chain index components including high-quality Taiwanese companies specializing in electric vehicle power systems, charging stations, batteries and other components.
	Yuanta Electric Vehicle ETN	We provide customers with investment channels to track Taiwan's excellent electric vehicle-related enterprises, encourage customers to pay attention to the development of Taiwan's electric vehicle industry, and lead them to follow the international trend of emphasizing the development of electric vehicle industry.
 <p>High Sustainability Performers</p>	Yuanta ESG High Dividend ETN (Tracks Selected ESG High Dividend Payout Index)	Screening the top 20% of listed companies with high ESG scores, the composition of the constituent stocks has mainstream market characteristics, and the industries include semiconductor, finance, electronic communication, construction and other targets, diversified investment in listed companies with good sustainable development and high dividends.
	Yuanta TPEX ESG Growth ETN (Tracks TIP Customized TPEX ESG Growth Total Return Index)	In addition to the ESG index screening strategy, the Company also uses "growth indicators" to screen for excellent performance in revenue, earnings, market capitalization and profit growth.
	Yuanta FTSE4Good TIP Taiwan ESG ETF (Tracks FTSE4Good TIP Taiwan ESG Index)	The index is selected from the "FTSE4Good ESG Rating Model", and as of the end of this year has been recognized with Morningstar's Sustainability Rating of 5 Globes, and it is also certified with the Low Carbon Label. With environmental awareness on the rise, the product outlook is aligned with global trends, maximizing the benefits of investment while doing our part for the planet.
 <p>Quality futures sustainable products.</p>	TAIFEX - Sustainability Futures (Link to FTSE4Good TIP Taiwan ESG Index)	Launched by the Taiwan Futures Exchange, FTSE Russell's international standard ESG rating model is used to select 66 constituent stocks by integrating their risk exposure and financial indicators. In response to the global trend of sustainable investment development, it meets the demand for spot market risk and related trading needs.
	EUREX-Europe ESG Futures (Link to STOXX® Europe600ESG-X Index)	Based on the United Nations Global Compact principles, we have selected 581 constituent stocks from the European 600 Index, which is the first ESG-themed external commodity approved by foreign countries in Taiwan.

Environmental and climate change and the rise of sustainable energy resources issues

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

Trend	Products	Features
Infrastructure	Yuanta Global Realty & Infrastructure Fund	Linking to infrastructure targets such as electricity, water resources and transportation, and focus on emerging market infrastructure issues.
Alternative Energy	Yuanta Global Utility Fund	Our investment targets include wind, hydro and solar power plants and power transmission and distribution companies. We are able to take hold of the opportunities of high dividend and steady growth in the power industry.
Bioenergy, Food Crisis	Yuanta Global Agribusiness Fund	Linking to agro-finance related industry targets, we focus on agro-food and water industry related issues, covering the agricultural industry chain including basic resources, agricultural production, processing and wholesale sales.
Alternative Energy 	Green Energy-related Warrant Products	<p>From 2019 to 2021, the market shares of green energy-related warrants are 22.3%, 21.7% and 21.9% respectively, topping the market for three consecutive years.</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  Solar power 247 warrants </div> <div style="text-align: center;">  Wind power 195 warrants </div> <div style="text-align: center;">  Water 8 warrants </div> <div style="text-align: center;">  Air pollution control 123 warrants </div> </div> 

Sustainable Goods and Services - Investment Products

Unit : NT\$ thousand

Categories	2020			2021		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
Yuanta Global Utility Fund	1,137,421	776,716,783	0.15	1,596,668	901,474,368	0.18
ESG Funds	237,259,282		30.55	389,566,464		43.21
Communications Infrastructure Fund	16,521,785		2.13	8,181,444		0.91
Green Energy Sustainable Warrants	85,716		0.01	176,726		0.02
Other Sustainable Investment Products	599,579		0.08	2,204,292		0.24
Total	255,603,783		32.91	401,725,594		44.56

| Encourage Clients to Participate in ESG

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

Introduction on the index that the product is linked to



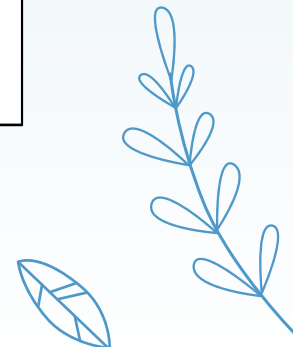
Sustainability Product Introduction



Global Investment Trends Report



Sustainability Rating Webpage Disclosure and Mr. Investor APP User Interface



Issuing of Sustainable Bonds

Based on the policy of socially responsible investment and promotion of sustainable development, Yuanta Bank issued its first green bond on April 29, 2021 and its first sustainability bond on March 21, 2022. The funds are expected to be used to support the business in lending towards green investment projects and socially beneficial investment projects, providing support to key development industries with sustainable concepts such as solar cell manufacturers and renewable energy suppliers to obtain funds, and assisting in the energy transformation of the real economy. In the area of social development, we also provide financing channels for medical and urban renewal-related professions and plan to join in green fundraising projects for other targets and provide loans for corporate sustainability projects to support the growth of sustainable industries in practice. The proportion of green bonds issued by Yuanta Bank this year is about 2.25% of the total bond issued.

The report on the use of funds after the issuance of the sustainability bonds will be issued by a certification institution, which will provide an evaluation or certification report on the list and brief description of green and socially beneficial investment projects, the allocation of funds, and whether the actual use and use of idle funds are in accordance with the investment plan of the sustainability bond, and the use of funds which was reported to the competent authorities.

Type of Bond Issued	Scale of Issue	Use of Funds	Expected Benefits	Bond Issue Information
Green Bonds	NT\$500 million	The funds are used for the construction of the head office green building or the green investment program. Yuanta Bank's head office building has been designed from the beginning with the goal of obtaining Taiwan's Green Building Label (EEWH) Diamond certification, using low-e double-pane glass, LED lighting, variable frequency central air conditioning system, water-saving labeled sanitation equipment, carbon dioxide detection equipment, and rainwater recycling system, and other building energy-saving and recycling systems.	It has achieved 5 energy-saving and carbon-reducing benefits, including TCO ₂ fixation, daily energy saving, water resource saving, water resource development, resource recycling, and dismantling and recycling of scrap steel. The overall carbon reduction benefit reaches 53%, promoting the environmental benefits of symbiosis and sustainable management between buildings and the environment. (For actual carbon reduction benefits, please refer to the Green Bond Investment Plan.)	 bond code: G10827
Sustainability Bonds	NT\$2 billion	Providing lending services for green investment projects and socially beneficial investment projects in the medical, urban renewal and renewable energy power generation industries and lending business for socially beneficial investment programs.	The Sustainability Bond is designed to expand financing for sustainability-related industries, helping to secure medium- and long-term financing for green technology, the circular economy and socially beneficial industries to achieve benefits such as reducing greenhouse gas emissions and promoting affordable housing development. (Please refer to the Sustainability Bond Investment Plan for details of the actual benefits.)	 bond code: G10828



3.3 Financial Inclusion

Promote financial products and services for small investments

The ultimate goal of the international community is to enhance the accessibility of financial products and services and to provide affordable financial products and services that meet the needs of the public on an ongoing basis. The Group develops new and innovative products and promotes appropriate services to meet the needs of different groups, utilizing the core business of the financial industry to promote inclusive economic development and the well-being of the public.

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

1 Dollar-cost averaging, Daily Deduction

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

2 "Income equalization" + "Dual Dividend Payout" mechanism

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

3 Smart Investment Portfolio Recommendations

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

Lower the threshold for investment tools

| Odd Lot Trading

In October 2020, the FSC allowed for intraday odd lot trading and retain the after-market odd lot stock trading mechanism, significantly lowering the investment threshold, which allowed small investors with limited capital to participate in the capital market at a small cost. Yuanta Securities provides an electronic platform for placing orders on the Mr. Investor App, eWinner, yeswin, or company's website, offering a convenient channel for small investors to invest in Taiwan stocks with ease and without burden.

Type	2020		2021	
	Intraday	Intraday	Intraday	After-market
Total number of investment accounts for the year	143,276	501,751	268,905	
Number of transactions	936,550	12,644,929	1,141,448	
Total investment for the year (NT\$ billion)	14.112	200.403	17.83	

Regular Shares Savings Plan

Yuanta Securities offers a low threshold investment method through regular fixed amount deductions, encouraging investors to participate in the capital market using small amount of money to invest over a long period of time, developing a good habit of saving and accumulating wealth early to realize their dreams. The total investment amount for single transactions under NT\$3,000 in 2021 was NT\$770 million. Yuanta Securities holds semi-annual meetings to review new products and re-examine existing products. By 2021, the regular shares shavings plan has 12 ETFs and 45 individual stocks available for investors to invest in. In addition, the company provides investment yield calculation function for investors on its website and offers special handling fees from time to time to meet the needs of investors.

Year	2020	2021	Growth Rate(%)
Regular Shares Savings Plan (RSSP) Accounts	43,120	76,869	78
Number of scheduled deductions	79,066	159,116	101
Number of Scheduled Deductions (< NT\$3,000)	37,110	81,467	120
Total amount invested over the year (NT\$ billion)	4.238	7.925	87



Systematic Investment Planning (SIP)

Yuanta Funds launched “Yuanta Taiwan High-yield Leading Company Fund A” with the concept of “Taixex Citizen Fund” to provide a new option for long-term investment and retirement planning for Taiwan citizens. In order to meet the needs of investors at different stages of their lives, we have designed interest-bearing and non-interest-bearing models to lead the concept of investing in Taiwan and saving stocks to earn interest. The number of regular fixed investors continues to rise. The fund continues to receive the highest rating of 5 out of 5 Globes from Morningstar Sustainability Rating. Yuanta Bank also offers systemic investment planning with daily deductions of fixed amount to invest in mutual funds, conveying the concept of long-term investment and diversified risks to investors. In addition, Yuanta Funds has launched the ETF-Linked Fund, which allows investors to subscribe for small amounts, with the threshold for single investment transaction lowered to NT\$10,000. Subscribing to systemic investment planning, the minimum monthly investment is NT\$3,000, allowing small investors, senior citizens, and fund investors to participate easily. In 2021, the total investment amount of single transactions under NT\$3,000 in SIP amounted to NT\$6.95 billion and the total number of transactions was 3.21 million. The Group will continue to promote systemic investment and optimize the digital investing experience, increase the promotion and usage of financial products, and realize financial inclusion.

Year	2020	2021	Growth Rate(%)
SIP Accounts	150,334	349,796	133
Number of Scheduled Deductions	1,566,689	7,229,288	361
Number of Scheduled Deductions (< NT\$3,000)	814,751	3,216,345	295
Total Amount Invested Over -the Year (NT\$ billion)	10.439	34.967	235

Note: The difference between the 2020 data shown above and the data shown in the 2020 report is due to the inclusion of the underwriting volume by Yuanta Securities.

Contract for Difference (CFD)

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

Gold and Oil CFD

2021	Total Number	20-40 Age Group	20-40 Years Old in Total(%)
Accounts	555	285	51
Transactions	47,366	17,565	37
Total Amount Invested for the Year (NT\$ billion)	213.756	82.372	38

Stock Index CFD

2021	Total Number	20-40 Age Group	20-40 Years Old in Total(%)
Accounts	161	81	50
Transactions	51,078	21,357	42
Total Amount Invested for the Year (NT\$ billion)	5.363	2.860	53

US Stocks CFD

2021	Total Number	20-40 Age Group	20-40 Years Old in Total(%)
Accounts	61	31	51
Transactions	61,796	26,617	43
Total Amount Invested for the Year (NT\$ billion)	01.57	0.114	73

Warrants

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

In order to familiarize the investing public with the products and enhance the popularization of professional financial knowledge, Yuanta Securities has set up the "Yuanta Warrants Online" simulation trading platform through the LINE platform, combining functions such as simulation trading, online warrant classroom, intelligent search and popular stock information. It also holds simulation trading competitions to help more investors learn warrant investment tools in a fun and educational way. There are 38 live streaming warrants/ETN videos, which have been watched 170,000 times as of April 2022. By utilizing the advantages of the Internet, we provide a more complete and independent learning environment for the investing public, and integrate into investors' daily lives without the restrictions of time and location to enhance the effectiveness of learning.

Warrant Related Product

Unit : NT\$ thousand

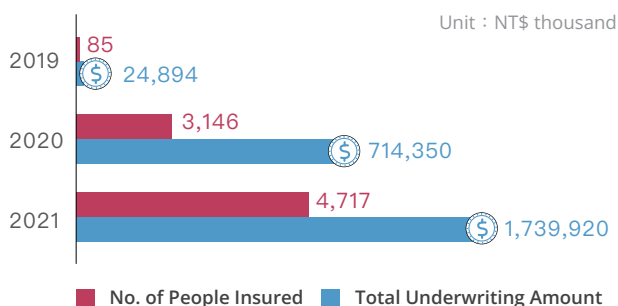
Year	Number of Warrant Products Issued	Total Issued Amount	Total Transaction Amount
2019	7,827	97,290,385	144,475,923
2020	9,595	106,210,120	181,056,212
2021	11,898	93,976,652	234,488,302

Financially Disadvantaged Groups Products for Disadvantaged Groups

Microinsurance

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

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



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

The financially inclusive insurance products offered by Yuanta Bank and Yuanta Life are mainly long-term care insurance, low-cost elderly insurance and microinsurance. These products provide the public with affordable coverage to plan for their personal risks. In 2021, Yuanta Bank and Yuanta Life sold 234 financially inclusive insurance products with a total premium of 6.71 million.

Unit : NT\$ thousand

Insurance Product	Number of Policies	Total Premiums	Intended Customer
Long-Term Care	68	1,813	<ul style="list-style-type: none"> Concerned with healthcare quality, risk conscious Family history of illness, potentially high-risk group Primary breadwinner Single or married without children
Low-Cost Elderly Insurance	147	3,163	<ul style="list-style-type: none"> Limited financial capacity, but wants basic life insurance protections Older customer who wants basic life insurance protections Does not want to be an economic burden on their children
Micro-insurance	19	1,740	<ul style="list-style-type: none"> Economically disadvantaged Specified groups
Total	234	6,716	

| Charitable Trusts

Yuanta Bank offers charitable trust services to help corporations or individuals plan and set up charitable trusts. Each year, we publish the annual trust transaction report and asset statement of each trust on our website to make the flow of donations more transparent and to realize our goal of giving back to society. As the end of this year, Yuanta Bank has handled five charitable trusts valued at nearly NT\$149 million and include “Mountains Fund”, “Huangwu Social Welfare Fund”, “Taian Social Welfare Fund”, “Shanlin International Charity Trust” and “Cheng Shin Maxxis Social Welfare Fund”.

Yuanta Bank continues to develop trust services that meet the needs of the elderly. As a result of the launch of the "Elderly Care Trust Temperature Program" in the fourth quarter of this year, the number of new commitments for this business has grown rapidly, and the size of trust assets has increased accordingly. By the end of 2021, the trust assets reached NT\$217 million, an increase of more than NT\$188 million or 640% compared to 2020.

Unit : NT\$ thousand

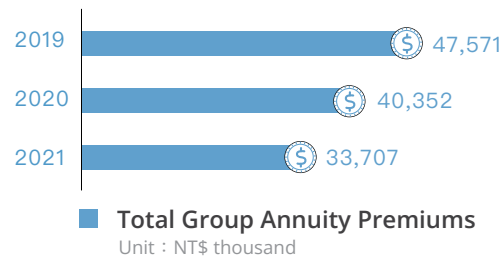
Type	2020			2021		
	Total Trust Assets	Total Trust Assets Overall ^{Note}	Proportion of Total Trust Assets (%)	Total Trust Assets	Total Trust Assets Overall ^{Note}	Proportion of Total Trust Assets (%)
Elderly Care Trusts	29,332	25,354,960	0.12	217,078	27,367,409	0.79
Urban Renewal Trusts	821,930		3.24	1,892,296		6.91
Employee Welfare Trusts	5,564,704		21.95	6,015,785		21.98
Charitable Trusts	133,866		0.53	149,016		0.54
Total	6,549,832		25.83	8,274,175		30.22

Note: Total Trust Assets overall is not including nondiscretionary trusts and funds under custody.

| Group Annuity

In order to help disadvantaged groups in society build saving, reduce the financial pressure on government from the public labor pension system, and assist corporate employees to plan for their retirement and health care early, in January 2017, Yuanta Life introduced Interest Sensitive Group Annuities Type A and Type B. As of the end of December this year, 12 groups are insured under these group annuities, which contribute a total of approximately NT\$30 million in premiums.

Number of Groups Insured: 12



| Mortgage Subsidies

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and social housing mortgages. This year, there were 68 cases of policy-subsidized and social housing mortgage loans for individual households, totaling NT\$145 million. The total balance is approximately NT\$6.248 billion.

| Charity Donation Platform Subsidies

Yuanta Bank's "Give Love, Give Warmth" online donation platform has been completely upgraded and revamped, providing people with the convenience of using any bank IC card and a card reader to connect with the network of love. The platform provides support and assistance to social welfare organizations, so they can feel the warmth of society. The cumulative number of donations made this year by internet bank transfer was over 62 with a donation amount of about NT\$138,000, and 1,163 by credit card with a donation amount of NT\$2.036 million.



Considerate Service Measures

| Accessible Financial Services

Installing Accessible ATMs

Since 2013, Yuanta Bank began using international accessibility standards, including those from the USA, Japan, and the EU, when procuring new ATM machines. Currently all Yuanta Bank ATMs meet accessible ATM standards. However, due to the characteristics of its location or because we do not own the space, currently 375 of our ATMs, 74% of the total, are accessible by wheelchair users. Priority will be given to improve the ATMs which are currently non-accessible when making renovation or relocation designs to ensure accessibility. To protect the rights of the visually impaired, Yuanta Bank has installed one talking ATM that can be used by visually impaired users without assistance.

Considerate Service Measures

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

1 Non-Counter services

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

2 Counter Services

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

3 Making Digital Platform More User Friendly

- ⊙ Yuanta Securities set up the Friendly "Friendly Financial Services Section" of our website to provide accessible services such as communications, services, products, and information.
- ⊙ The online application system allows customers with disabilities to apply for "three fee-free withdrawals per month" from out-of-network ATMs to provide a friendlier financial environment and added a new non-designated account transfer service in Taiwan dollars to provide a more complete online platform function to benefit multiple user groups. In 2021, Yuanta Bank recorded nearly 1,000 accessible mobile banking logins.



| Dementia Friendly Financial Institution

The Group responded to the Ministry of Health and Welfare's "Dementia Prevention and Care Policy Guidelines and Action Plan 2.0" to implement sustainable development, connected with the Group's core financial service care network, and joined hands with the National Health Service of the Ministry of Health and Welfare and the Taipei City Government to jointly promote the "Dementia Friendly Organization" , all the front-line service managers and employees of the Group have completed the internal dementia-friendly seed personnel training to correctly understand the dementia patients, build the first dementia-friendly financial institution, strengthen the skills of employees in communicating with people with dementia, and treat them in a friendly manner, so that people with dementia can live with peace of mind and obtain the financial services they need.

Common behaviors of people with dementia

- ▶ Repeated withdrawals.
- ▶ Difficulty in operating ATM
- ▶ Difficulty understanding complex procedures
- ▶ Susceptible to fraud

Response Measures

- ▶ When withdrawing money at the bank counter, a proof of withdrawal should be given to the person with dementia to avoid repeated withdrawals.
- ▶ Provide a designated teller for cash withdrawal
- ▶ Assist the elderly in a slow and clear tone and easy to understand words, break down the procedures into multiple steps, and give instruction and assistance in stages.
- ▶ Implement the customer care mechanism for bank counter operations to protect the public from fraud. For details, please refer to Chapter 3.4 Customer Rights.

Support for SME and New Startups

As of the end of 2021, the balance of loans outstanding qualified to programs designed to promote stable operation to 7,825 small and medium-sized enterprises was NT\$170.102 billion. The lending targets are small and medium-sized enterprises (SMEs) that meet the criteria for SMEs forwarded by the Executive Yuan. We assist SMEs by providing them turnover capital and working capital. We hope to provide funding to assist SMEs with cash flow and maintaining working capital. As of the end of this year, of the following loans to small and medium-sized enterprises, the balance of loans to 4,727 small and new SMEs was NT\$123.2 billion and the balance of loans to 1,548 micro enterprises was NT\$800 million. This was done to support the growth of micro enterprises and promote economic development.

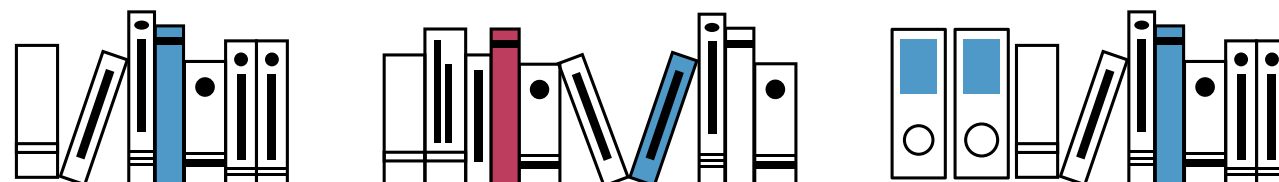
Unit : NT\$ thousand

Credit Category	2020			2021		
	Loan Amount	Total Amount of Credit ^{Note}	Proportion of Total Credit (%)	Loan Amount	Total Amount of Credit ^{Note}	Proportion of Total Credit (%)
SME and Microenterprise Loans	148,366,272	373,896,093	39.68	170,102,117	411,623,889	41.32

Note: Total Amount of Credit is defined as the total loan balance from corporate finance business for the entire bank.

Financial Literacy Promotion

Due to the technical and complex nature of financial products, financial institutions should reduce information asymmetry and establish communication channels to increase information transparency, so that different groups can understand financial products, promote social equity, and protect consumer rights. The Group has been holding campus competitions and implementing various industry-academia cooperation projects with universities and colleges, and is deeply involved in public welfare activities to promote financial knowledge while providing quality financial services. For more details, please refer to 5.1 Employee Attraction and Retention-Financial Talent Development and 7.5 Public Service Highlights.



3.4 Customer Rights

Customer Relationship Management

Fair Treatment of Customers

| Management Mechanism

The Group has incorporated the spirit of fair treatment of customers into its corporate culture and implemented the "Principle for Financial Service Industries to Treat Clients Fairly" set by the FSC. Yuanta Securities is committed to caring for its customers and has been recognized by the authorities as one of the top 20% in the assessment of the fair treatment principle in 2021. In order to incorporate the fair treatment principle into our core business, each of our five subsidiaries has established a dedicated unit, with the president as the convener, to hold regular meetings to plan, review and promote the fair treatment principle and product review, and to report the implementation status to the board of directors to strengthen the implementation from the top down. We also assist departments in the implementation of the "Fair Customer Treatment Policy" and incorporate internal compliance and codes of conduct into our education and training programs, as well as into our internal control and auditing programs. There were no breaches of customer privacy in 2021.

| Demonstrating Professional Integrity in Service

The Group engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the policy of honest management, ensure honest management and its duty of care, the "Integrity Management Guidelines" and the "Procedures for Integrity Management and Guidelines for Conduct" specify the prevention plan, including: to ensure the accuracy and integrity of information and data provision and disclosure in business services, to comply with the confidentiality of trade secrets and intellectual property protection mechanism, and to ensure the correct production, management, preservation of documents and information practices and obligations. In the course of conducting business, the Company shall abide by the principle of interest avoidance and shall not receive any improper benefits or engage in any other acts of integrity violation, illegal conduct, or breach of fiduciary duties, and shall proactively report any potential conflict of interest to the department head and dedicated unit (i.e., the Sustainable Development Committee) to demonstrate the cornerstone of professionalism and integrity.



Product Marketing

Policy to ensure professional integrity

1 Principle of Duty of Care and Fidelity

When offering products, each subsidiary shall comply with all laws and regulations and make full consideration based on professional knowledge, and shall take into account the target market and consumer rights protection, and fulfill its obligations as a professional caretaker and good steward, and shall not engage in any unfair or unethical behavior. In the event of severe market price fluctuations, in addition to the risk stated in official announcements and domestic and international trading reports, traders will be notified by SMS or by salespersons of the more volatile commodities to remind them of their risks.

2 Principles for Complex and High Risk Products

An internal control system and internal regulations have been established for the sales of complex and high-risk products. Relevant units are required to submit product self-assessment forms and basic product information to the product inspection team, which will approve the products before they are offered for sale, improve the product inspection system, and strengthen customer protection measures.

3 The Principle of Truthfulness in Advertising

All promotional materials produced for marketing activities or business promotion are reviewed by competent authorities in accordance with the law and reported to the competent authorities depending on the type of business required to ensure the truthfulness of the content of advertising solicitations and that there are no improprieties, misrepresentations, misleading consumers or violations of relevant laws and regulations.

Maintaining and reporting accurate data

Each subsidiary shall ensure that the truthfulness of the contents of advertisements and that its obligations to customers are no less than the contents of the advertisements. The content of the advertisements for credit cards, loans, or other marketing activities shall be free from impropriety, misrepresentation, or violation of relevant laws

Protecting confidential business information

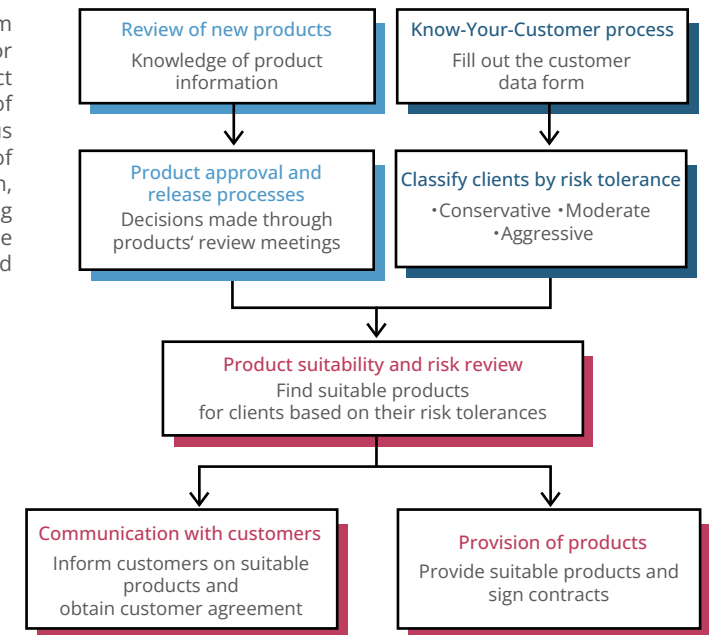
Each subsidiary complies with the confidentiality mechanism for trade secrets and the protection mechanism for intellectual property, as well as ensuring the correct production, management, preservation and obligations of documentary information in accordance with various external regulations and procedures. In the process of collecting, processing and utilizing personal information, attention is paid to prevent personal information from being stolen, tampered with, damaged, lost, leaked or otherwise unreasonably utilized in order to protect the rights and interests of the parties involved.



Product Selection

Supervision of consulting services and recommendations

Policy on Product or Service Suitability: Before entering into a contract with a customer for the provision of products or services, the Company shall fully understand, establish and update relevant information about the customer, and evaluate the investment risk attributes based on such information, past conditions and credit procedures, and measure the degree of conformity between the characteristics of the products and the customer's financial situation, investment risk attributes and risk tolerance to ensure the suitability of the or services for the customer.



Product Contracts

Fair pricing and notification



1 Policy of Contractual Fairness and Integrity

The fees charged to customers are fair and reasonable, and are regularly reviewed for reasonableness, considering whether the operating costs, transaction risks and reasonable profits are appropriate.

2 Notification and Disclosure Principles

For each business, each subsidiary has established relevant laws and regulations that require sales personnel to fully explain to customers the important contents of the products, services and contracts and to fully disclose the risks involved. In accordance with each channel, we have set up a system and procedures for handling business solicitations, including contractual regulations for cooperative channels, qualifications and management of business solicitations, and the prohibition of improper solicitations to ensure that marketing operations are in compliance with laws and

Employee training on relevant laws and regulations



Policy on the Professionalism of Sales Personnel: Each subsidiary requires its sales staff to meet the qualifications required by laws and regulations and obtain the relevant licenses or qualifications before they can engage in the sales and business development of such products. In addition, we encourage our sales staff to actively enrich their knowledge and skills in line with the launch of new products and the opening of business, and each subsidiary regularly organizes relevant education and training, and establishes resources and channels to encourage continuous improvement of sales staff and enhance their professional functions. In order to strengthen the understanding of the policies by the relevant units and employees, each subsidiary has added marketing and labeling related training courses, so that the customer-facing staff can provide more complete sales and professional services to customers with higher professionalism.

Conflict of interest



The compensation and bonus system shall be formulated with a balanced consideration of the rights and interests of customers, the risks that financial products or services may pose to the financial service industry and customers, and shall be paid with reference to various indicators and evaluations. In addition to financial indicators, non-financial indicators such as compliance with laws and regulations, self-regulatory rules or operational requirements shall be included in the criteria for performance bonus in order to prevent business personnel from disregarding possible future risks for achieve higher compensation.

Fair Treatment of Customers Education and Training

Company	Sessions	Personnel Trained	Hours of Training	Completion (%)
Yuanta Financial Holdings	2	55	165	100
Yuanta Securities	19	13,400	22,769	100
Yuanta Bank	20	12,835	12,945	100
Yuanta Life	22	1,628	3,334	100
Yuanta Funds	5	283	834	100
Yuanta Futures	8	1,188	1,447	100
Yuanta Securities Investment Consulting	2	123	290	100
Total	78	29,512	41,784	100

Marketing and Labeling Training Courses

Company	Course Name / Content	Sessions	Personnel Trained		Hours of Training
			New Employees	Active Employees	
Yuanta Securities	Business Sales and Compliance Training	52	539	10,349	111,507
	Training for Financial Management Personnel	56	362	16,244	34,908
	Training for Insurance Sales Personnel	200	-	81,213	79,860
Yuanta Bank	Training for Sales Staff (Derivatives, Trusts)	126	-	4,350	25,931
	Wealth Management Product Courses	34	-	8,912	8,990
	Training for Retail Banking Sales Staff	51	171	6,890	10,190
Yuanta Life	Law Awareness Course	4	0	67	67
	Sales Quality Education Training	24	54	250	304
	Training to Provide Friendly Financial Services to People with Physical and Mental Disabilities	9	3	179	182
	Main Products and New Products Course	12	0	1,168	3,566

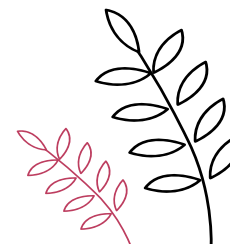
Financial Education Activities

Company	Object	Description (Methods to Improve Customer Financial Knowledge)		
		Content	Events Held	Performance Results ^{Note}
Yuanta Securities	Investors	ETN Seminar, Warrant Seminar	3	113 people
		Small-scale customer briefings from branches: Branches around Taiwan each held their own customer briefings on a variety of themes for different customer groups or offered classes on how to use the electronic platform for insurance, stocks, and funds.	1,016	14,867 people
	Specific Customers	Seminar and teaching on investment platform and APP for specific clients	7	34 people
Yuanta Bank	Investors	Yuanta FHC Asia Investment and Wealth Creation Forum: The New World After the Epidemic-Global and Taiwan Economic Trends and Investment Strategies	1	362 people
		Online and physical small-scale sessions held in bank branches	373	5,955 people
Yuanta Funds	General public	Investment forums (online and physical) with external parties	5	3,643 people
Yuanta Futures	General customers	Introduction to Subjective Trading	72	69,919 people
		Introduction to Program Trading	31	40,222 people
		Consulting Courses / Seminars	41	37,681 people
		Leverage Trading Video Tutorials	16 videos	3,303 views
		Live Seminar on Leverage Trading	27	1,294 people
Yuanta Securities Investment Consulting	Client	Held investment conferences and lectures	386	Average number of participants at each event: 20-50 people

Note: Performance results include number of attendees or number of views.

Yuanta Futures Research Team set up a Youtube channel - "Research Frontline".

The online program has a diverse range of content, including special reports "Focus on Stars" and "Quarterly Navigator", "Famous Speakers", and the daily broadcast of "Yuanta Futures News". The program attracts viewers to subscribe to the channel, and has on average 28 videos uploaded to the channel each month. Through digital audio-visual format, we provide more diversified topics and customers can avoid contact with people and still grasp the latest market trends at home, thus enhancing the depth and breadth of knowledge of investors on futures commodities.



The Big Future of ESG Investing: A Complete Guide to Asset Allocation in a Sustainable Development Trend

Yuanta Funds has observed the lack of standardized criteria and verification tools for ESG evaluation in various countries, and has published this book to explain the current development of the global ESG market, hoping that readers can take advantage of this wave of sustainable development in a short time, and use personal investment to monitor companies implementing sustainable development, so that ESG can be truly embedded into business operations, to achieve the effect of the collective as the saying goes "even ants can shake a tree working collectively".



Collaboration with Yoyo TV to promote the "Mr. Yuanta Fund" APP.

Yuanta Funds has always been active in environmental protection, and in 2021, it launched an innovative and comprehensive financial management APP - "Mr. Yuanta Fund"--the first of its kind in the industry. In December 2021, Yuanta Funds operated a booth in the "Love to Sing" concert organized by the Eastern Broadcasting, Co. to promote the "Mr. Yuanta Fund" APP to the audience in a fun and educational way. The "Mr. Yuanta Fund" APP is designed with the spirit of "easy, intuitive, and fast" user experience

interface, providing a design breakthrough from the traditional format used in the asset management industry, simplifying the presentation of information and making it easy for both novice and experienced fund managers to get started. Attendees of the event expressed their approval and downloaded the app enthusiastically. The APP was downloaded more than 36,000 times through this activity.



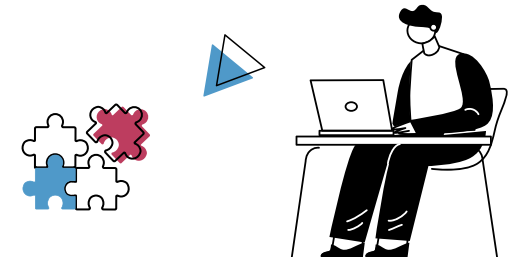
"When 100 meets 0" Retire Well Forum

Taiwan is facing an ageing society which makes planning for retirement an academic discipline. The Storm Media organized a forum with the theme "Wealth, Ageing, and Living Well" to analyze modern retirement trends. Yuanta Funds encouraged small investors to choose investment products from the perspective of "compounding" and to use diversification to pursue the relative advantages of commodity portfolios for asset allocation in response to the trend of Nano sized investment products.

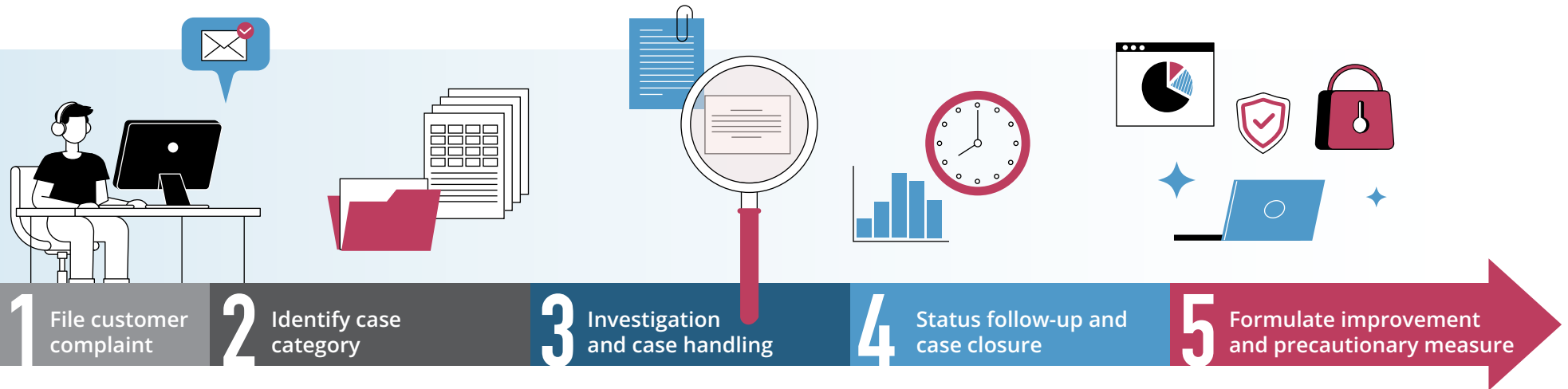


"Taiwan's Big Future: Global Reboot: Seizing the Momentum" International Summit Online Forum

In response to the boom in ESGs, Business Today analyzed the relationship between ESGs and the future financial market with "Innovation and Opportunities in Green Finance". Based on the market direction in recent years, Yuanta Funds believes that ESGs have become a new universal language. They have transformed from being a choice to being a necessity, so that only companies with the ability to respond to new regulations will be resilient enough to avoid risks and create opportunities. We also call on investors to include ESG screening in the selection of investment targets and choose to use capital to support sustainable corporate development and transformation.



Customer Complaint Mechanism



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

The number of customer complaints received by the Group in the year was 759, of which about 560 were from the Financial Ombudsman Institution or the competent authority, and about 199 were through the internal channel. The overall number of cases decreased compared to 2020. Upon receipt of a customer complaint, each subsidiary immediately notifies the relevant unit to handle the case and replies to the complainant, Yuanta Financial Holdings or the competent authority to keep track of the status and progress of the case. The Company and its subsidiaries have established strict complaint handling procedures in accordance with the regulations of their respective industries in order to properly handle and respond to each complaint case. We also enhance the education and training of our employees and raise their professional ability to provide assistance to our customers to avoid the reoccurrence of customer complaints.

In order to establish a customer-oriented, consistent, systematic and responsive complaint handling process, Yuanta Securities and Yuanta Bank both obtained renewed certification of ISO 10002 Customer Satisfaction and Complaints Handling this year to establish an international standard customer complaint handling system. In addition, Yuanta Life and Yuanta Futures also obtained ISO 10002 certification this year, and are expected to be certified once a year to gain customer loyalty and recognition.

Customer Satisfaction

Yuanta Financial Holdings takes a proactive attitude, keeping a close eye on customer complaints and the affected subsidiaries. “Moment of Truth” management is something we place great emphasis on, engaging in horizontal communications across departments to solve customer issues. We listen to our customers’ problems carefully and with empathy, endeavoring to understand the root of each problem and follow up to understand whether it was resolved to their satisfaction. Through education, training, and regular managerial guidance, we strive to strengthen our customer service system and place customer satisfaction firmly at its core, while also improving our communication and problem solving skills.

Customer Satisfaction Survey	2018(%)	2019(%)	2020(%)	2021(%)	2021 Goal (%)
Yuanta Securities ^{Note 1}	99.03	97.91	98.59	98.87	96.50
Yuanta Bank ^{Note 2}	88.26	97.49	98.52	98.96	92.00
Yuanta Life ^{Note 3}	97.00	97.87	97.76	97.40	90.00
Yuanta Funds	98.80	97.30	97.90	97.90	95.00
Yuanta Futures	95.30	96.01	97.05	97.16	95.00
Subsidiary Weighted Results ^{Note 4}	96.37	97.72	98.08	98.19	93.00
Data Coverage Rate ^{Note 5}	97.00	98.00	98.00	100.00	—

Notes:

1. Satisfaction ratings at Yuanta Securities are based on customer feedback. (The customer service feedback level is divided into "needs improvement", "average" and "satisfied"). The satisfaction level increased compared to 2020. In addition to treating customers with sincerity and consideration, Yuanta Securities also takes the initiative to explain and guide the operation of the consultation on the enhancement of information security mechanism, such as two-factor login authentication, so that customers can use and place orders with peace of mind, thus increasing customer satisfaction.
2. Yuanta Bank has established a customer complaint handling system in line with international standards and regularly reinforces the training of sales personnel, which not only effectively reduces the number of customer complaint handling days, but also enhances professional competence and customer service efficiency.
3. The decrease in satisfaction ratings at Yuanta Life in 2021 compared to 2020 is mainly due to the use of home office and off-site office from May to September in response to the COVID-19 epidemic. Only a minimum number of counter staff were on site, so when there was an excessive number of customers, service could not be provided immediately. As a result, the overall satisfaction rate in 2021 decreased by 0.36% compared to 2020.
4. Average of subsidiary customer satisfaction results for the year in question weighted by subsidiary income.
5. Calculate what proportion of the revenue of domestic subsidiaries with customers is represented by the domestic income of subsidiaries included in the customer satisfaction survey data.

Digital Channel Customer Satisfaction Survey

In order to improve the quality of digital financial services and create a good online experience for customers, we conduct customer satisfaction surveys on Internet banking and mobile banking apps, sending electronic questionnaires to customers who have recently used personal Internet banking or mobile banking, and asking them to rate their overall satisfaction with "functionality", "operating experience", "aesthetic design", "web speed", and "overall satisfaction". In addition to conducting data analysis and collecting customer suggestions, we incorporate suggestions for optimization and improvement to create a positive and beneficial cycle, while maintaining sound customer relationship management.

In this year's customer satisfaction survey, the overall satisfaction score was 4.20 (out of 5) on average. In addition to the increase in overall customer satisfaction compared to the previous year, customer were analyzed by gender. The overall satisfaction rating given by females was 4.24, slightly higher than the overall satisfaction rating of 4.19 by males. We also analyzed the age group of our customers and divided them into 5 age groups. The data shows that the overall satisfaction rate of mature customers over 55 years old is 4.35, indicating that in promoting digital financial services, Yuanta Bank not only continues to innovate and optimize the platform to provide customer satisfaction but it also takes into account the service quality and needs of mature customers.

Implementing the Mechanism of Caring for Customers at the Counter

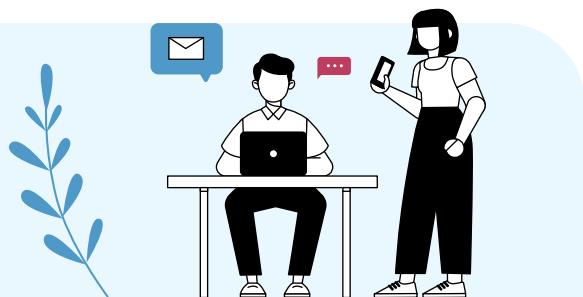
Yuanta Bank launched the service mechanism of “Caring for Customers at the Counter”. A total of 84 cases of fraud was prevented this year, and 119 staff were awarded with recognition. The amount from fraud prevention cases was NT\$48.66 million and US\$33,520.

In cooperation with the FSC, the Ministry of Finance and the Bureau of Investigation of the Ministry of Justice, Yuanta Bank's 504 ATMs broadcasted five anti-fraud videos 24 hours a day. The contents of the videos included: remittance operations, ATM operations, and fraud prevention reminders. The anti-fraud videos were played about 300,000 times per ATM during the year on average, increasing anti-fraud awareness.

Care Measures During the COVID-19 Pandemic

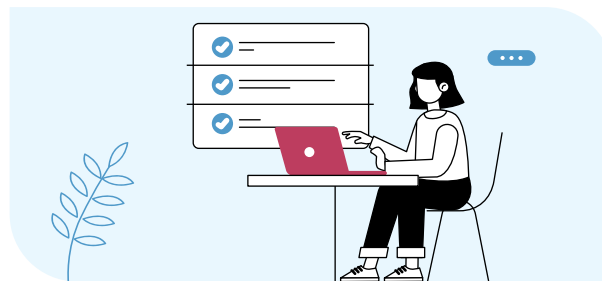
In response to the COVID-19 epidemic, through its emergency epidemic prevention response team meeting, Yuanta Financial Holdings approved the various care measures launched by its subsidiaries to protect the health and safety of employees and customers, as we stand together with our customers in facing the pandemic.

| Encourage customers to use online service



- ◎ In response to the different periods of the epidemic and in line with government policies, Yuanta Securities made rolling adjustments to its official website, electronic platform, and branch office announcements such as adjustments to customer service center service hours, suspension of branch office account opening operations, and more use of online processing operations, in an effort to protect customer health.
- ◎ During the epidemic level 3 alert period, the call center expressed its care for customers during calls with customers and before the end of CHAT.
- ◎ In line with the government's relief policy, Yuanta Bank introduced the "Labor Relief Loan Interest Subsidy Program" at its online application counter, and also provides online application for relief measures without the need to visit the counter, taking into account epidemic prevention to protect the health of customers and employees.
- ◎ In response to the government's digital voucher policy to stimulate the economy and to encourage customers to use online services, Yuanta Bank offers a "Digital Voucher" section at the online application counter, providing customers with convenient quintuple stimulus voucher binding services and online channels to check the amount of rebates.

| Encourage customers to use online service



- ◎ In response to the epidemic prevention measures implemented by the Ministry of Health and Welfare and the "Guidelines for Holding Shareholders' Meetings in Response to the Epidemic" issued by Taiwan Depository & Clearing Corporation, Yuanta Securities formulated epidemic prevention measures and recommendations for shareholders' meetings of registrar service clients, and adjusted the contents in a rolling manner according to the epidemic situation for our registrar service clients' reference and implementation.
- ◎ In order to comply with the epidemic prevention measures of the competent authorities and to protect the safety of shareholders, the souvenirs entrusted by Yuanta Securities' clients during the shareholders' meeting were moved to an outdoor venue for distribution, and the flow of souvenir pickups was controlled by staff.
- ◎ Due to the impact of the epidemic on the operations of our clients, Yuanta Securities provides partial reduction on agent fees to clients with good cooperation as support in these difficult times.
- ◎ In order to effectively ease the flow of people at the counter and reduce the waiting time of shareholders on site, we arranged for shareholders to make appointments on the Yuanta Securities website, so that shareholders could visit the Registrar & Transfer Department for personalized service at the designated time.

| Encourage customers to use online service

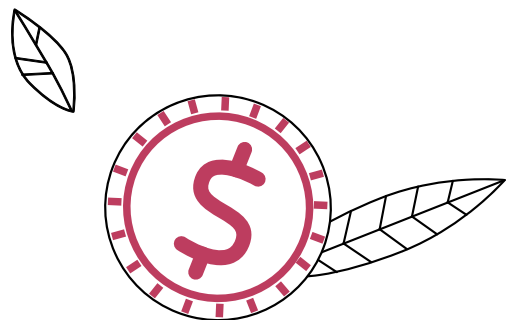


- ◎ Yuanta Securities notifies clients of price fluctuations to help protect their investment positions. (This year, Yuanta notified clients of price fluctuations for 5 funds, 188 foreign structured products and 8 domestic structured products.)
- ◎ We provide market information and inform clients on risky issues such as the downgrading of China's three largest telecom companies in the U.S. and their listing in Hong Kong, bond credit risk and negative news on overseas structured linked bids.
- ◎ Yuanta Futures cares for its clients' trading positions before the daily trading session and reminds investors of the risk control mechanism to cope with the rapid market changes.

Labor and Small Business Operator Loans



To help customers reduce their burden and deal with challenging times through the epidemic, Yuanta Bank offers a Labor Relief Loan Program of up to NT\$100,000 per household in accordance with the government's Relief 4.0 policy and offered contact-free digital online loan application service to protect the health and safety of customers and employees.



Wealth Management Customer Care Program

Yuanta Bank divides customer care situations into proactive care and passive care based on the key points of customer care program implementation.

◎ Proactive care includes any of the following:

1. Risk prediction: After the Trust Department advises of a market risk, the relevant unit in charge of the product will predict product risk based on the market risk alert and notify the Wealth Management Department to execute customer care.
2. Target case: The Wealth Management Department evaluates the client's asset status, initiates the care mechanism and plans implementation measures when necessary.

◎ Passive care refers to any of the following situations:

1. Significant warning from competent authorities: Based on the relevant information released by competent authorities to strengthen investment risk monitoring (e.g. high yield bond fund investment risk, enhanced management of senior citizens financial management), the Wealth Management Department plans customer care plan for the month and implements it after approval by the department head.
2. Significant market events: The distinction is made between significant market news and significant price fluctuations. The Wealth Management Department uses an external data collection and analysis system to monitor and screen valid messages for follow-up alerts when there is a major market event that may trigger investor panic. The Wealth Management Department monitors market signals and price changes of mutual funds and ETFs on the shelf, and will activate the care mechanism if a major signal or significant price fluctuation (single-day decline $\geq 3\%$ or five-business-day cumulative decline $\geq 10\%$) is detected.

◎ A total of 50 customer care programs were planned for 2021, including 35 proactive care-risk predictions, 7 proactive care-target case, 4 passive care-significant warnings from competent authorities, and 4 passive care-significant market events.

Excellent Insurance Policy Service

◎ Yuanta Life is helping policyholders cope with the difficult times by continuing to promote "policy service support program during the epidemic", including deferral of renewal premiums, extension of interest on insurance policy loans, and accepting application of specific security services by facsimile. In addition, the medical insurance policy includes COVID-19 as part of the claim payment, and if the patient is admitted to a negative pressure ward for treatment due to COVID-19, the claim will be treated in the same way as an intensive care unit.

Caring for Life in Digital Circle

◎ Yuanta Bank sends an eDM to its digital customers on "Financial Transactions for Seniors and Safety Precautions for Customers Using e-Banking" to remind them to pay attention to the safety precautions related to financial transactions and the use of e-banking by the elderly. A total of 700,000 copies of the eDM were sent out, and an announcement was made on the official website simultaneously, in the hope that more customers would pay attention to the issue of financial transaction protection for the elderly.

◎ Yuanta Bank's FB fan page has created a caring digital life circle to proactively promote the knowledge of financial transaction security, pay more attention to information security to protect against fraud, and invites branches to promote it. In response to the recent fraudulent phishing SMS, telemarketing and LINE group scams, we have been using social media to instill correct financial knowledge with easy-to-understand explanations, creating a "caring digital life circle" together.

Protection of Customer Rights

Customer Personal Information Management

The subsidiaries of Yuanta Financial Holdings have established regulations and management practices in line with the “Personal Data Protection Act” and regulations from the competent authorities to protect the privacy of customers and investors. Each subsidiary handles and collects customer information in accordance with the Personal Data Protection Act, and informs on issues that it is required to notify to ensure that personal information is properly collected, processed and used.

Yuanta Securities’ “Personal Data Protection Implementation Team ” is tasked with formulating personal information protection regulations governing the collection, processing, and use of personal information. Each year, a personal information safety breach contingency drill is held to ensure our ability to respond to any potential personal information issues. We also hold an annual personal information protection management review to ensure personal information protection policies are implemented properly. This year, Yuanta Securities and Yuanta Bank completed the revalidation of the BS 10012:2017 Personal Information Management System (PIMS) international standard, and Yuanta Life completed the renewal of the certification. Yuanta Funds and Yuanta Futures continue to maintain the PIMS and are expected to be first certified in May 2022. There were no breaches of customer privacy in 2021.

In view of the different industry-specific characteristics of each company, Group subsidiaries have each established individual personal information protection regulations and cyber security management regulations to protect customer rights and interests, so that each department can implement the protection of customer information, to ensure that customer information is secure and to collect, process and use customer information lawfully within the scope of our authorization. Yuanta Financial Holdings established the Yuanta Financial Holdings and Subsidiary Companies Customer Privacy Statement and hold information security and personal information protection training courses to promote consistent compliance across subsidiaries and divisions and ensure employees fully understand the importance of personal information handling and protection to maintain customer and investor privacy. This year, the 86 relevant training courses held were attended by 14,008 participants for a total of 14,704 training hours, to ensure that staffs fully understand the subject of personal data processing and protection, so as to maintain the privacy of customers and investors.

The Company uses customer information for non-primary collection purposes (secondary use) in compliance with laws and regulations and with customer consent to engage in telephone marketing, email marketing, mail marketing, SMS marketing, and APP promotion to specific customer groups by the company which the customer has business with. There is no inter-subsidiary use of customer information for marketing purposes and we comply with relevant government laws and regulations and information management principles ensure that the acquisition and use of data is within the scope of data authorization set by the Group, and that appropriate technical and organizational security measures are used to maintain a highly secure and stable data storage system, and to fulfill the duty of confidentiality of personal information of customers or investors. The total percentage of secondary use of customer information by the Company's subsidiaries for the year was 43.43%.



| Personal Data Protection Policy

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

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

2 The collection, processing, use, transmission, storage, and destruction of personal information held by the Company shall be managed in a manner that ensures the legality and appropriateness of such operations. All personnel (including employees and outsourced vendors) who are involved in the various operations mentioned above are required to comply with the rules and regulations related to personal information.

3 When employees, customers or anyone else finds out that the company has concerns about the leakage of personal data or violates the relevant norms of personal data protection, they can immediately notify the company's dedicated unit and personnel in writing, by phone, email or by any means; the personal data protection team members shall collect and review the reported incidents, analyze the causes of incidents, and provide suggestions for improvement on the work items they are responsible for.

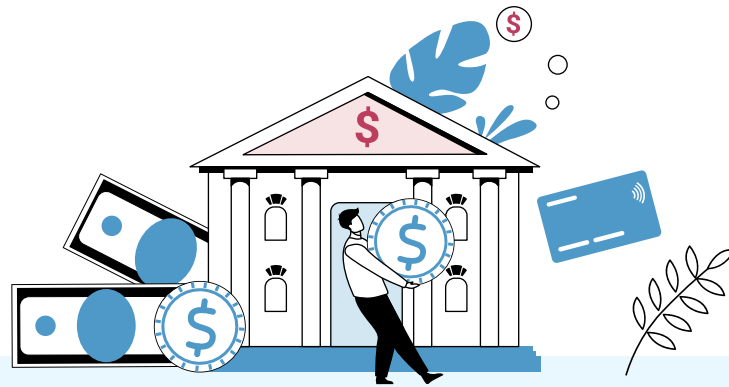
4 Risk assessments are conducted at least once a year with respect to personal information risks faced by the Company's business and control measures based on the assessment results are established. The evaluation results and analyses are reported at the personal data protection team meetings. In the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

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

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

Negative Events Resolved with Integrity

During the year, Yuanta Securities and Yuanta Life were negatively affected by some omissions in their business. The Group responded immediately and took response actions to protect the rights and interests of customers, and subsequently made improvements to its internal processes to prevent the recurrence of such situations, as detailed below.



Description

Yuanta Securities was subjected to a credential stuffing attack this year, and a small number of customer accounts were hacked to place orders. After root cause analysis, Yuanta Securities strengthened its customer login authentication mechanism and information security control measures. The loss caused by the attack was approximately NT\$19.5 million which was absorbed by Yuanta Securities and did not affect the interests of customers.

The case of Yuanta Life selling the investment insurance products in question involved the solicitation and the sale of products before they were launched, and the failure to comply with the product development process as stipulated in the insurance product development management guidelines. The products in question have not been evaluated for concentration risk of new contracts.

The Company did not conduct careful evaluation of customer's product suitability and the protection of senior consumers, and failed to implement channel management with solicitation to the sales channel in advance and using inappropriate literature and tactics to solicit customers.



Improvement Measures

We strengthened the login verification mechanism and built a multi-factor verification system, and also enhanced real-time monitoring and blocking for abnormal network activities. In addition, a customer behavior tracking module has been set up to analyze possible hacking behaviors and speed up the response process.

The "Insurance Product Development Management Guidelines" have been revised to strengthen the control mechanism of product information before products are put on the shelf. In addition, the "Insurance Product Sales Limit Early Warning Control Procedures" have been formulated to strengthen the monitoring and evaluation mechanism of product sales.

We have adjusted the salesperson's report to include the option for premium source and strengthened the new contract call mechanism to facilitate channel management, as well as improved the document review system, strengthened the control mechanism for the use of promotional literature, and enhanced the review of advertisement, education and training and other documents associated with the product.

A man in a dark suit stands with his back to the camera on a highly reflective surface. He is looking out over a sprawling city at night, with lights from buildings and streets reflecting on the surface. A network of white lines and glowing nodes is overlaid on the scene, connecting various points across the city and extending into the sky. The overall color palette is dominated by blues and teals, with warm yellow and orange lights from the city providing contrast.

CHAPTER 4

CORPORATE GOVERNANCE DRIVING FORCE

4.1 Corporate Governance

4.2 Risk Management

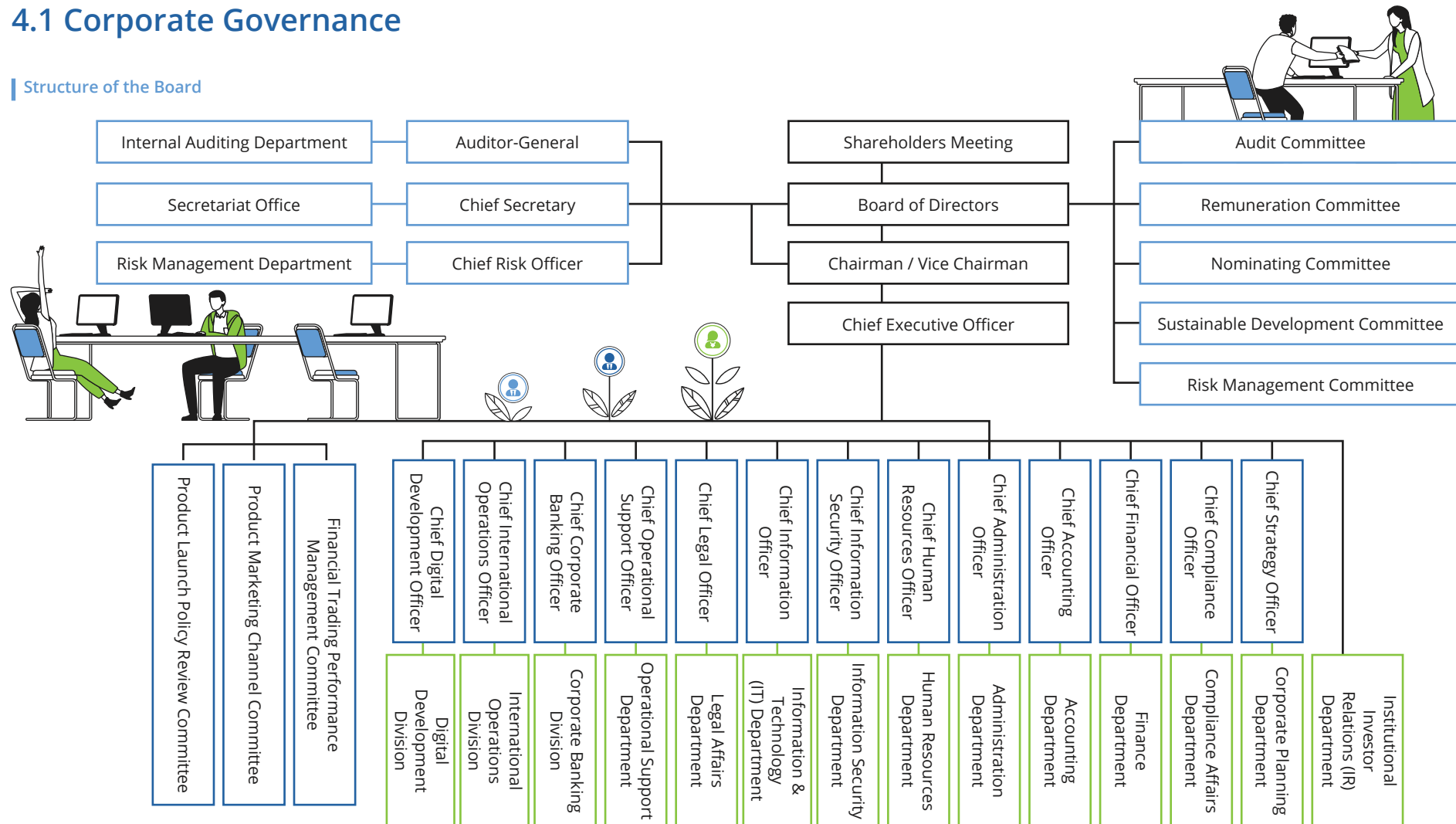
4.3 Legal Compliance

4.4 Anti-Money Laundering and
Anti-Terrorist Financing, Counter Proliferation

4.5 Information Security

4.1 Corporate Governance

Structure of the Board



Following the Company's Director Selection Process, on June 14, 2019, the Company convened the 2019 Annual Meeting of Shareholders to elect the 8th term Board of Directors (including independent directors) with the directors to serve a term of 3 years. All directors are eligible for re-election. The 8th term Board of Directors is comprised of 5 directors and 4 independent directors (no separate executive directors). All 9 are males with an average tenure of 6 years. The number of independent directors accounted for 44% of the Board of Directors.

Director Attendance

In accordance with the Regulations Governing the Conduct of Board Meetings, the Board of Directors convened at least once a month and the annual attendance rate of each director's attendance at the Board of Directors (excluding proxy attendance) was clearly defined in 2019. The attendance rate should reach more than 80% and be included in the director performance evaluation. A total of 14 Board meetings were held in 2021. The average attendance rate of directors was 100%. The attendance rate of individual directors was over 100%.

Responsibilities and Operation of Committees

Committee Name	Organizational Status	2021	Operating Status
		Number of Meetings	Average Attendance Rate
Audit Committee	Composed of 4 independent directors elected at the 2019 annual general shareholders' meeting	13 (The committee meets at least once a month.)	100%
Remuneration Committee	Composed of 4 independent directors.	9 (The committee meets at least twice a year.)	100%
Sustainable Development Committee	Composed of one director and four independent directors.	4 (The committee meets at least twice a year.)	100%
Nominating Committee	Composed of 2 directors and 3 independent directors.	2 (The committee meets at least twice a year.)	100%
Risk Management Committee	It is convened by the Chairman of the Company and composed of the presidents (CEO) of the Company and its subsidiary companies, chief risk officer of the Company, and other people as deemed appropriate by the convener	5 (The committee meets once each quarter and reports resolutions to the Audit Committee and the Board of Directors.)	87%

Responsibilities and Operation of Function-based Committees

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

Financial Trading and Performance Management Committee



Main Responsibilities

Coordinating and supervising the Group's financial trading affairs. Main responsibilities include assisting with drafting trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating quotas and supervising operational performance.



Operating Status

- Currently convened by the president of the Yuanta FHC with the chairman of Yuanta Futures as deputy convener. The chairman of Yuanta Investment Consulting, the president of Yuanta Bank, the president of Yuanta Futures, the senior vice president of Yuanta Securities, the CFO and the Chief Risk Officer of Yuanta FHC are members. These eight individuals make up this eight-person committee. Meetings are convened at least once a month, with more meetings convened as necessary. The June and July 2021 meetings were cancelled due to the epidemic.
- Convened 9 meetings with an average attendance rate of 99%.

Product Marketing Channels Committee



Main Responsibilities

Primarily coordinating the product development, cross-selling business of each channel, and shared marketing strategy planning. Aiming to leverage combined resources for overall business synergy.



Operating Status

- Convened by the president of Yuanta FHC and composed of members of relevant managers from the Group. Meetings are convened basically once quarterly, with more meetings convened as necessary.
- Convened two meetings with an average attendance rate of 77%

Note: The Company established the "Product Launch Policy Review Committee" on November 30, 2021, but the committee has not commenced operation in that year.

Corporate Governance Enhancement of Board Directors

In order to implement corporate governance, strengthen the support provided by the Company to directors in exercising their duties, and facilitate the board of directors to perform its due functions, in accordance with the policy plan of the new corporate governance blueprint of the competent authorities, the Company resolved at the board of directors' meeting on November 28, 2018 to establish a "corporate governance officer", who will be the director secretary of the board of directors, and in accordance with the latest "Key Points to Follow in the Establishment and Exercise of Powers and Functions of the Board of Directors of Listed Companies On March 6, 2019, the Board of Directors resolved to adjust the position to "Corporate Governance Officer", who has professional qualifications of at least 3 years in the management of legal, financial, stock affairs, and business affairs of financial related institutions and public companies, as well as the position of head of corporate governance related affairs.

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

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

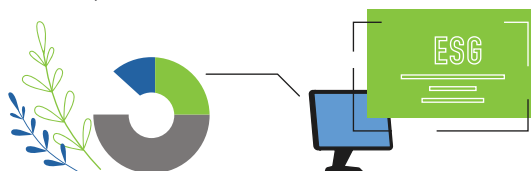
Business Performance of Head of Corporate Governances

1 In line with the competent authorities' promotion of Corporate Governance 3.0, actively encouraged the Company and its subsidiaries to present or discuss matters related to fair treatment of customers, ESG matters, and management of intellectual property rights to the board of directors to improve corporate governance.

2 Handling of matters related to the 2021 shareholders' meeting:

- 1** In accordance with the Company's Articles of Incorporation and Article 57-2 of the Corporate Governance Guidelines of the Yuanta Financial Holding Company, coordinated the operations related to the shareholders' meetings of each unit.
- 2** Assisted the shareholders' meeting in improving the relevant operations and smoothly implemented the meeting matters.
- 3** Assisted shareholders in understanding the Company's operations in relation to corporate governance; the website information is updated immediately to ensure the shareholders' rights and interests.

3 Supervised the development and adjustment of important regulations of the Company, including the revision of the Company's Articles of Incorporation, organizational rules, Sustainable Development Committee Charter, Board and Functional Committees Evaluation Procedures, Procedures of Director Election, etc.



4 Managed the meeting operations of the board of directors and related committees, and strengthened the compliance with the law of meeting procedures and recusal of interests.

5 Provided information necessary for directors to carry out their business and reminded directors of the relevant laws and regulations that they are required to comply with when carrying out their business or following board resolutions. After board meetings, followed up on the recommendations or feedback of the directors and the progress of actions.

6 Assisted relevant units in signing the board of directors' pledge to conduct business with integrity and strictly enforced anti-money laundering and prevention of insider trading operations.

7 Handled matters related to the continuing education of directors of the board; assisted directors in the implementation of the diversified learning mechanism.

8 Managed the work related to the performance evaluation of the board of directors and functional committees.

9 Supervised the performance evaluation of the board of directors by external sources in 2021.



Director Professionalism and Independence

Director Professionalism

The members of the Company's Board of Directors have professional backgrounds covering finance, securities, banking, and life insurance and have extensive practical experience and expertise in legal, financial supervision or international business operations, mergers and acquisitions, international taxation or capital planning, corporate governance, and information security which can help improve board decision-making quality, strengthen internal supervision mechanism.

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



The members of the Company's Board of Directors

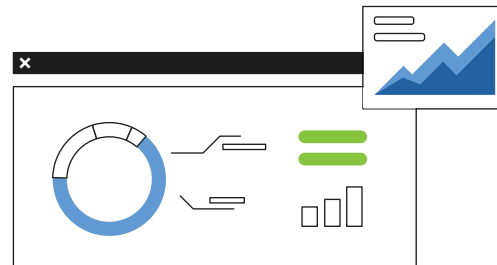


Director Independence

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



Independence Criteria for Independent Directors



Director Diversity

Director Diversity

In addition to professional backgrounds and practical experience, we also focus on diversity and gender equality. 5 of 8 Yuanta's subsidiaries had female directors or supervisors and we will continue to increase the number of women involved in corporate governance and business decisions in line with principles of gender equality, thereby helping inject a more diverse perspective into the Group's development for the sake of sustainable operations.

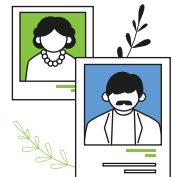
Number of Female Directors and Supervisors ^{Note}

Company	Number
Yuanta Life	3
Yuanta Funds	4
Yuanta Futures	3
Yuanta Venture Capital	2
Yuanta Securities Investment Consulting	1

Age Distribution of Directors

The average age was 64.

Age	Number	Distribution
51-60	2	22%
61-70	4	44%
71 or more	3	33%
Total	9	



Data Base Date: December 31, 2021

Note: We plan to nominate at least one female director candidate from the ninth board of directors in 2022 and increase the proportion of female directors to 20% of the board of directors by 2030, with a long-term goal of 30%.

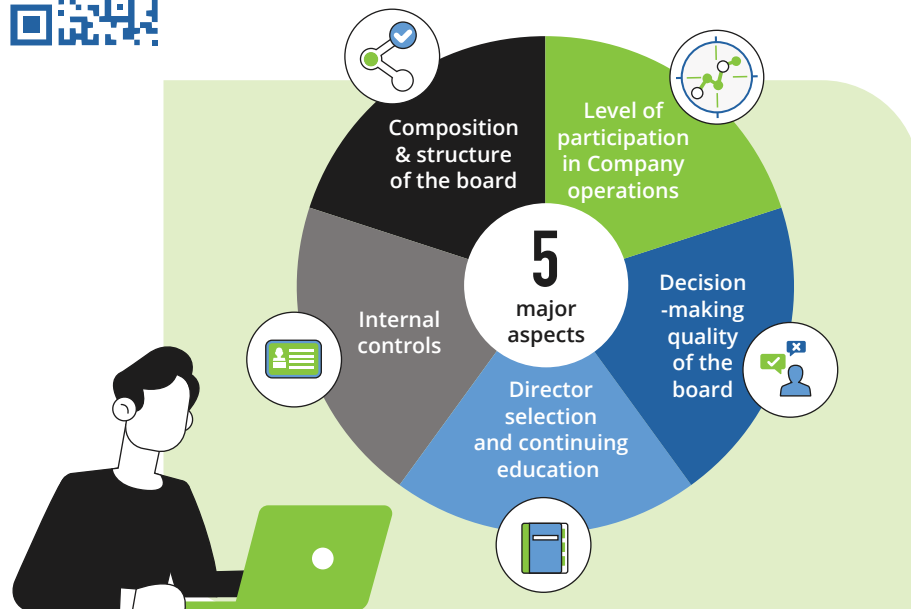
Board of Directors' Performance Evaluation

Board of Directors' Performance Evaluation Mechanism

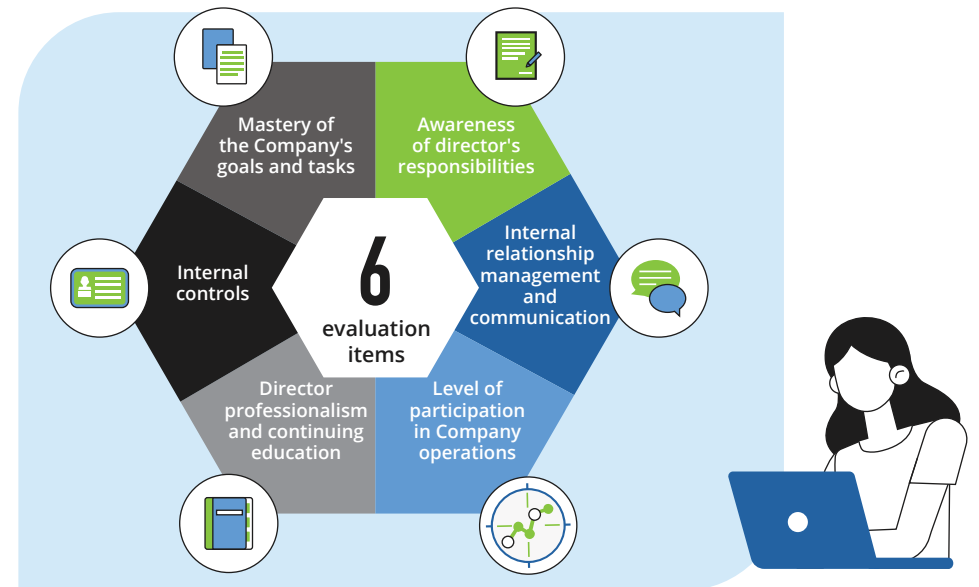
In order to improve the performance of its Board of Directors, Yuanta Financial Holdings has established the "Board and Functional Committees Evaluation Procedures." As part of these guidelines, the Directors are to complete a self or peer performance assessment questionnaire. The evaluation results should be completed before the end of the first quarter of the following year. Based on the results, the Board also considers adjusting its member composition. For the results of the self-assessment, please refer to the Board of Directors' performance evaluation.



Board of Directors' Performance Evaluation



▲ The Company establishes the assessment items for board performance evaluation, taking into account the Company's situation and needs. The items assessed are to include at least five major aspects.



▲ Items measured in the board member (self or peer) performance evaluation.

Additionally, performance evaluations of the Board of Directors shall be conducted by either an independent third-party institution or outside experts at least once every 3 years. In 2021, the Company commissioned the "Taiwan Corporate Governance Association" to conduct an evaluation of the effectiveness of the Board of Directors for the period from September 1, 2020 to August 31, 2021. The organization appointed 3 evaluation experts to evaluate the effectiveness of the Board of Directors by means of questionnaires and on-site visits on 8 major components and 10 indicators, including (1) board composition, (2) board guidance, (3) board authorization, (4) board supervision, (5) board communication, (6) internal control and risk management, (7) board self-regulation, and (8) other aspects, such as board meetings and support systems, etc. The organization and the experts conducting the evaluation have no business dealings with the Company and are independent and have presented their evaluation report on October 8, 2021. (Web page: official website Home page > Sustainable Development > Corporate Governance > Yuanta Board > Director Selection Process > Performance Evaluation of the Board and Functional Committees)

[The Performance Evaluation of the Board of Directors and Functional Committees](#)



Remuneration Policy for Directors and Executive Managers

Remuneration policy for directors (including independent directors)

Regarding the details for the highest governance unit and senior management, please refer to the Corporate Governance Report section on remuneration paid to directors, president, vice presidents consultants, etc. and distribution of employee remuneration in the most recent year in the Company's 2021 Annual Report.

Remuneration Policy for Executive Managers

The senior management of the Company are remunerated according to their level of responsibility, professional ability, and academic experience. Each year, the senior management sets their own work objectives (including operational development strategy, annual priorities, operation and talent management, group resource integration and support, internal control and compliance, etc.) in accordance with the Company's strategic objectives and sustainable development goals. In accordance with the "Performance Management Regulations" of the Company, midterm and final performance appraisals are conducted annually to review the actual implementation results of various work objectives of senior management staff, and the performance ratings of senior management staff are evaluated by weighting the various objectives together.

The Company has established the "Bonus Plan". The Compensation Committee and the Board of Directors shall consider the reasonableness of the relationship between individual performance, the Company's operating performance and future risks, and shall determine the performance bonuses with reference to industry standards.

In order to ensure and deal with future risk-adjusted profits, the Company has put in place a method for awarding bonuses to executive managers. Bonuses for the president and executive managers are awarded based on the Company's operating performance and consideration of the deferred issuance of future risk factors. At the time of disbursement, a certain proportion will be deferred for disbursement due to risk considerations. 15% of the variable bonuses are deferred on a risk-based basis for 3 years in a savings-type stock ownership trust, linking personal rewards, corporate profits, and shareholder benefits. In the event of some other major risk events affecting Company goodwill, the Company shall respond by reducing or not issuing bonuses.

The Company has designated an executive managers' shareholding guideline to encourage executive managers holding Company's stock, so that their executive duties can be connected with the Company's long-term performance and their interests and actions are consistent with the interests of Company shareholders, so as to strengthen the Company's corporate governance. The Company established the "Executive managers' shareholding guideline"^{Note}. The president's total shareholding value at the end of each year shall not be less than 3 times the total annual fixed salary converted from the current year since the next calendar year after holding the position for three years. The total value of shares held by executive managers other than the president at the end of each year shall not be less than 2 times the total annual fixed salary converted from the current year since the next calendar year after holding the appointed position for three years.

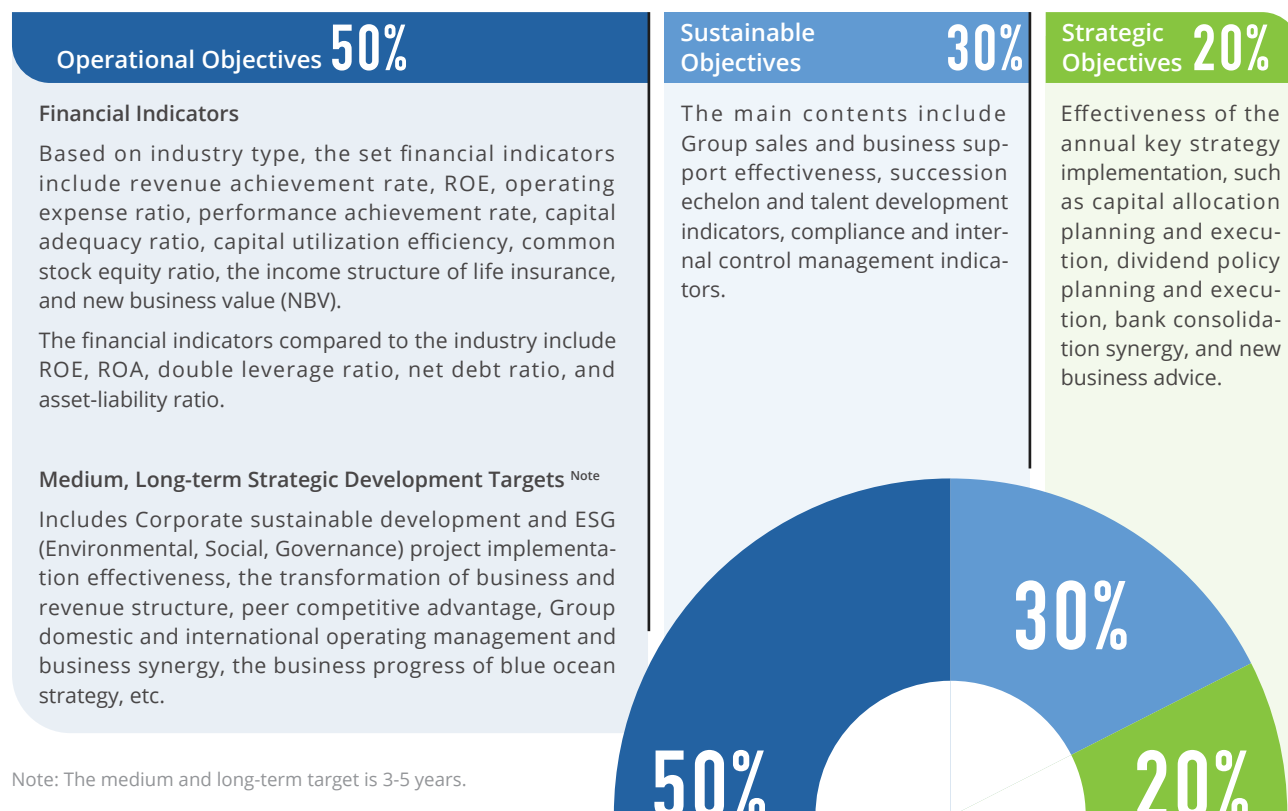
Note: Executive managers' shareholding guideline is applicable to the president, auditor-general, chief secretary, chief risk officer, and functional executives and executives above the vice president level. The average total shareholding value of executive managers other than the president in 2021 was 3.84 times the total annual fixed salary.



Remuneration Measure Matrix

The variable compensation of the Group's presidents is highly correlated with the rates of annual target achievement and the performance evaluation results.

The annual work targets of the Group's presidents are divided into three categories, including strategic objectives, operational objectives (including financial indicators, mid-/long-term strategic development targets), and sustainable objectives. The annual targets and measurement standards for each subsidiary's president are set furthermore according to different lines of business, such as financial holdings, securities, banking, life insurance, funds, futures, and investment consulting. With the achievement progress regularly reviewed every month and mid-term and end-of-term assessments conducted annually, target achievements are used to measure the performance of the president and the variable bonus is directly linked to performance level.



ESG Performance and Reward System

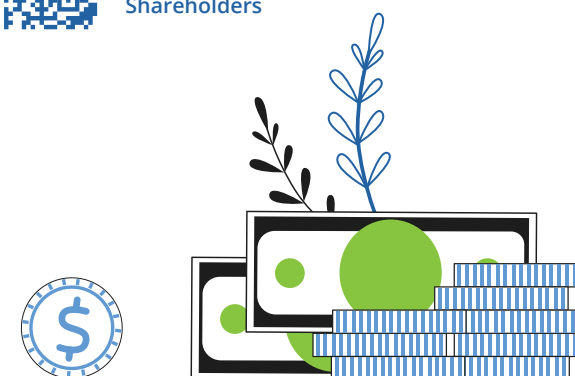
The Company's Performance Management Guidelines stipulate that the work objectives of senior managers in each group company must be linked to ESG. Through the performance management mechanism, the ESG performance of managers and employees are linked to the reward system to implement the effectiveness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

Family Member Shareholding

On December 31, 2021, the total percentage of shares held by the Company's founding family members (Ma family) was 20.49% in accordance with "Administrative Measures for the Total Number of Voting Shares Issued by the Same Financial Holdings Company Held by the Same Person or the Same Related Party Exceeding a Certain Ratio." For details, please refer to the "Inquiry Information on the Report Form of Changes in the Shareholding of Major Shareholders of Banks (Financial Holding Companies)" in the Market Observation Post System (stock code 2885).



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



Policies and Systems

Ethical Management Organization and Policy

In order to implement the concept of sustainable operations, promote corporate governance, strengthen the Board of Directors' management of integrity management, and fulfill corporate social responsibility, the Company has established the Sustainable Management Committee under the board of directors as a dedicated unit for integrity management to help integrate integrity management into the Company's business strategy, formulate measures to ensure integrity management in accordance with laws and regulations, and oversee the implementation of ethical management and evaluate its effectiveness, etc. The Integrity Management Office which is responsible for the promotion and coordination of daily related affairs has been set up under the committee and is composed of department heads from the Company's Secretariat Office, Corporate Planning Department, Administration Department, Human Resources Department, Compliance Affairs Department and Legal Affairs Department. The Integrity Management Office reports regularly to the Sustainable Development Committee on its work plans and implementation results.

In line with the legal system, the Company formulated the "Yuanta Financial Holdings Co., Ltd., Integrity Management Guidelines" (hereafter referred to as the "Integrity Management Guidelines") and "Yuanta Financial Holdings Co., Ltd., Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines"). The scope of application covers all subsidiaries of the Company and foundations and other organizations or legal entities with substantial control capabilities that accumulate over 50% of direct or indirect donation from the Company and clearly delineates the matters that the aforementioned directors, managers, employees, assignees, and persons with substantial control power in the enterprises and organizations are to focus on and the laws and regulations they are to observe when engaged in commercial activities and during execution of duties.

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

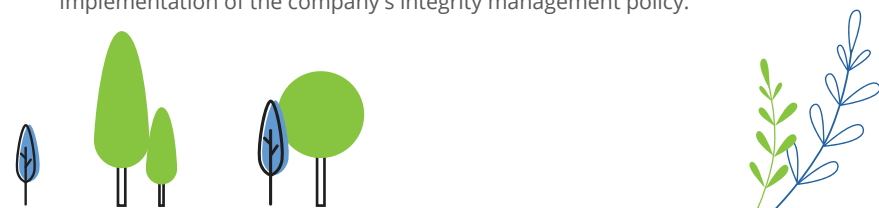
not infringing on intellectual property rights, abiding by confidentiality agreements and not engaging in insider trading, fulfilling disclosure obligations and not accepting improper benefits, and avoiding transactions with unethical business operators.

In order to enhance the ethics related supervision mechanism, the Company has established the "Whistleblowing System and Implementation Measures" and announced on the Company's website the reporting hotline, e-mail address and other convenient reporting channels to facilitate smooth communication with stakeholders (Please refer to the section on "Reporting Mechanism" in this chapter).

In addition, the Company has also established "Guidelines on Reward and Discipline Management". Employees who report fraud or prevent incidents which will tarnish the Company's reputation and interests, and save the Company from suffering losses, are rewarded. If, after investigation, an employee is confirmed to have violated internal or external regulations, disciplinary action will be taken in accordance with the procedures, depending on the severity of the case, and the disciplinary record will be linked to the employee performance appraisal in accordance with the "Performance Management Guidelines".

Evaluation mechanism

The "Integrity Management Guidelines" and "Conduct Guidelines" explicitly lay out prohibited behavior or interest marked by lack of integrity. The Company has also established a risk assessment mechanism for dishonest conduct. In addition to the prevention program and the related regulations established by the Company, such as ethical code of conduct, the Board of Directors' meeting procedures, the audit committee's organizational rules, and the external donation operation standards closely linked to the Company's other relevant internal controls, to facilitate the following of internal control and operation procedures by the various departments. The auditing unit also includes integrity management-related regulations in the annual general business audit to ensure the implementation of the company's integrity management policy.



Implementation of Ethical Management

In order to equip all employees and managers with proper knowledge and judgment on relevant laws and regulations and ethical practices, each year the Group conducts regular training courses on "Ethical Management and Compliance Promotion" (Please refer to the section on "Education and Training" in this chapter). In terms of continuing education of board directors, two related corporate governance seminars were held for directors and supervisors of the Group. On May 4, 2021, 60 directors and supervisors participated in the "Money Laundering Prevention, Countering Financing of Terrorism, and Insider Trading Prevention Practices and Case Studies," totaling 180 hours. On October 5, 2021, 44 directors and supervisors participated in the "Introduction and Response to the Financial Consumer Protection Act (Fair Treatment of Customers)" for a total of 132 hours.

In 2021, 100% of the Company's directors and senior management have signed the "Declaration of Integrity" and there have been no violations.

If an employee of the Company is involved in unethical conduct or violates the integrity of the Company in serious circumstances, he or she will be dealt with in accordance with relevant laws and regulations or the Company's personnel policy. No violations occurred in 2021.

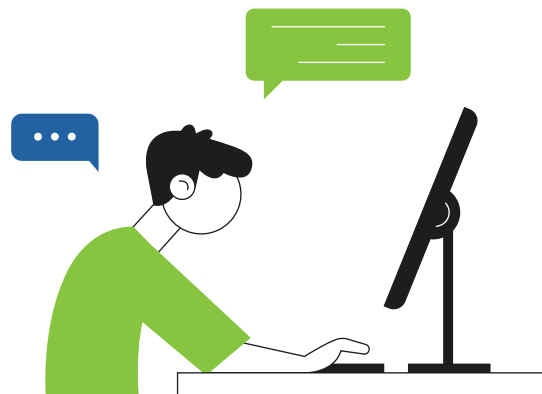
Reporting Mechanism

Whistleblowing System and Policy

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

Responsible Unit

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



Requirements for Case Acceptance

As a matter of principle, any person who finds suspected crime, fraud or other violations of the law may report it

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


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

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

Reporting Channels

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

 **Address** | Whistleblowing Reports Unit, Yuanta Financial Holdings Co., Ltd., No. 66, Dunhua South Road, Section 1 Songshan District, Taipei City 10557

 **Telephone** | +886 2 2173-6834

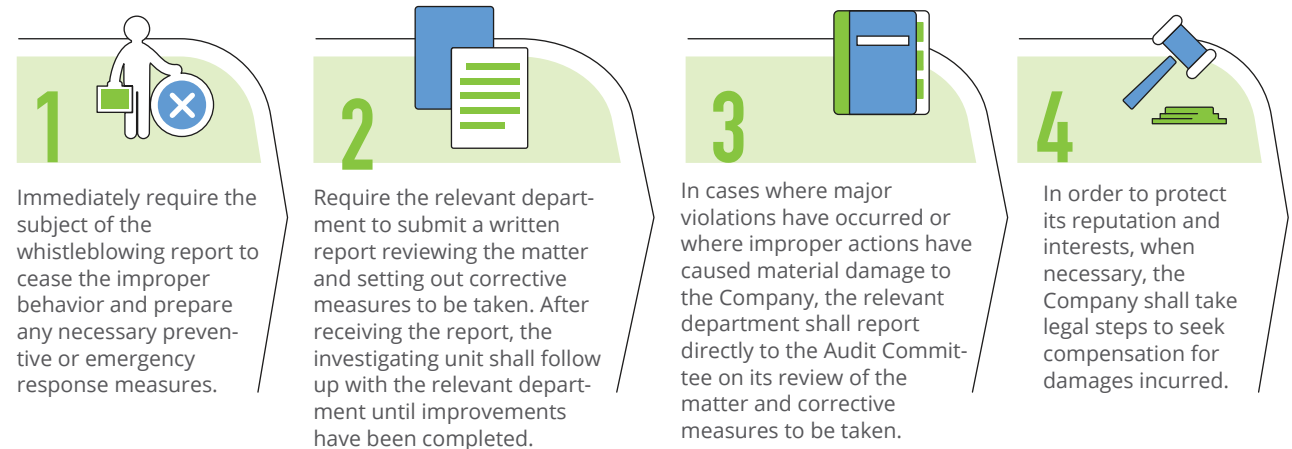


Reporting Channels Website and Email



Investigation Procedures

If the person being reported is a director (including independent directors) or a manager whose responsibilities are equivalent to those of a vice president or above, the case shall not be reported to the chairman of the board of directors, but shall first be reported to the audit committee for review and report to the board of directors. All incidents reported through the reporting channel will be properly recorded and carefully tracked by the Company. If the case is substantiated, the following procedures shall be followed in accordance with the "Regulations Governing the Implementation of the Whistleblower System":



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

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

	2019	2020	2021
External public reporting ^{Note}	2	1	2

Note: As of the end of 2021, the Company received two cases. The investigations, however, found no criminal conduct, fraud, or violation of laws and regulations. However, one of the cases involved an employee's failure to fill out an application form in accordance with the internal inquiry system when handling data access inquiries. We have taken action to discipline and provide further education and training to the employee who made the error.



Whistleblower Protection and Interest Avoidance

In order to encourage the reporting of wrongdoing, the Company has adopted a dual reporting system of anonymity and anonymity. The anonymous reporting system encourages reporting without revealing the identity of the person making the report, and allows the person making the report to be free to make claims or arguments without fear of adverse action, litigation or other forms of retaliation or unfair treatment, thereby creating legal protection.

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

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

Incentive Measures

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

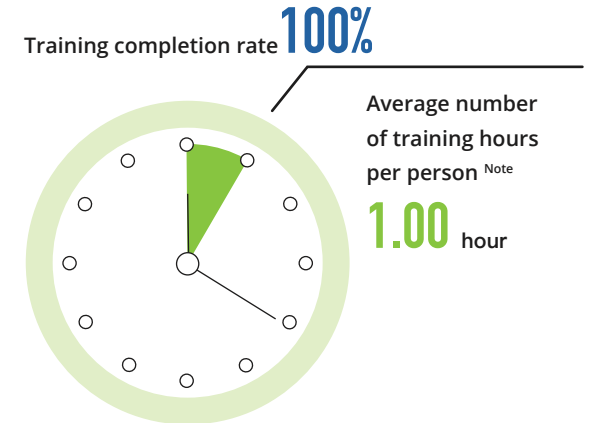
Whistleblowing System Promotion

Our Company regularly conducts training and promotion of the whistleblowing system as stipulated in the " Whistleblowing System and Implementation Measures" for our employees every year. This year, a total of 16,109 participants consisting of managers and employees attended the courses, cumulating to 20,002 hours of awareness courses.

Education and Training

In order to equip all employees and managers with proper knowledge and judgment on relevant laws and regulations and integrity practices, the Group conducts "Integrity Management and Compliance Promotion" training courses for all employees (including new recruits) on a regular basis every year. The content includes customer and financial consumer data protection, stakeholder transactions, insider trading practices, merger and acquisition information disclosure, integrity of financial practitioners, ethics and legal responsibility, legal compliance resources and whistleblower system. All aforementioned personnel must attend the course and pass the test. This year, a total of 11,697 participants took the course and passed the test, with a total of 11,004 training hours.

2021 Integrity Management Education and Training Statistics



Note : Average number of training hours per person = total hours of training / total number of employees



4.2 Risk Management

Policy and System

Risk Governance Structure

The global financial environment is becoming more complex and the risks involved in the financial industry are becoming more diversified and intensified. The Company strives to strengthen the Group's risk management process, including risk identification, measurement, monitoring, reporting, and response. Through cross-departmental integration, the risk management mechanism is not only deeply embedded in the policy-making and supervision, it is also integrated into the daily operations of the organization, establishing a comprehensive "three lines of defense for risk management" to effectively identify and measure the level of risks and monitor and manage them, so as to reduce the frequency and impact of risks. The Risk Management Committee is a non-functional committee of the Board of Directors. The chairman of the Board of Directors is the convener of the committee, and the president, chief risk officer and other appropriate persons designated by the convener are appointed as members of the committee.

Risk Management Policy

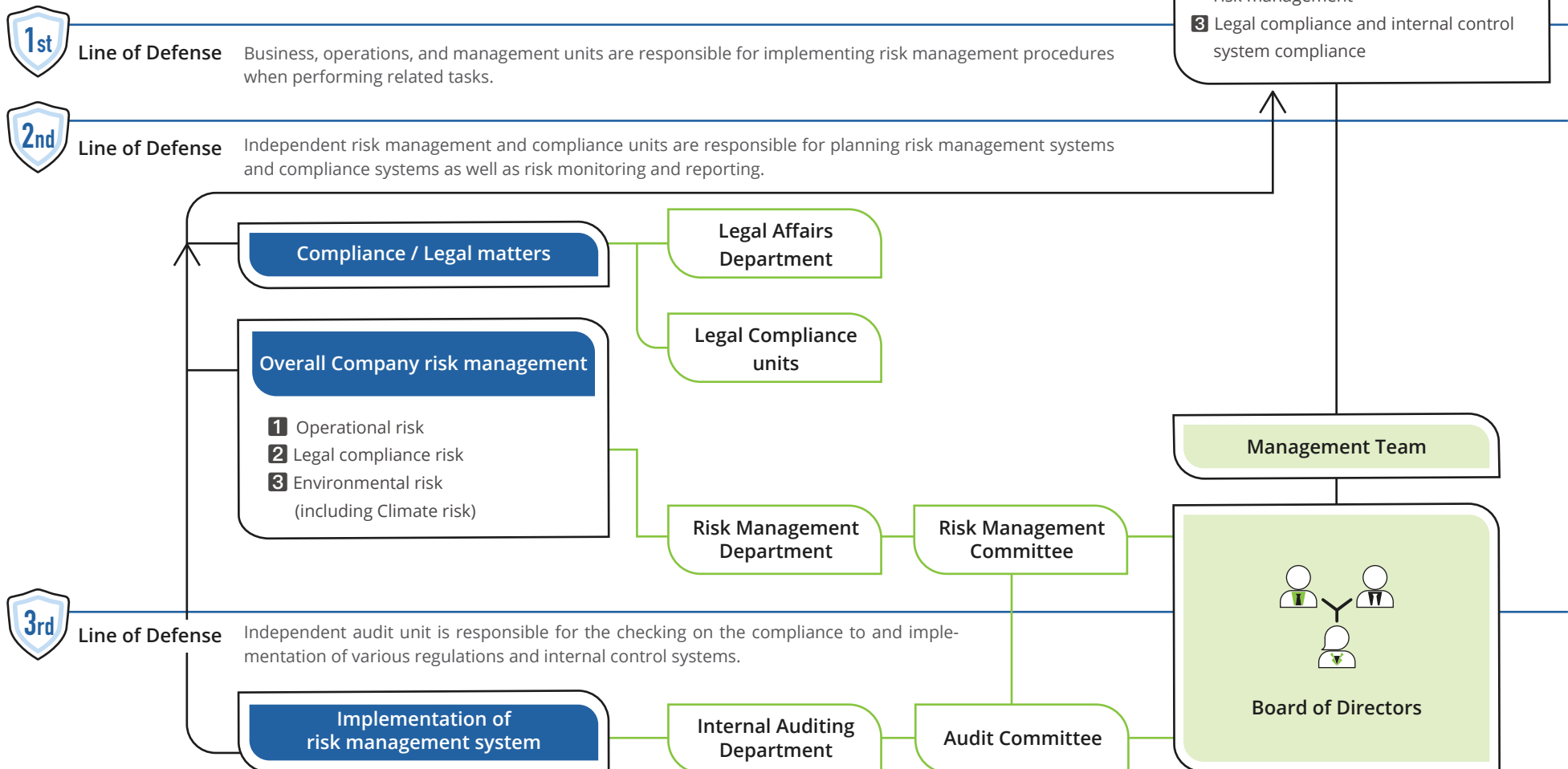
In order to establish risk management standards and ensure the integrity, effectiveness, and reasonableness of its risk management, the Company has stipulated a specific Risk Management Policy to serve as the highest guiding principle for its risk management efforts, and systems for managing the various risks are to be based on this policy to categorize the risk category and its potential impact on operational stability and capital security in establishing an appropriate risk management system. The Company has also incorporated sustainability risk management into its risk management policy. In addition to financial risks, it includes legal risks, compliance risks, money laundering and financing of terrorism risks, information security risks, human resources risks, emerging risks, ethical management risks and environmental risks (including climate risks), which the relevant departments are responsible for establishing various risk management procedures, monitoring indicators and thresholds to strengthen the Company's ESG risk management mechanism.

The Company has also established the "Crisis Management Policy and Procedures Rules" as the highest standard in case of crisis, so that appropriate crisis management strategies and procedures can be promptly adopted when necessary to minimize the impact on the Company.



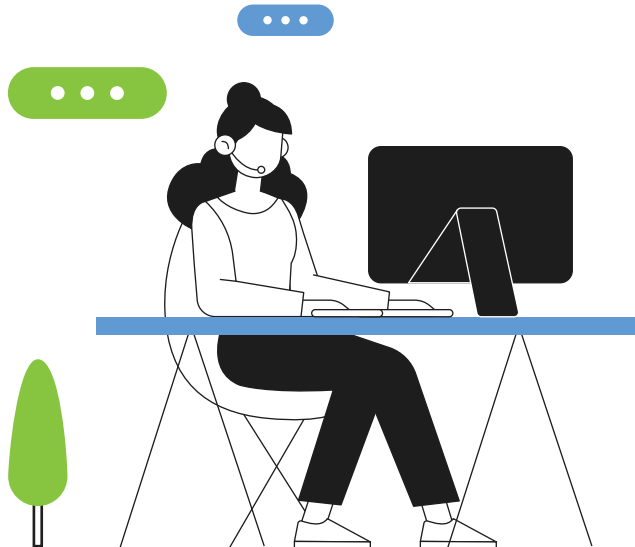
Three Lines of Defense

In order to achieve effective risk dispersion, transfer, or reduction and create a win-win-win situation for customers, shareholders, and employees, the objective of the Company's risk management is to serve customers, while taking into account finance-related business objectives, overall risk appetite, and external legal restrictions. The Company follows a "Three Lines of Defense" model, with each line having clearly defined organization, responsibilities, and functions to ensure the effective implementation of risk management mechanisms.



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

The chief risk officer periodically meets with the heads of risk management of our subsidiaries to discuss various risk management issues, potential risks of new business, the impact of changes in laws and regulations of the competent authorities and the risk management issues of the business of the subsidiaries' transfer of investment, etc., so that the Company can stay abreast of the business risk orientation of the subsidiaries and the risk profile of various risks and supervise the implementation of risk management of the subsidiaries.



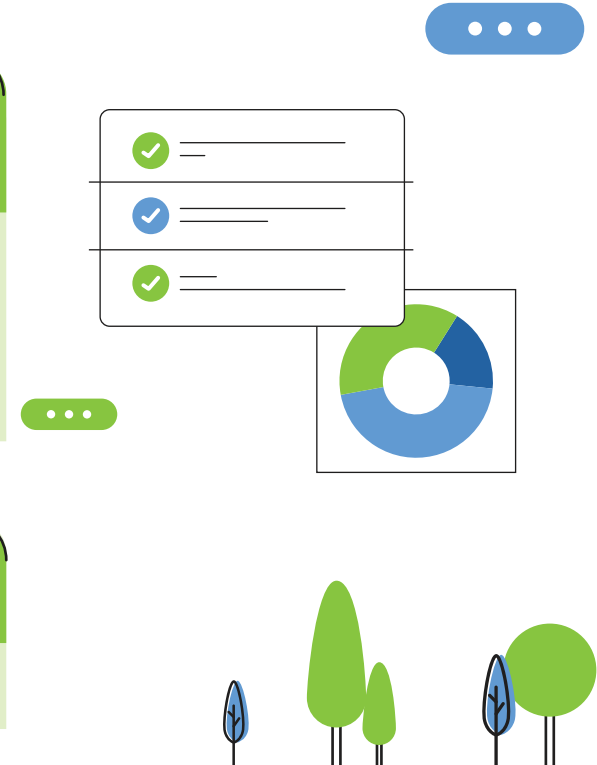
Risk Management Scope

The scope of Company's risk management system is outlined in the following chart. Subsidiaries shall, in line with the Company's Risk Management Policy and the relevant regulations of the local authorities, establish a suitable business portfolio, business scale, and capital scale risk management systems to effectively manage the various risks they assume. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bears. The Company and its subsidiaries also take various risk factors into consideration when designing products to ensure compliance with the Company's risk management system.






Risk Identification Results

The Company evaluates the internal and external risks that finance-related businesses may encounter annually and presents the report and a response plan to the Board of Directors. The internal and external risk factors include overall economic changes, financial market changes, cross-border regulatory compliance and management, management of the business investments, information security and consumer protection. The major internal and external operational risks are listed as follows:



Internal and External Operational Risks

Risk Factors	Causes	Countermeasures
 <p>Overall Economic Changes</p>	<p>The IMF pointed out that the super-easy monetary measures have led to increased financial leverage in some markets and emerging market economies have deteriorated because of the COVID-19 epidemic, so the forecast for global economic growth this year was revised downward to 5.9%.</p> <p>The market expects the FED to raise interest rates as early as next year, which will likely trigger capital outflows from emerging markets and increase the debt-servicing burden of emerging market economies.</p> <p>Global supply chain disruptions and energy supply shortages have accelerated inflation, coupled with the impact of the COVID-19 epidemic, the economic recovery is facing the hindrance of stagnant inflation</p> <p>The FED has indicated that financial stress in China threatens to jeopardize global economic growth and that continued official regulatory attention is putting pressure on some highly indebted companies, causing an increase in defaults by Chinese companies.</p>	<ol style="list-style-type: none"> 1 Establishing national classification standards and concentration limits, and various market risk limits. 2 Regularly monitoring the economic growth, changes in interest rates, and changes in financial markets' yield rates and credit discounts of major countries that we deal with, and monitoring the adverse effects of inflation. 3 Establishing a management mechanism for the list of countries that can be invested in based on the changes in credit ratings and outlook of emerging market countries, and continuously monitoring the CDS discount, rating changes, and market information of sovereign bonds of each country to monitor emerging country risks and liquidity risks.
 <p>Climate Risk</p>	<p>According to the IMF, climate change poses a serious risk to the stability of the financial system and could trigger a financial crisis. The IMF said it should introduce stress tests on the physical risks of climate change and the risks of energy transformation of economies, and revise the standards for climate risk disclosure to improve market transparency.</p> <p>Taiwan's FSC has commissioned the Bankers Association to propose the "Financial Disclosure Indicators for Climate Change for National Banks", which is scheduled to be implemented by all national banks in 2023. The financial disclosure guidelines for climate change will affect the lending and investment business of Taiwan banks and will also lead to the restructuring of lending and investment.</p>	<ol style="list-style-type: none"> 1 Climate change has been incorporated into risk management considerations, including the optimization of industry-specific climate risk assessment tools, the identification of high-climate risk industries and the establishment of contextual analysis models, and the development of quantitative assessment methods to strengthen climate risk control mechanisms. 2 Climate change has been incorporated into strategic planning and investment considerations through implementation and validation of standardized processes, including advocacy for Science-Based Targets (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD), introduction of Internal Carbon Pricing (ICP), voluntary compliance with the Partnerships for Carbon Accounting Financials (PCAF) guidelines, signing of Renewable Energy Power Purchase Agreements (PPA), and inclusion of sustainability indices to meet international trend development or assessment standards.
 <p>Financial Technology Impact</p>	<p>Financial technology brings changes and opportunities to the financial industry's business model. Banks, insurance, securities and other financial institutions are taking advantage of digitization, AI, big data, cloud computing, block chain and other development trends to develop digital financial services, such as electronic order placement, mobile banking, electronic payment, online insurance, robotic banking, and financing platforms. However, related risks such as financial fraud, information security threats, money laundering and financial terrorism risks, and consumer protection issues also come with it.</p> <p>The number of financial crime prevention-related laws and regulations, including anti-money laundering, anti-financing of terrorism, counter proliferation and anti-fraud, and the number of cases and fines imposed by the FSC for failure to implement internal controls are also increasing.</p>	<ol style="list-style-type: none"> 1 Establishing and updating the relevant operation regulations, regularly and periodically promoting the relevant laws and regulations, and implementing the internal control system. 2 Strengthening communication and cooperation with stakeholders, pursuing operational performance and corporate value, and striving for sustainable corporate development strategies.

Emerging Risk Management

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

Emerging Risk Identification Process

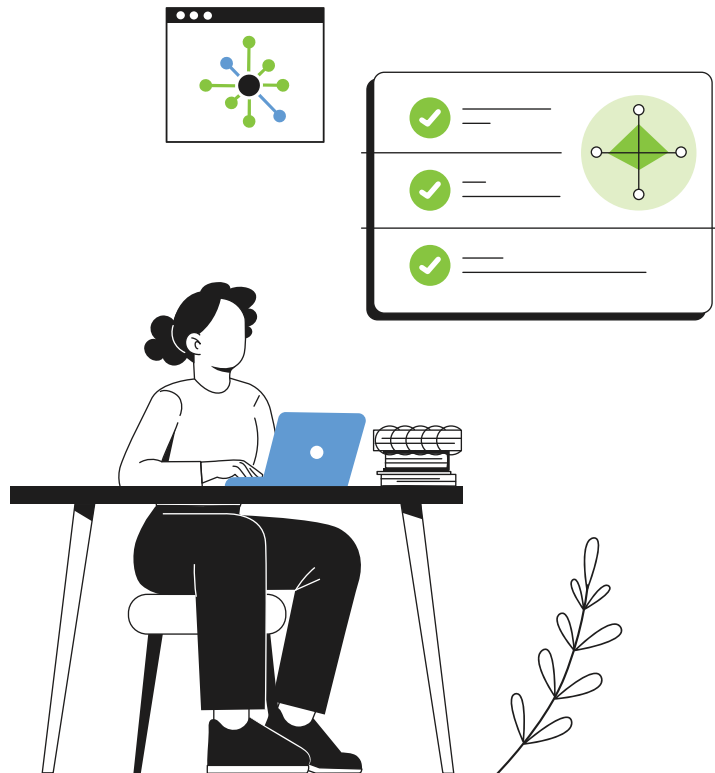
- 1 **Risk identification:** The holdings company will initiate the process of identifying and evaluating emerging risks by referring to the risk research reports published by domestic and foreign institutions, and each subsidiary will identify and inventory emerging risk patterns that may affect the Company based on factors such as its scale of operation, business attributes, and the likelihood of risk occurrence.
- 2 **Risk Analysis and Assessment:** Each subsidiary assesses potential operational impacts based on the emerging risk patterns identified and inventoried.
- 3 **Risk Management:** Based on the identification and evaluation results of the subsidiaries, and taking into account the scale of the Group's business and degree of impact, the holdings company evaluates and discusses the emerging risks of the Group and prepares countermeasures to reduce the impact of emerging risks on the Group's operations.
- 4 **Risk Reports:** The types of emerging risks identified for the Group, potential operational impacts and countermeasures will be reported to the Sustainable Development Committee and presented to the Board of Directors for discussion.

Emerging Risk Identification Results and Response Actions

Risk Factors	Risk Description	Operational Impact or Effect	Response
 <p>Asset Bubble</p>	<ul style="list-style-type: none"> •Recurring COVID-19 outbreaks continue to disrupt the pace of global economic recovery and the extremely loose monetary policies implemented by governments to stimulate their economies, the market has been flooded with capital, and coupled with low interest rates, rising prices of financial assets and real estate markets and the risk of bubbles continues to rise, inflationary pressures and the risk of asset bubbles continue to rise. •The International Monetary Fund (IMF) also warned that if the supply chain disruptions caused by the epidemic persist, resulting in rising inflationary pressures, global asset prices may face the risk of a pullback once investors reassess the global economic growth outlook or policy outlook. 	<ul style="list-style-type: none"> •If there is a significant correction in the price of risky assets, a major default in emerging countries, or abnormal fluctuations in oil prices or commodity prices, the Group's financial asset trading positions and clients' wealth management positions may suffer a decline in price and the default rate of clients or investment positions may increase. •In the event of a real estate bubble that causes prices to collapse, not only will the Group's investments in real estate fall in value, but also the default rate of customers who provide guarantees on real estate may increase, resulting in higher lending loss rates. 	<ul style="list-style-type: none"> •We already employ graded management of investment countries and industries and we will strengthen the control of high-risk countries or high-risk industries. •Establish risk monitoring indicators and conduct regular monitoring of various risks, such as liquidity, credit spreads, and market volatility. •Enhance monitoring and risk assessment of credit, investment, and financial counterparties in emerging countries and countries with such risk. •We strengthen the monitoring of changes in the price of risky assets, changes in credit ratings or related negative news and disclose them to our wealth management clients in a timely manner in order to provide the best services to our clients and protect their interests.
 <p>Geo-politics</p>	<ul style="list-style-type: none"> •Global geopolitical risks have become increasingly complex and diverse in recent years. Frequent geopolitical conflicts will lead to regional confrontations and increased protectionist sentiment across countries, impacting global economic growth. A more fragmented geopolitical environment will also make the outlook for various policies more unpredictable and extreme, putting companies in a highly uncertain supply chain management, tax burden, and regulatory environment. •Tensions between countries will add obstacles to the recovery of the global economy under the epidemic and increased volatility in the capital markets will trigger investor panic, which will affect global capital flows. 	<ul style="list-style-type: none"> •The development of a new international order in terms of competition and cooperation has led to a reorganization of the global supply chain and a series of supply chain shortening and shifting effects. If the Group fails to take advantage of business opportunities to provide the financial services required by corporate clients, it may affect future profitability. •Increased geopolitical turmoil may have an impact on the growth of the recovering economy, which may affect the fiscal health of vulnerable countries and lead to capital outflows, raising the credit and liquidity risks of countries and enterprises, which in turn will increase the investment losses of Yuanta's financial assets portfolio and clients' wealth management portfolio, and increase the default rate of risky targets. 	<ul style="list-style-type: none"> •In addition to cultivating the Taiwan market, the Group continues to expand its overseas territories in Korea, Hong Kong, Thailand, the Philippines, Vietnam and Indonesia. Through the integration of the Group's businesses and the development of local niche markets, the Group will gradually increase its overseas profit contribution to enhance regional diversity and diversify its profit sources. •We pay close attention to changes in the world's political and economic situation, conduct timely risk assessments, and site adjustments for general risk events (countries / industries / groups / commodities) and individual abnormal events (negative news targets), and improve monitoring of countries or regions with higher geopolitical risks.

Crisis Management

To enable the Company to meet crises quickly, effectively, with sound judgment, and a strong integration of staff and resources to minimize damage and losses and to quickly return to normal operations, it has set the Crisis Management Policy and Procedure Rules to serve as the fundamental guiding principle when facing crises. It became effective after being approved by the Board of Directors.



Education and Training

The Company arranges annual educational training on risk management and internal control for directors and supervisors to enhance their experience and ability to make professional judgment on risk management-related matters. A total of 112 directors and supervisors of the Company and its subsidiaries participated in this seminar with a total of 336 training hours.

The Company also arranges annual training for its staff to strengthen the risk awareness and risk management capabilities of all employees and managers, to familiarize them with the Company's internal risk management mechanism, and to implement risk management procedures in their daily business activities. This year, 11,924 participants attended courses, with a total of 12,012 training hours.

2021 Risk Management/Internal Control Education and Training Statistics



4.3 Legal Compliance

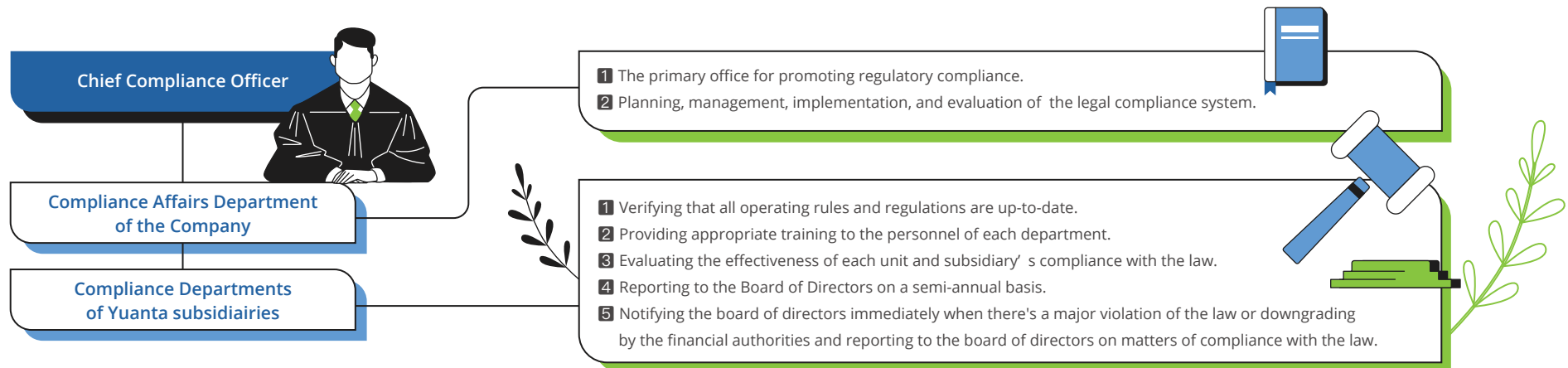
Policies and Systems

Compliance Handbook

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

Governance structure

The Company has set up "Standards for Practical Implementation of Legal Compliance," with the Compliance Affairs Department as the main driver behind compliance to be responsible for planning, management, assessment, and implementation, ensuring that legal compliance systems are operating effectively. The Company's chief compliance officer serves as the head office chief compliance officer and the head of the Compliance Affairs Department, and is responsible for managing the Company's compliance affairs, reporting regularly to the Audit Committee and the Board of Directors, supervising the implementation of regulatory compliance of subsidiaries through hierarchical management as well as the implementation of their investee companies. The overall management organization structure is as follows:



To strengthen, legal compliance of overseas branches, Yuanta Financial Holdings Compliance Affairs Department supervises the establishment of legal compliance systems and implements compliance reporting mechanisms (including reporting of changes in important local regulations affecting the overseas reinvestments, violations of laws and regulations found through internal and external audits) to assess the legal compliance status of subsidiaries. In addition, the International Operations Division, under the auspices of the president, supervises subsidiaries' regular convening of Overseas Unit Management Meetings. The Audit, Legal Compliance, and Risk Management Departments of the respective subsidiaries also report to the Board of Directors regarding their respective responsibilities, reporting on the occurrence of any major defects and the status of improvement measures for any major penalties.

Internal Audits

Compliance Audit

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

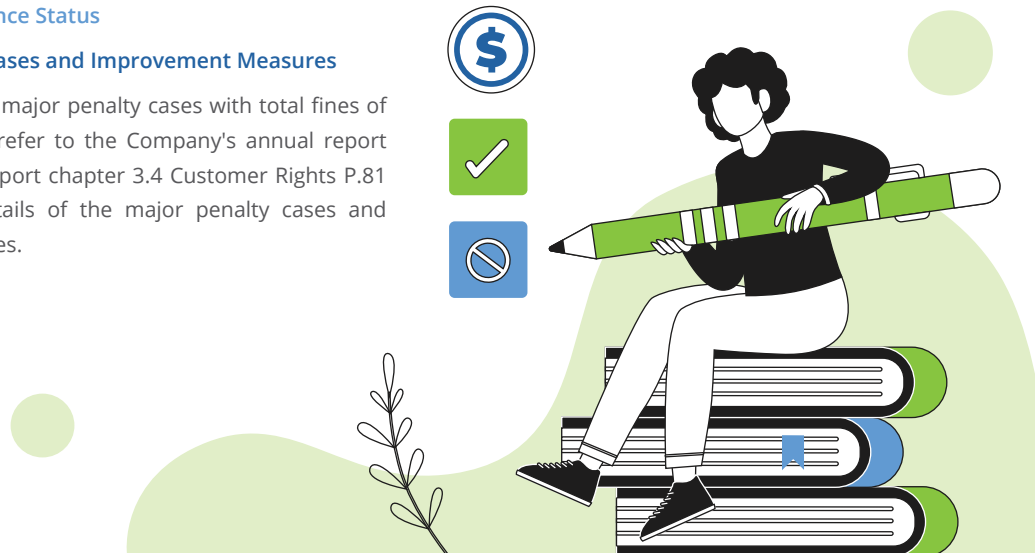
At the end of each year, the Internal Auditing Department of the Company prepares an audit plan for the following year. In accordance with the regulations, the Company conducts general business audits at least once a year and project business audits every six months, in which the project business audits include important legal compliance as one of the key items to be audited. No significant deficiencies were found in the Company's internal audits in 2021. Each subsidiary has also established internal auditing practices and conducts internal audits on a regular basis every year.

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

Regulatory Compliance Status

2021 Major Penalty Cases and Improvement Measures

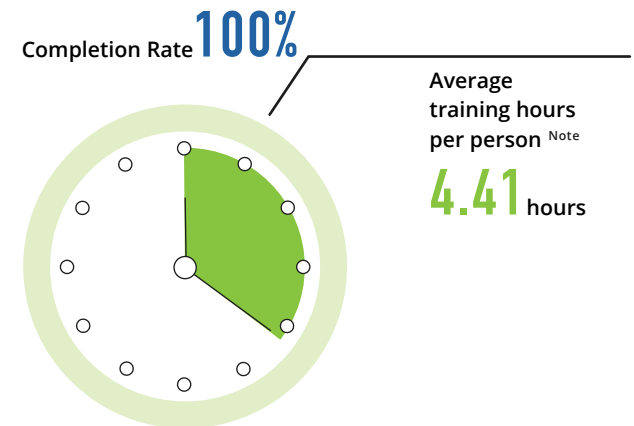
In 2021, there were 4 major penalty cases with total fines of NT\$9 million. Please refer to the Company's annual report P.120, and the ESG report chapter 3.4 Customer Rights P.81 for the complete details of the major penalty cases and improvement measures.



Education and Training

In response to domestic and international legal trends, the Group actively arranges diversified legal compliance and internal audit education and training, and introduces training systems and courses for new personnel to continuously strengthen the legal compliance awareness of our employees. Topics include basic knowledge, anti-money laundering, anti-counterfeiting, internal audit, and internal control. This year, there were 52,753 participants and 48,698 training hours.

2021 Compliance/Internal Audit Education and Training Statistics



Note: Average training hours per person
 = Total training hours / Total number of employees

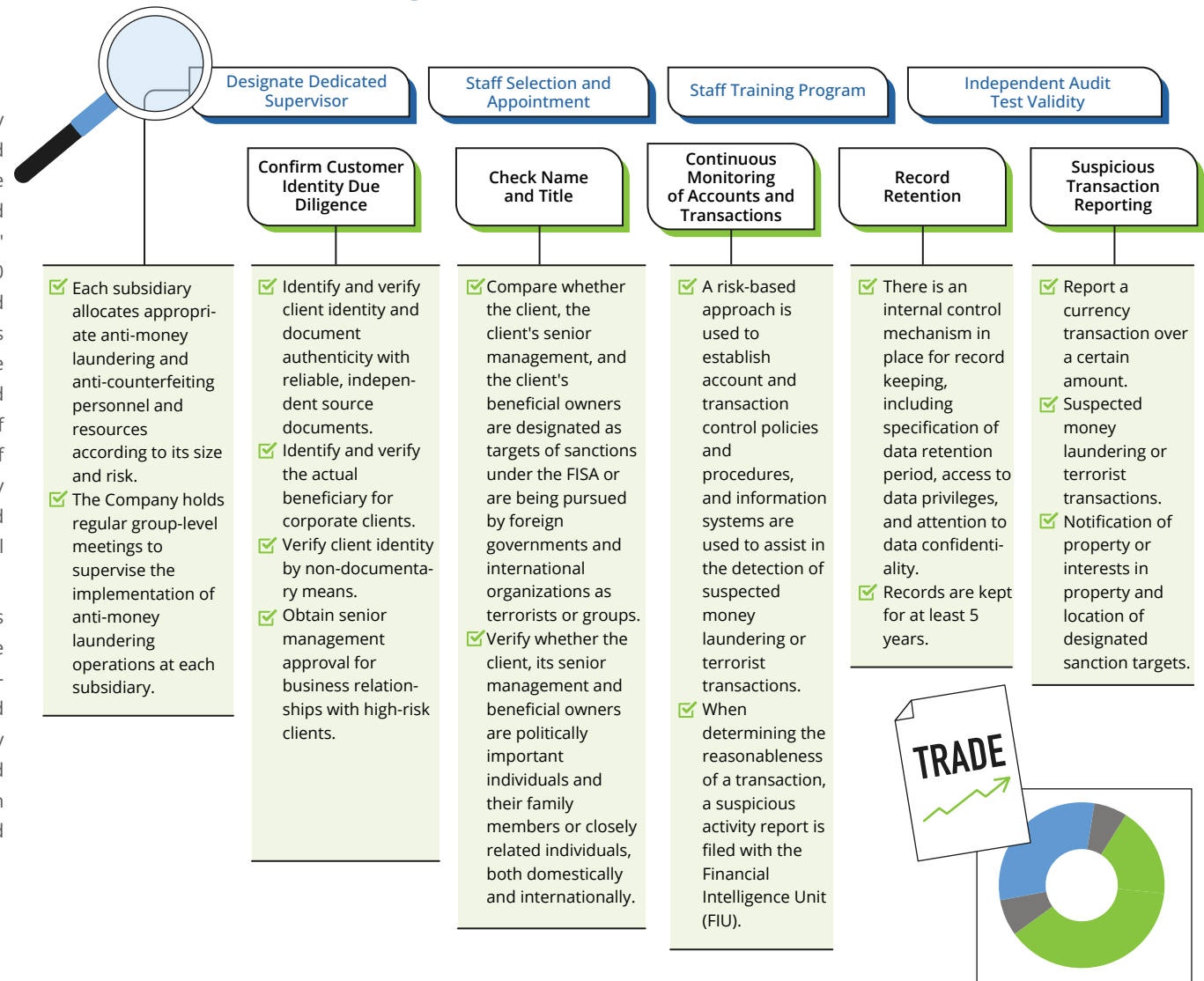
4.4 Anti-Money Laundering and Anti-Terrorist Financing, Counter Proliferation

Policies and Systems

Management Policy

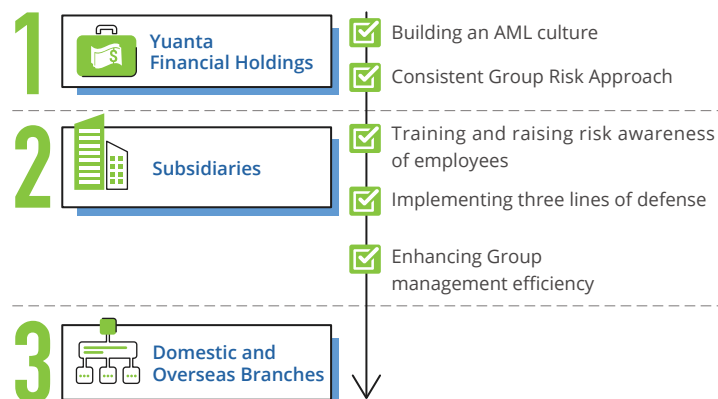
In response to the international trend of global anti-money laundering, anti-financial terrorism and anti-expansion and domestic and international regulatory requirements, the Group has established the "Anti-Money Laundering and Anti-Financial Terrorism (AML/CFT) Policies and Procedures" with reference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

Each subsidiary shall establish relevant internal regulations according to the nature and type of its business and the Board of Directors shall assign a special director to coordinate and supervise the implementation of AML/CFT and report to the Board of Directors once every six months. Any significant violations of the law will be immediately reported to the Board of Directors and the Audit Committee. Each subsidiary's AML/CFT regulations include but are not limited to the following:



AML/CFT Three Lines of Defense

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







Risk Management





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

Internal Audit

The Internal Auditing Department regularly conducts internal audits of the AML/CFT program to monitor the implementation of the AML/CFT management mechanism and to ensure the effectiveness and compliance of the program implementation. No significant deficiencies were identified in 2021.

-  Verify the effectiveness of the implementation of the AML/CFT program and the compliance of the relevant regulations with regulatory requirements.
-  The verification shall include independent testing of the Company's assessment of high-risk products, customers and geographic areas, screening of relevant transactions, and verification of the effective implementation of anti-money laundering and anti-counterfeiting regulations.
-  Any identified lapses in the implementation of such management measures shall be provided to the supervisor for review and shall be used as reference for on-the-job training of employees.
-  Any person who is found to have deliberately concealed a major violation without disclosing it shall be dealt with appropriately by the responsible unit.

External Audit

-  Competent authorities conduct regular general financial examinations or periodic anti-money laundering and counter-terrorism financing/anti-arms proliferation targeted examination.
-  Every year, CPAs conduct audits on anti-money laundering and anti-terrorism financing and proliferation operations.
-  Perform annual anti-money laundering and anti-money laundering/anti-terrorism/anti-arms proliferation audits upon request of competent authorities.
-  Annually appoint an external consultant to conduct tests on the AML system name check mechanism and suspected money laundering transaction monitoring mechanism.

The chairman, president, chief auditor, and the head of the anti-money laundering and anti-counterfeiting department of each subsidiary jointly issued a declaration on the internal control system for anti-money laundering and anti-counterfeiting, and made a declaration on the website designated by the Financial Supervisory Commission. In 2021, Yuanta Bank and Yuanta Life appointed an external accountant to conduct anti-money laundering and anti-counterfeiting assurance checks to confirm the effectiveness of the design and implementation of related operations.

Information Sharing

In compliance with the data confidentiality regulations of our domestic and foreign subsidiaries, we establish internal rules and operating procedures for information sharing within the Group, and require our subsidiaries to provide customer, account and transaction information in accordance with Group-level laws and regulations, auditing and anti-money laundering and anti-finance and terrorism functions, and to ensure the confidentiality and security of the information they exchange.

Education and Training

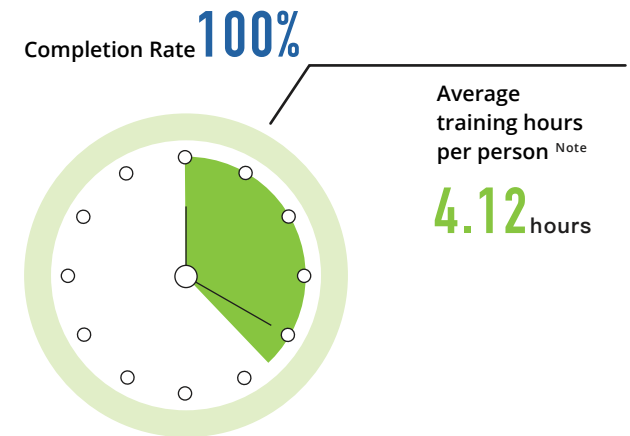
The Group has improved education and training to equip its employees with the professionalism required to perform their duties, continuously enhanced their risk awareness, and implemented the KYE (Know Your Employee) system to establish an appropriate mechanism to understand the character, conduct and professional knowledge of its employees.

To stress the concept of anti-money laundering, countering the financing of terrorism, and counter proliferation and to embed the concepts deeply into the corporate culture, Board members also took part in training courses to enhance their relevant knowledge. This year, 60 Group directors and supervisors participated in a total of 180 hours of related training.

The Company also arranges for all the employees to receive mandatory annual training. Internal online courses (including practical case studies and post-course self-assessment tests) and physical courses conducted by Anti-Money Laundering and Anti-Terrorist Financing, Counter Proliferation specialist units and external specialists and the courses are focused on different business areas to help employees understand operating norms and risks and to enhance their financial knowledge with regard to AML/CFT and counter proliferation work. This year, there were 30,558 participants and 45,463 training hours in total.

In addition, the Group encourages its employees to obtain domestic and foreign professional licenses to enhance their professional knowledge and anti-money laundering capabilities. This year, a total of 78 staff members have passed the CAMS Certified Anti-Money Laundering Specialist (CAMS) certification and one person has obtained the CGSS International Sanctions Compliance Specialist (CGSS) certification.

2021 Anti-Money Laundering and Anti-Terrorist Financing, Counter Proliferation Education and Training Statistics



Note: Average training hours per person
 = Total training hours / Total number of employees



4.5 Information Security

Information Security Governance

In order to provide stable and secure financial services to customers and to ensure business continuity without interruption, the Company is committed to providing information security for its stakeholders. The Company has an "Information Security Policy" approved by the Board of Directors to establish an information security management system and to establish relevant information security management regulations and procedures for the Company and its subsidiaries to ensure the confidentiality, integrity, and availability of important information of the Company. In addition, the Company's information security policy is based on the protection of shareholders' rights and interests, with the objectives of "protecting the security of information assets" and "maintaining business continuity to achieve sustainable operation".

In order to enhance the Company's decision-making power on information security issues, strengthen information security supervision, and coordinate the promotion and coordination of information security policies and resource allocation, the Company's Board of Directors approved the organizational procedures in December 2020 to establish an independent and dedicated information security unit "Information Security Department" and the Chief Information Security Officer (CISO), who is responsible for information security governance, planning, supervising and promoting the implementation of information security management operations throughout the Company, and will report the information security handling and implementation status to the Board of Directors on a regular basis.

To comply with the financial information security action plan, Yuanta Securities, Yuanta Bank, Yuanta Funds and Yuanta Futures established the Chief Information Security Officer positions in November and December 2021, respectively, to supervise and promote the implementation of information security management operations, and to report the information security status to the Board of Directors on an annual basis. We also established an information security authority to plan, supervise and execute information security management operations, and report the overall information security implementation status to the board of directors every year to strengthen information security monitoring.

Information Security Policy

The Group cooperates with the competent authorities (such as the FSC, the Securities and Futures Bureau, the Insurance Bureau) in formulating or revising information security-related policies and regulations, and immediately completes the corresponding internal policy revisions of each subsidiary within the prescribed time frame, and if there are new businesses, it will also formulate relevant information security management measures to ensure that the Group's information security complies with regulations and covers all business activities.

Inclusion of Directors and Executives in Information Security Considerations

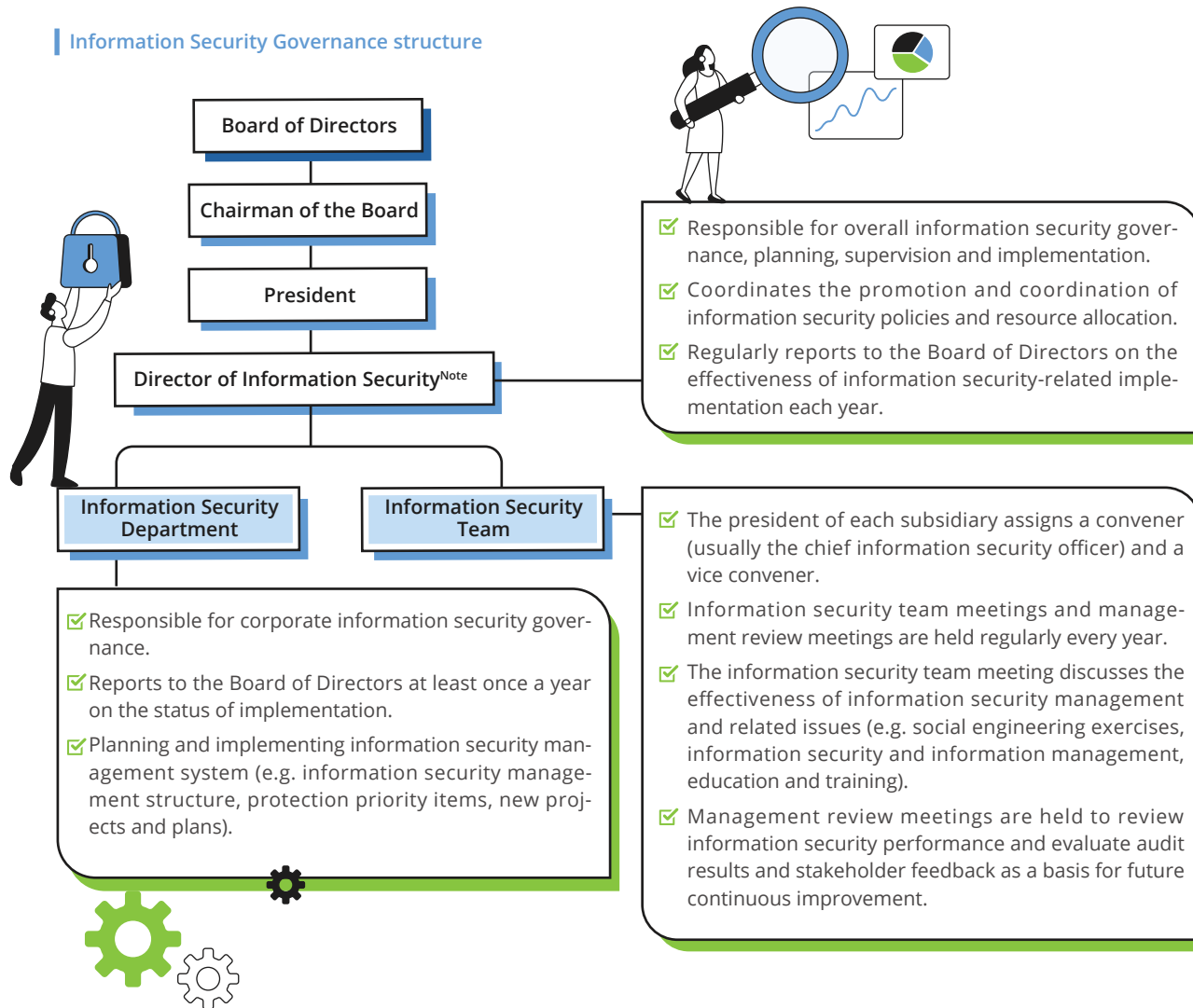
The directors of the Group have strengthened their information security background. The director of the Company, Director Wei-chen Ma, was formerly the chief executive officer of SYSPower, whose main business is real-time financial information integration and related software and system development. The director of Yuanta Bank, Director Ta Ching Li, was the chief operating officer and vice chairman of Stark Technology, whose main business is system integration, information security and various industrial applications. Director Nai-kuan Huang, an independent director of Yuanta Futures, was formerly the chief information officer of the Taiwan Stock Exchange; Director Mei-ling Kuo is currently the chief digital development officer of the Digital Development Division of the Company. Chieh Wu, Director of Yuanta Life, was formerly the chief digital development officer of the Digital Development Division of the Company. This year, we held a seminar on the theme of "Information Security Challenges and Countermeasures", which was attended by 52 directors and supervisors.

International Information Security Management Standards and Related Validations

In order to continue to improve the information security governance system, in addition to compliance with domestic and international information security laws and regulations, the Company, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, and Yuanta Funds have each implemented ISO 27001 Information Security Management System (ISMS), passed the British Standards Institute (BSI) certification, and followed by annual reviews and re-audits every three years to ensure the validity of the certification as well as applied the PDCA (Plan-Do-Check-Act) cyclical quality management framework to enhance the oversight and management of information security. Yuanta Securities, Yuanta Bank, and Yuanta Life have started to implement ISO 22301 Business Continuity Management System to reduce the possibility of business interruption or damage, provide safe and secure financial services to customers, and implement international standards.



Information Security Governance structure



Note: The total assets of Yuanta Life have not yet reached the threshold for requiring the establishment of an information security officer as stipulated in the Financial Supervisory Commission's Document No. 11004933251. However, Yuanta Life has an Information Security Committee to discuss the results of the Information Security Team discussions and to manage information security incidents, information management, and information security education and training.

Information Security Management




Group Joint Information Officers Meeting

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

Information Security Information Analysis




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

Trading Systems and Internal Operations Defense Actions

Purpose	 Trading Website and APP	 Detection and Preventive Measures	 Third Party Security Assessment
Measure	<p>Mobile Application All APPs released on the shelves are sent to qualified laboratories for annual testing and obtain the “Basic Information Security Mark for Mobile Apps” .</p> <p>Network Platform Introduce anti-phishing website detection service to reduce the risk of customers being scammed by counterfeit websites or APPs, and monitor unintended behavior and suspicious activities on transaction service websites in real time.</p>	<p>Depending on the different core businesses of the subsidiaries, information security barriers are set up in different operational areas within the Group, including:</p> <ol style="list-style-type: none"> 1 Network Firewall 2 Software Application Firewall 3 Intrusion Detection System 4 Spam filtering 5 Advanced Persistent Threat (APT) 6 Internet Behavior Management 7 Random disk write control 8 Anti-virus and network management 	<p>Each year, we engage a third-party professional organization to perform the following operations and schedule improvements in response to inspection results:</p> <ol style="list-style-type: none"> 1 Vulnerability Scan 2 Penetration testing and Distributed Denial of Service (DDoS) attack and defense exercises (Including cyber attack simulation, etc) 3 Computer system information security assessment (including information architecture review, network activity review, network equipment inspection, security settings review and compliance review, etc.)
2021 Enhanced Action	<ol style="list-style-type: none"> 1 Yuanta Securities: The trading APP and website adopt the two-factor authentication method at the time of login to strengthen information security. 2 Yuanta Life: If there are major changes to the APP or a major update to the mobile APP version, we will have a professional organization complete an information security inspection. 	<ol style="list-style-type: none"> 1 Yuanta Securities: The introduction of AI information security response processing system, which detects possible threats through artificial intelligence technology in order to take appropriate measures to stop intrusion attacks. 2 Yuanta Bank: The endpoint EDR defense enhancement mechanism is built to detect malicious programs and block attacks in a timely manner to enhance the information security capability of the endpoint. 	<ol style="list-style-type: none"> 1 Yuanta Financial Holdings: Performed the information security clinic and overall information security implementation assessment. 2 Yuanta Securities: Implemented network information security risk management system.



Information Security Training

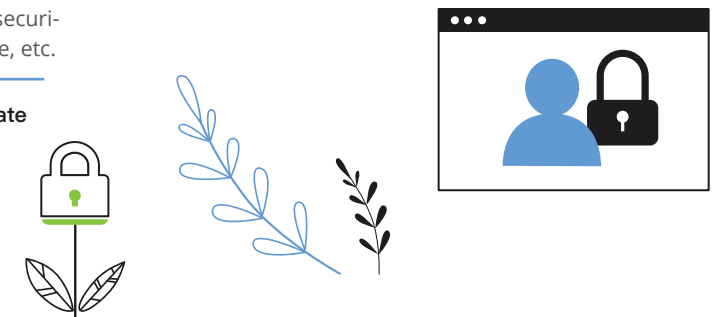
	General joint education training	Specialized Information Security Training
Object	All employees of the Group	Group Information Security Specialists
Purpose	<ol style="list-style-type: none"> 1 Shape a corporate culture that values information security. 2 Enhance the awareness of information security among employees. 3 Enhance and strengthen internal information security awareness. 	Strengthen and build the capacity of the Group's information security professionals.
Training frequency	Implement at least 3 hours of "Information Security Education Training" course and evaluation for all employees every year.	We provide more than 15 hours of training and evaluation for information security professionals every year.
Training content	<ol style="list-style-type: none"> 1 Recent major information security incidents are shared. 2 Information security related regulations. 3 Basic information security awareness. 4 Social engineering attacks and protection. 5 Security of personal computer use. 6 Personal information protection. 7 From time to time, the information unit sends out information security newsletters or notices to all employees. 	<ol style="list-style-type: none"> 1 Analysis and discussion of the common deficiencies of financial examination in recent years. 2 Introduction of recent emerging regulations and compliance considerations. 3 Security control thinking of system and program launch. 4 Introduction and practice of security software development process. 5 APP program security inspection. 6 SIEM/Security Operation Center, SOC / Information Sharing and Analysis Center, ISAC under the system of information security incident management process, information security incident handling, and attack and defense response, etc.
2021 Result	<p> Training hours 35,457</p> <p> Completion rate 100%</p> <p> Training participant 29,190</p> <p> Sessions were held 136</p>	<p> Training hours 1,110</p> <p> Completion rate 100%</p> <p> Training participant 422</p>

Social Engineering Exercises

In order to raise the security awareness of all employees and prevent the intrusion of malicious programs through social engineering, the Company and its five subsidiaries conduct social engineering drills periodically every year to test all employees in the security monitoring area, simulate external phishing letters to send emails to tested mailboxes, retest employees who have not passed the drills, and participate in information security education training courses and assessments. This year, the Group's employee test completion rate was 100%.

IoT device security control

To ensure the security of IoT equipment and the compliance of related operations, the Company and its five subsidiaries conduct an annual inventory of IoT equipment and related security inspection operations, and perform vulnerability scanning and repair operations in accordance with the schedule. In addition, equipment management staff also receive at least one hour of relevant IoT security education training courses each year, and the annual regular information security awareness courses include IoT equipment security control related content, in order to strengthen the awareness and skills of users of IoT equipment information security.



Supplier Information Security Management

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

 <p>1 Market evaluation</p> <p>Refer to the market availability ranking of the "Magic Quadrant Analysis" report by a third-party international research and consulting firm.</p>	 <p>2 Technical Capability</p> <p>Confirm the usability and integrity of the equipment or product through Proof of Concept (POC).</p>
 <p>3 Specification Satisfaction</p> <p>Based on the functional requirements of the project, we confirm the degree of compliance, completeness and expansion of each function or specification, and the experience of the industry.</p>	 <p>4 Confidentiality Compatibility</p> <p>In addition to the rights and obligations of both parties specified in the contract, in order to ensure the quality of internal work safety control and the rights and interests of customers, we also sign a supplemental contract and a confidentiality agreement for the work entrusted to others.</p>

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

Information Security Incident Management

Information Security Incident Management Process

The Company and its five subsidiaries have defined procedures for reporting and handling information security incidents, and the corresponding levels of reporting and handling are based on the level of the incident. The information unit is required to eliminate and resolve the incident within the target processing time and conduct analysis after the incident to prevent recurrences.

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

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

Information Security Incidents and Results

The Group has not experienced any major incidents of information security and network security in the past three years, and there were no data breaches (including personal data breach) for Yuanta Group in 2021. The percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Group was 0% in 2021, and there were no number of account holders affected by data breaches. Therefore, no related fines were incurred^{Note1}.

In November, Yuanta Securities suffered a credential stuffing attack^{Note2}, and a small number of clients were subjected to counterfeit orders. After root cause analysis, Yuanta Securities has strengthened its customer login authentication mechanism and information security control measures. The credential stuffing attack resulted in trading losses of approximately NT\$19.5 million, which were absorbed by Yuanta Securities and did not affect the rights of the customers.




Notes:

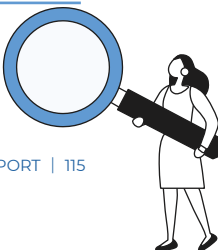
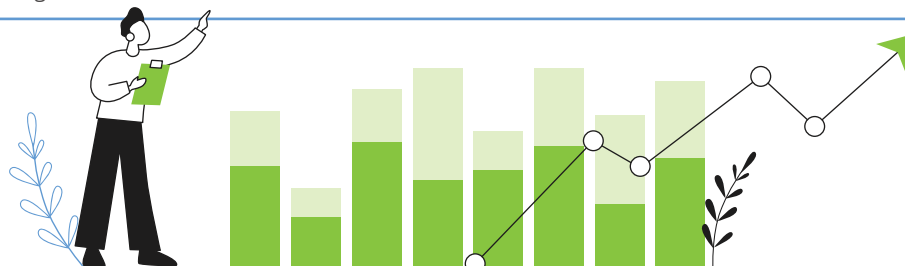
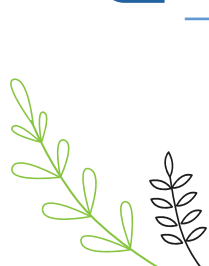
1. From 2019 to 2021, the Group had no data leakage (including personal data leakage), nor customers who were affected by the breach of information were not subject to relevant fines.
2. Password-credential stuffing attack is a hacker using a large number of email addresses and passwords of people that are not exfiltrated by the Company, and then with an automated program, impersonating customers to log into the brokerage firm's online order system for trading. The hacker will keep trying to log in to the network service until the password of a group of accounts is successfully "bumped".



Continuity of Operations Management

In order to identify potential impacts in the face of major disasters and to establish a framework for resilience and effective response capabilities to protect the interests, reputation, brand and value creation of the Company and its key stakeholders, Yuanta Securities, Yuanta Bank and Yuanta Life have been implementing the ISO 22301 Business Continuity Management System (BCSMS) and are expected to be fully certified by 2023 for a comprehensive review and optimization of the BCSMS.

	 Operational continuity management mechanism	 Information System Recovery and Backup Exercise	 DDoS Drills
Purpose	In the event of an unanticipated major disaster to critical information services, we can minimize the impact on operations by taking contingency measures to ensure that the system resumes operation within an acceptable time frame at the time of the disaster, continue to provide normal operations of critical services, and protect the interests of our customers.	In the event of an emergency, the disaster recovery mechanism can be quickly restored to the normal or acceptable operating level of the organization, enhance the emergency response capability, and ensure the continued effectiveness of the organization's business operations.	By simulating DDoS network attacks, the effectiveness of the existing information security protection and response mechanisms is verified to ensure the continuous operation of the organization's business without interruption and improve information security defense.
Main content	<ol style="list-style-type: none"> 1 The business management unit and information unit conduct an operational impact analysis based on criticality, availability, and impact on business operations. 2 The information system disaster recovery plan is formulated. 	<ol style="list-style-type: none"> 1 Perform disaster recovery and backup drills for critical information systems. 2 Relevant personnel complete related operations according to the business content and responsibilities defined in the backup and recovery plan, verify the availability and completeness of related mechanisms, and review and refine the backup and recovery plan. 	<ol style="list-style-type: none"> 1 Procedures and matters needing attention in formulating the exercise plan. 2 Conducts simulated hacking incident drills. 3 Results report and recommendations.
Scope	The Company and its five subsidiaries	The Company and its five subsidiaries	The Company and its five subsidiaries
Frequency	once a year	twice a year	once a year
Results	In 2021, we completed the operational impact analysis according to the planning schedule and formulated the disaster recovery plan for the information system according to it.	The results of the 2021 exercise met the requirements.	The results of the exercise in 2021 met with the requirements.



CHAPTER 5

AN EXCEPTIONAL WORKPLACE EMPLOYEES ASPIRE TO WORK IN

- 5.1 Employee Attraction and Retention
- 5.2 Talent Cultivation and Development
- 5.3 Friendly and Excellent Working Environment
- 5.4 Human Rights
- 5.5 Employee Communication



5.1 Employee Attraction and Retention

Talent Recruitment Strategies

The Group's vision is to become the “Best Financial Services Provider in the Asia Pacific” by cultivating Taiwan and establishing itself overseas. We attract like-minded partners and recruit potential talents through our corporate core values, which include “seizing opportunities and creating customer wealth”, “focusing on performance and enhancing employee well-being”, and “innovating value and enhancing shareholder equity”. We also provide a career stage that is conducive to the sustainable development of human resources through long-term solid business performance, continuous innovation, a diversified training and job rotation system, and a compensation system that shares business performance with employees.

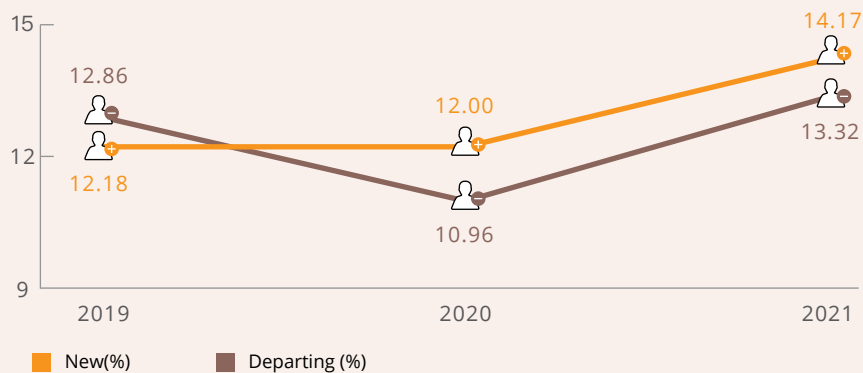
New Arrivals and Departures

This year, the Group recruited a total of 1,564 new full-time employees in Taiwan, which made up 14.17% of the workforce. Among these new hires, 692 were male and 872 were female. During the same period, the total number of departing full-time employees was 1,471 or 13.32% of total employees and included 624 male employees and 847 female employees.

Workforce Structure

This year, there were a total of 11,040 employees in the Group, consisting of 35.82% male and 64.18% female. Among Taiwan workforce, 53.32% of the management positions are female with the proportion of females in entry level management positions at 60.82% and senior management positions at 35.89%. The proportion of female managers in revenue-generating units is 42.98%. We employed a total of 89 physically disabled employees in 2021.

NEW AND DEPARTING FULL-TIME EMPLOYEE RATIOS



Financial Talent Development

The Group is actively building a diversified pipeline of talent sources, cultivating the desire of the new generation to enter the financial industry, and pursuing industry-academia cooperations with universities. Through courses, internships, lectures and company visits, we are nurturing a new generation of financial talents and recruiting promising talents that are needed for our key business development. A total of 12,075 new talents were trained through industry-academia cooperation this year.

Campus Recruitment and Financial Promotion Activities

Through campus club mentoring, competitions and recruitment activities, we bring students closer to the financial industry.

A total of **50** schools in 2021.
A total of **4,811** students participated in 2021.

Financial Literacy Program

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

A total of **12** schools in 2021.
A total of **786** students participated in 2021.

Credit Course Collaboration

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

A total of **13** schools in 2021.
A total of **6,012** students participated in 2021 (including auditing students).

Internship Program

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

A total of **88** schools were partnered in 2021.
A total of **420** students participated in 2021.

Corporate Visits

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

A total of **2** of schools in 2021.
A total of **46** students participated in 2021.



Outstanding Underprivileged Talent Scholarship

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

Scholarships and Grants: **NT\$13.2 million** in 2021.
A total of **66** students were benefited in 2021.
1 scholarship recipient was recruited to serve in the Group.

Yuanta Formula Trade Competition

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

Nearly **100** colleges and universities participated in 2021.
More than **7,000** professors and students participated in 2021.

Forex Trading Competition

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

In 2021, there were from **67** colleges and universities with a total of **1,740** students participated in the program.

Nurturing Digital Financial Talent

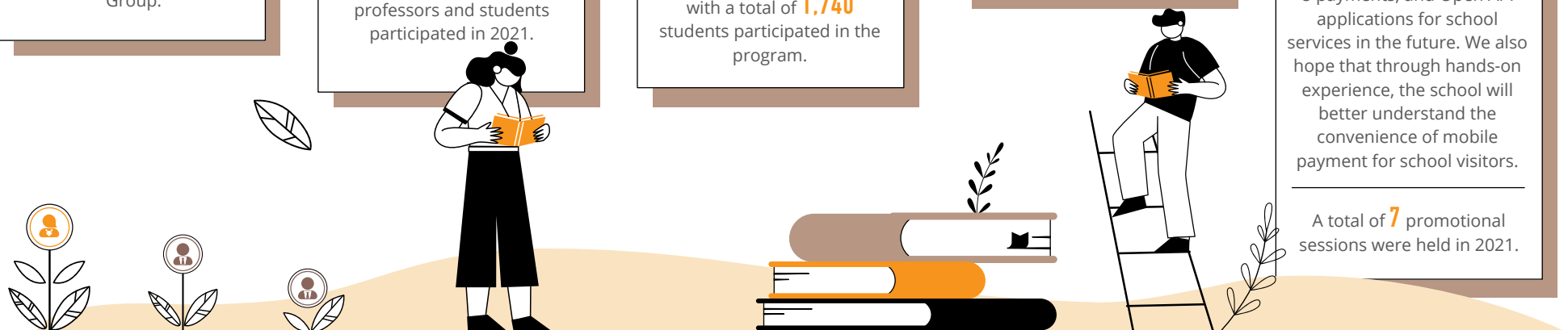
Yuanta Futures cooperated with National Taiwan University to cultivate "Digital Financial Futures Talents for Cross-Border Operations", participated in National Tsing Hua University's "Online Financial Innovation Industry-Academia Consortium", plans "Financial Technology and Big Data Analysis" course with National Taipei University, and establishes "Future Finance Lab" with Feng Chia University to cultivate future digital financial talents on campuses.

A total of **2,236** students were enrolled in 2021.

College and University Campus Mobile Payment Promotion

This year, in response to the Ministry of Education's "2021 Mobile Payment Promotion Program for College and University Campuses", we were invited to hold an orientation session at a pilot school of the Information Service Association of Colleges and Universities (ISAC) in the Republic of China. Through online meetings, we explained the current status of mobile payment services on campuses and shared digital financial practices and outlooks with school personnel, so that young people could better understand the possibilities of digital deposit accounts, e-payments, and Open API applications for school services in the future. We also hope that through hands-on experience, the school will better understand the convenience of mobile payment for school visitors.

A total of **7** promotional sessions were held in 2021.

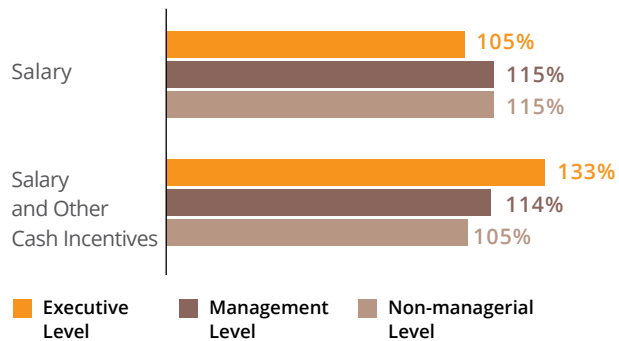


Salary and Compensation

Salaries (Gender Pay Ratio)

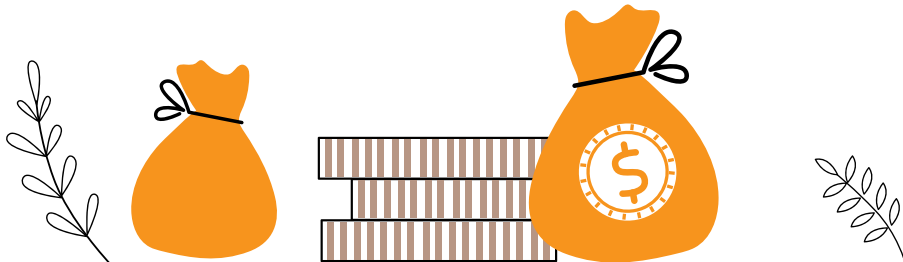
Information on the Group's gender pay ratio in Taiwan is as follows. We will continue to pay attention to issues related to the gender pay gap and regularly review our pay and compensation policies and their reasonableness. We are committed to implementing equal pay for equal work and no differential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

2021 Taiwan Group Salary Ratio (Male : Female)



Notes:

- Executive level refers to vice president or department head and above positions.
- Pay rates vary slightly depending on the number of employees, positions held, and individual performance.



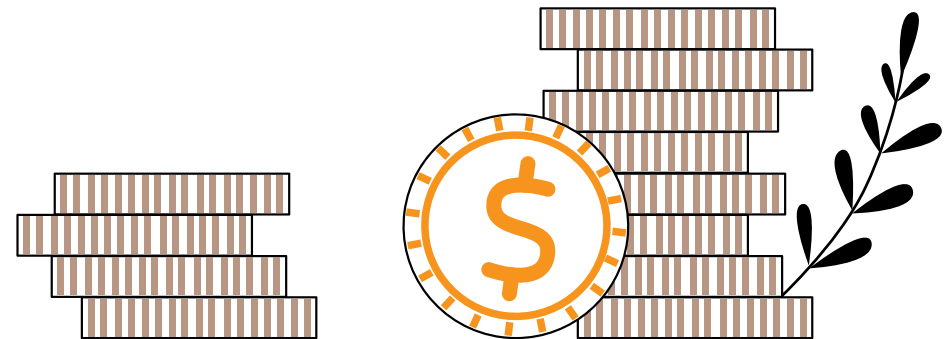
Number of Full-Time Non-managerial Employees, Average and Median Salaries

	2019	2020	2021	Difference from the Previous Year (%)
Weighted Average Number of Persons (Persons)	9,080	9,130	9,216	0.94
Average Salary of Non-managerial, Full-Time Employees (NT\$ thousand)	1,090	1,276	1,612	26.33
Median Salary of Non-managerial, Full-Time Employees (NT\$ thousand)	894	1,057	1,346	27.34



Notes :

- In line with Taiwan Stock Exchange (TWSE) regulations, non-managerial employees of a financial holding company include the domestic banking, insurance, and securities subsidiaries of the merged entity, but exclude overseas branches as stipulated in Article 4 of the Financial Holding Company Act.
- The above statistical standards are based on the operational guidelines for reporting salary information for full-time non-managerial employees, which are jointly compiled and published by the TWSE and Taipei Exchange.



Diversified Benefits

Employee Benefits

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

1
Learning and Growth 

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

2
Marriage/Pregnancy and Child Birth 

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

3
Physical and Mental Care 

- Diverse Clubs (Badminton, Culinary Arts, Flower Arrangement, etc. altogether 14 clubs)
- Health Checks
- Employee Group Insurance
- Medical Subsidy
- Emergency Allowances
- Funeral Allowances
- Employee Assistance Programs(EAPs) 

4
Savings Insurance 

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

5
Friendly Workplace 

- Flexible Working Hours ¹
- Working-from-home arrangements ²
- Three Festivals Gifts
- Birthday Present

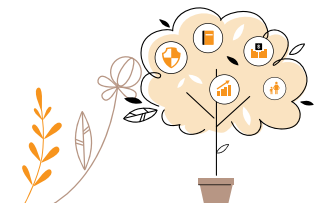


Parental Leave

The Group provides employees with a comprehensive marriage and childcare system, subsidies and care plans, including maternity leave³, menstrual leave, maternity leave, paternity leave⁴, family care leave⁵, accepting applications for unpaid parental leave, and assisting the employee return to work when the unpaid parental leave period expires. In addition, we work with specific organizations to provide employee childcare services to help employees balance work and family life, enhance work efficiency and retain talented employees. 671 employees took parental leave, 54.1% were women and 45.9% were men. (Please refer to Appendix II for statistics on parental leave.)

Notes :

1. The Group's work rules provide for flexible working hours and employees may apply for adjustment of working hours based on their business or personal circumstances.
2. The Group's employees may apply to work remotely based on their work and according to their individual situation.
3. The Group's employees are entitled to a miscarriage leave with a total of 9 days for those who are pregnant for more than two months but less than three months, and 7 days for those who are pregnant within two months. Both of which are in excess of the minimum legal requirement by 2 days.
4. The Group's employees are entitled to a paternity leave with a total of 8 days which is in excess of the minimum legal requirement by 1 day.
5. The Group's employees may apply to their supervisors for other types of paid leave according to their emergencies or reasons to assist employees in providing comprehensive family care.



5.2 Talent Cultivation and Development

Training System

| Talent Development System

In order to achieve the goal of “meeting the needs of the financial industry and the Group's business development”, the Group has established four curriculum frameworks, including the “Management Academy,” “Professional Academy,” “Licensing Academy,” and “Life Skills Academy.” They offer multi-faceted training courses and provide learning resources for employees.

Through talent identification, Group executives at all levels identify, cultivate and built the pool of managerial and specialized talents needed for the development of the financial industry and the Group, through various means, such as training courses, project assignments, meeting participation and job rotation. Employees are able to access the Group's various financial expertise through the in-house e-learning platform at any time, cultivating the diverse abilities required for different duties, enhancing their professional knowledge and vision, and having the ability to stay abreast of the times to become all-round financial talents. In order to encourage employees to actively participate in various studies and training, the Company bears the full cost of training for those who are assigned or approved by the Company to participate in the studies. At the same time, the Company has promulgated various incentive systems to encourage employees to obtain international financial professional certifications and foreign language certifications to enhance their professional abilities or to prepare for future jobs.

Yuanta Financial Holdings utilizes the combined strengths of our subsidiaries to regularly rotate employees between these subsidiaries according to operational needs. We encourage employees to apply for internal job rotation to spur the flow of talent across subsidiaries and expand employee skill sets, while also replicating successes within the Group and maximizing the beneficial effects.

Management Academy

Group Key Projects
 ▶ Yuanta MBA/ MA
 Summit Forum
 Senior Management Training

Mid-Level Management Training
 Entry-Level Management Training



Professional Academy

Annual Core Training
 ▶ Diversified Competency Program/Investment-Linked Products (ILP)/Wealth Management
 New Hire Training
 ▶ Digital Courses
 Financial Regulation Courses
 ▶ Anti-Money Laundering / Information Security / Occupational Safety...

Occupational Skills Training
 ▶ Securities / Banking / Life Insurance / Futures...
 General Financial Education
 ▶ Service Etiquette / Presentations / Excel



Licensing Academy

Pre-Job/ On-the-Job Licensing Training
 International Financial Certifications CFP/AFP
 Foreign Language Certification








Life Academy

Health Lectures
 Life Lectures
 Health and Weight Training Program
 Smoking Cessation Programs and Activities
 Employee Assistance Programs(EAPs)



| Award Introduction

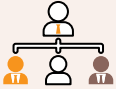
We have been actively involved in talent development and have received many external awards. The following awards related to talent development were presented in 2021:

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








Key Training Program Description

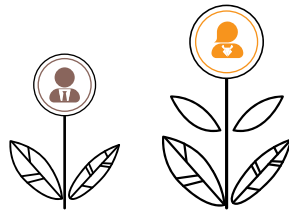
In accordance with the Group's strategic roadmap for sustainable development, the operational strategy of "solidification of cores and diving of growth" and the Group's key objectives, we are promoting three key projects, including the cultivation of international operation talents, personnel transformation and diversified occupational training, and succession preparation training. In 2021, the COVID-19 outbreak was severe, and the period for working off-site and from home reached five months. However, the epidemic did not stop us from investing in employee development. We not only actively promoted online courses, but also increased our training expenses by 1.5% over the previous year which is approximately NT\$45.15 million, with an average training cost of NT\$4,090 per person. The Company's after-tax profit for 2021 was NT\$34.866 billion, an annual growth rate of 44.6%, and earnings per share (EPS) of NT\$2.87 for the year, both a new record high. This remarkable performance is attributed to the Group's belief in sustainable management and the dedication and contribution of employees in each position to continuously improve their professional capabilities, serve customers with dedication, and focus on performance, as well as the cooperation of the Group's subsidiaries in promoting personnel transformation and diversification of roles and enhancing the overall financial expertise and productivity of employees.

Talent Training Development Key Projects	Motivation	Target	Content	Performance Highlights
 <p>Succession Preparation Training</p>	<ol style="list-style-type: none"> In response to the policy of sustainable development of human resources, we nurture the Group's successors and pass on our corporate culture and leadership wisdom. By nurturing talented young people from various fields, we are able to create new business opportunities for the Group through the combination of cross-generational experience and creativity. 	<p>Management Associates</p>	<p>Succession candidates for Chief Executive Officer (CEO): Participating in courses related to legal compliance, corporate governance, etc. Participating in key management-related meetings. Experience in cross-company or cross-duty duties.</p> <p>Succession candidates for department heads: Planning for necessary licenses and relevant experience. Participating in professional training courses on legal compliance, finance, and strategic management. Participating in important meetings. Acting as deputy for the subject manager.</p> <p>Succession candidates- young generation:</p> <ol style="list-style-type: none"> Management associates (MA) Courses and practical training. Special Report. Cross-company duties and group-level project assignments. Yuanta MBA Department Head Training Program We offer five categories of courses: political and economic trends, financial profession, legal compliance, financial management, and strategic management. Yuanta MBA Team Leader Training Program We offer five categories of courses: group strategy, compliance and audit, operations analysis, financial professionalism, and leadership management. 	<ol style="list-style-type: none"> We have reserved 1-3 succession candidates for each management position and nurtured a succession team of nearly 200 young people to strengthen the Group's demand for integrated management talents. All of the Group's CEOs have been promoted to their current positions after being trained through the succession echelon. As of the end of 2021, 96.3% of the Group's executives at the department level or above were promoted to their current positions through internal transfers or promotions. In the 2021 Employee Engagement Survey, 74% of employees rated "talent management" positively, 14 percentage points higher than the financial industry norm in Taiwan and 6 percentage points higher than the global high performance norm.



Talent Training Development Key Projects	Motivation	Target	Content	Performance Highlights
 <p>Multi-functional Development</p>	<p>We continue to promote multi-functional development to prepare all employees with professional skills needed to face the future and cultivate cross-disciplinary integrated talents and multi-functional pi (π-type) talents.</p>	<p>All Employees</p>	<p>We provide multi-functional training for employees beyond their current duties, including financial certification training, financial professional courses, product knowledge, sales training, digital technology application, etc.</p> 	<ol style="list-style-type: none"> In 2021, a total of 1,105 courses were held in the Multi-functional Program, accounting for 162,032 hours, or 31.2% of the total training hours, with a total of 38,119 participants, for an average of 3.5 classes and 14.7 hours of training per employee per year. In 2021, a total of 1,813 people, or 16.4% of the workforce, had job transfers due to their diverse skills. At the same time, the Group leveraged its strengths of having a comprehensive financial services business, and 89 people underwent cross-company (cross-industry) job transfer experience, extending their expertise to become π-type personnel. In the 2021 Employee Engagement Survey, 87% of employees rated “learning and development” positively, 12 percentage points higher than the financial industry norm in Taiwan and 7 percentage points higher than the global high-performing norm.
 <p>Green Finance Talent Cultivation</p>	<p>We put ESG thinking into practice in financial business development, integrating policies, systems, commodity development and green finance talent cultivation to create a new outlook for sustainable finance business.</p>	<p>All Employees Green Finance Business Related Personnel</p>	<p>All employees ESG trend propagation and practical application. Green finance business related personnel The significance of sustainable finance, green financial product knowledge and risk management.</p>	<ol style="list-style-type: none"> In 2021, 163 classes were held, 59,568 people participated in the training, and 63,834 hours were spent on training, with an average of 5.8 hours of training per person. In 2021, there were 430 training courses for green financial talents, 48,651 participants and 74,025 hours of training.
 <p>Financial Literacy Program</p>	<p>We use our financial expertise to convey financial knowledge to students, the general public and seniors, so that people can take advantage of investment opportunities, choose the right financial products for themselves and help customers accumulate wealth.</p>	<p>Students The Public and Seniors</p>	<p>Students 1. We cooperate with universities and colleges to convey financial knowledge and promote talents cultivation through University Social Responsibility (USR) program.</p>	<p>Students 1. Industry-Academic Cooperation In 2021, 12 schools and 786 attendees were invited to campus financial seminars. In 2021, a total of 2 schools and 46 people participated in our corporate visits. In 2021, we were invited to supervise 50 schools and 4,811 people in campus activities such as investment and financial management clubs and talent recruitment. In 2021, 6,012 students took credit-bearing courses in cooperation with 13 departments. A total of 420 students from 88 schools were accepted for internship in 2021. In 2021, we published “Cultivating Young Generations Combining ESG+USR New Paradigm: Yuanta Funds 2020 Internship Documentary”.</p>

Talent Training Development Key Projects	Motivation	Target	Content	Performance Highlights
 <p>Financial Literacy Program</p>	<p>We use our financial expertise to convey financial knowledge to students, the general public and seniors, so that people can take advantage of investment opportunities, choose the right financial products for themselves and help customers accumulate wealth.</p>	<p>Students The Public and Seniors</p>	<p>2. Through professors' advice to participate in Yuanta Formula Trade Competition, contestants use Yuanta's competition platform, along with the "Mr. Investor APP" intelligent stock screener function, to allow new stock market participants to accumulate trading experience and select the right investment targets through the simulation competition, validate classroom theories and establish correct investment concepts and financial habits.</p> <p>The public and seniors</p> <p>1. We continue to provide financial education and services through monthly large-scale customer seminars connected throughout Taiwan as well as through video calling visitors, remote teaching, online document signing, and social media management.</p> <p>2. We use a classroom APP to promote the concept of financial management and update the financial market dynamics.</p> <p>3. Through the "Newbie Village" function of Mr. Investor APP, we educate newcomers to the stock market, help them engage in market investment and reduce investment risks, and protect investors' rights.</p>	<p>2. Yuanta Formula Trade Competition</p> <p>The fifth annual Yuanta Formula Trade Competition was held, attracting over 7,000 participants from nearly 100 colleges and universities.</p> <p>The public and seniors</p> <p>We have created a dedicated "Newbie Video" on our website and Mr. Investor APP. In addition, 825 financial seminars were held in 2021 through the country or island channels, with 12,627 attendees; the "Newbie Village" was used by 350,000 people.</p> <p>Branches held small-scale investment and promotion seminars for customers, with 253 seminars and 4,593 attendees in 2021. In response to the epidemic, we planned online financial management seminars to provide customers with zero-touch financial management services in 2021, with 28 sessions and 533 participants.</p>



Cross-border Digital Collaboration for Talent Development

We have cooperated with CWLC digital courses and Live ABC digital courses to provide the latest digital teaching materials daily, covering the latest knowledge of international finance, industry trends, business cases, digital trends, etc. In addition to purchasing digital teaching materials for employees to choose from, we also publish the "Yuanta e-Learning Weekly Report" every week with a learning curatorial mindset and hot topics of the global financial industry and the Group's business focus, bringing the world to employees. In 2021, we issued 44 issues of e-newsletters, disseminated 245 financial industry news and practical English phrases for the workplace, and continued to strengthen the professional capabilities of our employees, develop multiple functions, and build an inventory of quality talents for the future.

Education and Training Statistics for the Past Two Years

Items	2020	2021	Increase/Decrease	Increase/Decrease (%)
Total Courses Held	3,330	3,332	2	0.1
Training Hours	556,991	519,285	(37,706)	(6.8)
Training Attendance	317,223	326,648	9,425	3.0
Training Cost (NT\$1,000)	44,500	45,150	650	1.5
Number of Employees	10,944	11,040	96	0.9
Average Hours of Training Per Employee	50.9	47.0	(3.9)	(7.7)
Average Number of Training Sessions per Person	29.0	29.6	0.6	2.1
Average Training Cost Per Employee (NT\$)	4,066	4,090	24	0.6

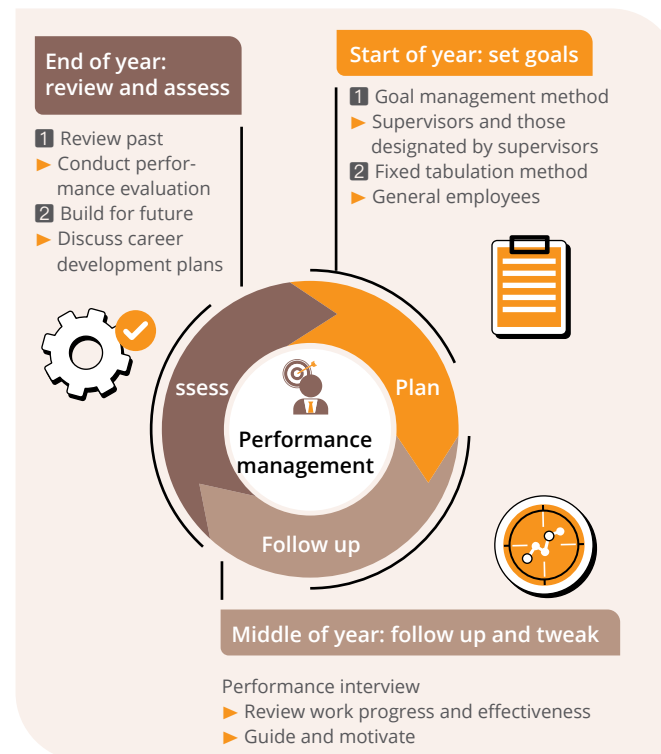
Notes:

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



Performance Evaluation and Development

Yuanta Financial Holdings performs regular performance evaluations through a performance management system built around a cycle of “beginning target setting”, “midterm tracking and improvement”, and “terminal review and assessment”. During these appraisals, we review employees' working performance over the year and set their future career development goals. We use the results as a reference for human resources decision-making, such as performance bonus, promotion, salary adjustment, and talent development. In 2021, 100% of employees undertook regular performance evaluations and occupation development reviews no matter their gender or managerial/non-managerial classification.



In addition to regular performance appraisals for employees at different levels, the Group offers a wide range of internal development opportunities. According to the Company's core values, strategic goals and organizational development, we plan to cultivate and accumulate elite talents at all levels. We give employees with excellent performance opportunities for promotion or rotation according to their interests, expertise and career plans, in order to motivate them to keep pace with the times and continue to develop their talent in the Company.

This year, internal promotion was given to 1,921 employees in the Group for their outstanding performance, which accounts for 17.4% of all employees. The Group's talent development strategy follows the concept of “solidifying our core and driving growth” and encourages employees to realize individual learning and development goals to “consolidate existing core competencies and pursue development of new professional competencies” through training and job rotation. Yuanta Financial Holdings encourages employees to apply for internal transfer or accept job rotation according to organizational needs. Through developing multiple skills and familiarizing themselves with different regions or fields, employees can boost their own occupational value and Yuanta's competitiveness. In 2021, a total of 1,813 employees underwent job transfers, accounting for 16.4% of the total number of employees. At the same time, we have leveraged the strengths of the Group's complete financial services business by transferring 89 people across companies and integrating existing expertise across fields to become π-type talents, thereby stimulating diverse and innovative perspectives and cultivating the Group's full range of financial talents to enhance the competitiveness of company sustainability.

5.3 Friendly and Excellent Working Environment

Safe Workplace

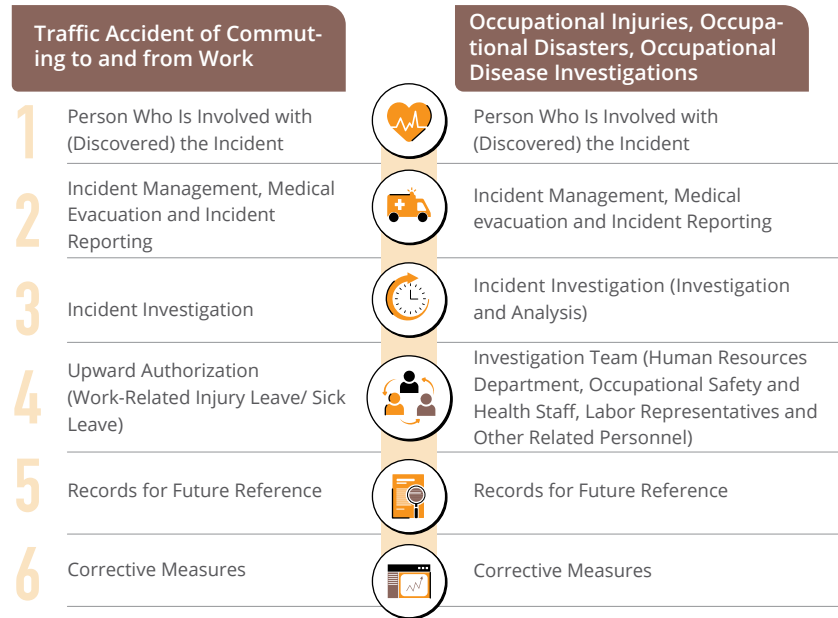
Occupational Health and Safety Management Systems

The occupational safety and health policies of Yuanta Financial Holdings and its subsidiaries have been signed by the president and an occupational safety and health management unit has been established in accordance with the law to identify hazards, assess risks, and investigate accidents related to occupational safety and health, and to plan and promote workplace health and safety programs. Employees can also give feedback on occupational safety and health-related optimization suggestions through labor unions, labor-management meetings or quarterly occupational safety and health committees.

Since 2018, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures have been actively implementing the ISO 45001 occupational safety and health management system, which is verified by a third party every year, covering all operational locations and targeting all employees and contractors, and all Yuanta units have dedicated occupational safety and health personnel who have obtained occupational safety and health-related licenses and regularly participate in refresher courses to assist in the implementation of the occupational safety and health management system and enhance the Group's culture of attaching importance to occupational safety. Yuanta is committed to maintaining a healthy and safe work environment, conducting regular hazard identification and preventing workplace risks, protecting employees from accidents and occupational diseases, ensuring the effective operation of the system through internal audits, and to continuously improving the appropriateness, adequacy and effectiveness of the occupational safety and health management system to provide a secure and reliable workplace.

To ensure the safety of employees and customers during the global epidemic, Yuanta Financial Holdings and Yuanta Securities were the first financial institutions in Taiwan to implement ISO/PAS 45005 COVID-19 (General Guideline for Safe Working during the COVID-19 Pandemic). In January 2022, we obtained international validation and established standardized work processes to ensure a safe working environment and operational site to protect our employees and customers.

In addition to regular hazard identification and prevention of workplace risks, we also have an emergency response plan for possible accidents or situations, and a response unit led by our president. We also conduct annual emergency response plan exercises and regularly review and update our procedures.



Occupational Health and Safety Committee

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

Year of 2021	Yuanta Securities	Yuanta Bank
Total Committee Membership	7	11
Number of Labor Representatives	3	4
Member Term (Year)	2	2
Annual Meetings Held (Times)	4	4

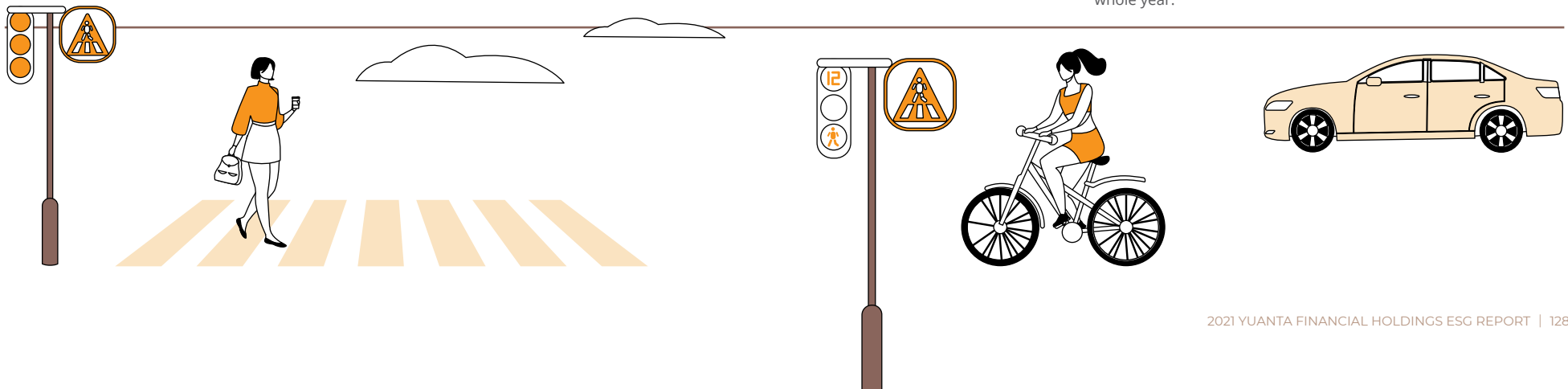
Healthy Workplace

Risk Mitigation and Prevention Measures

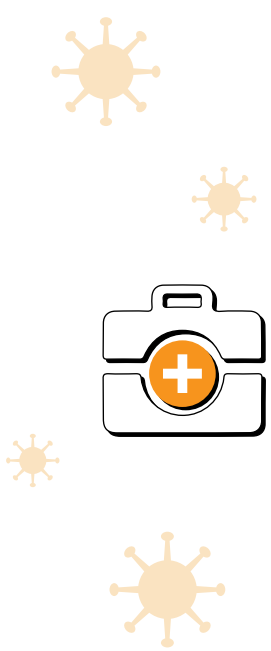
The financial services industry is a knowledge- and human capital-intensive, highly government-regulated chartered industry. Our employees are subject to high levels of work stress, so caring for their physical and mental well-being and promoting their health is an ongoing effort.

After analyzing the operation process and content of business activities, hazards are ranked from medium-high risk to medium risk according to the impact level, and the hazards and risks that directly and indirectly threaten employee health are identified. The hazards include traffic accidents, infectious diseases, musculoskeletal pain, stress and metabolic syndrome, etc., and the prevention plans and improvement measures are formulated for the higher risk hazards. In addition, we are also cautious about workplace tobacco hazard prevention and maternity protection. To address potential workplace hazards and personal health risks, we continuously monitor and optimize workplace employee health promotion action plans through public health hierarchy management and prevention strategies, combined with clinical counseling services by health care teams. We also set qualitative and quantitative targets for action plans to manage their effectiveness.

No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness	Awards	Goals	Results
1	Health Risk / Traffic Accidents to/ from Work	Medium High	<ul style="list-style-type: none"> ☑ Improving internal announcement and promotion to enhance traffic safety awareness among colleagues. ☑ Providing two shuttle buses to reduce the need for employees to drive for business purpose. ☑ Promoting safety in motorcycle driving and the timely notification of occupational disasters through occupational safety and health education and training courses. 	<ul style="list-style-type: none"> ☑ Enhancing traffic safety awareness through internal communication. ☑ Promoting safety in motorcycle driving and the timely notification of occupational disasters through occupational safety and health education and training courses. 		<ul style="list-style-type: none"> ☑ Through the occupational safety and health education and training courses promoting the concept of automobile and motorcycle driving safety, and the participation rate of the occupational safety and health education and training courses reach 100%. ☑ Less than 3 cases of occupational accident due to commuting accidents in the whole year. 	<ul style="list-style-type: none"> ☑ The participation rate of occupational safety and health education and training courses was 100%. ☑ 1 case of occupational accident notification due to commuting accidents throughout the year.



No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness	Awards	Goals	Results
2	Infectious Diseases	Medium	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The Group has set up an emergency response team with senior executives leading epidemic prevention to draw up emergency response plans for epidemic prevention. Plans include notification procedures, response handling, uninterrupted operations, off-site and home-based offices, manpower triage, epidemic investigation procedures, and high-standard epidemic prevention measures. <input checked="" type="checkbox"/> Introduction of ISO 45005 guidelines to enhance employee safety and hygiene during an outbreak. <input checked="" type="checkbox"/> To enhance the environmental safety of our business locations in hot areas, we have installed partitions and provided sufficient supplies for epidemic prevention and personal disinfection and protection equipment. <input checked="" type="checkbox"/> We actively cooperate with the policy guidelines of the Central Epidemic Command Center to strengthen the safety of the workplace environment through daily temperature monitoring, implementation of the real-name registration system, closure of public smoking areas and crowd flow restrictions to ensure safe social distancing, etc. <input checked="" type="checkbox"/> Information on vaccinations, quick screening stations, and vaccination policies are available on the staff entrance website. We announce the latest workplace prevention measures from time to time according to the resolution of the Epidemic Prevention and Response Team meeting. In addition, we also provide online consultation and health e-newsletter with our medical team to provide epidemic prevention advice and one-on-one consultation services. 	<p>For all Group employees:</p> <ol style="list-style-type: none"> 1 Group insurance has increased the epidemic prevention insurance and overseas medical emergency plan insurance (including the medical plan for Covid-19 patients) to ensure the health and safety of domestic and overseas employees. 2 In appreciation of frontline employees who have continued to work in accordance with the policy, each frontline employee is given an epidemic prevention allowance of NT\$10,000. 3 During an epidemic, we provide immediate supplies for epidemic prevention, regular environmental disinfection, and online health consultation services. 4 Provide epidemic prevention care leave and paid vaccination leave to take care of yourself and your family. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Indoor air quality certification for public places. <input checked="" type="checkbox"/> The first financial holding company in Taiwan to implement ISO 45005 (guidelines for occupational safety and health management during an epidemic). 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Less than 1 branch is operation interrupted. <input checked="" type="checkbox"/> Hold 3 on-site doctor's services every month to provide colleagues with epidemic prevention consultation service. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> No business interruption due to the epidemic. <input checked="" type="checkbox"/> 3 on-site doctor services held every month with 100% achievement rate.

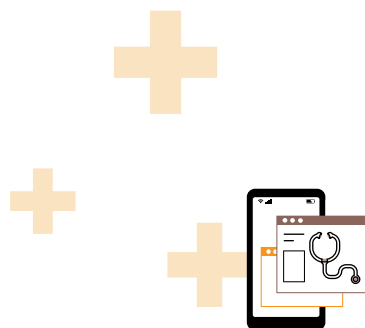
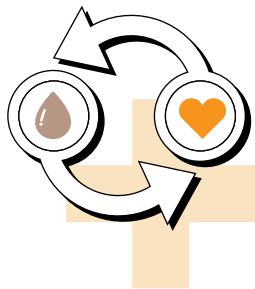


No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness	Awards	Goals	Results
3	Musculo-skeletal pain	Medium	<ul style="list-style-type: none"> ✔ Implementing a human-caused harm prevention program. ✔ We have designed activity (exercise) and exercise intensity questionnaires for the Group, and analyzed relevant results to plan annual health promotion activities. ✔ Through occupational safety and health education and training courses, we teach and promote the prevention of human engineering hazards in the office, and design stretching exercises for pain prevention. ✔ Arranging for medical and occupational safety personnel to review and assess the risks of the work environment on-site at the business unit. Assisting in improving the office environment and poor workplace posture. ✔ Arranging musculoskeletal hazard prevention seminars. 	<ul style="list-style-type: none"> ✔ A total of 276 colleagues participated in the “Burning Body Fat - Smart Jump Rope” health promotion activity, burning a cumulative total of 363,412 calories. ✔ In 2021, there were 84 sessions of consultation with doctors and 598 interviews. ✔ We conducted on-site visits to branch locations nationwide and assisted in improving office posture, visiting more than 40 business locations in 2021. 	<ul style="list-style-type: none"> ✔ Sports Enterprise Certification by the Sports of Administration, Ministry of Education. 	<ul style="list-style-type: none"> ✔ Hold 1 or more technology physical fitness test. ✔ Hold 1 or more workplace weight loss courses. ✔ Workplace weight loss class completion ratio greater or equal to 70%. ✔ The participation rate of occupational safety and health education and training courses (including human-caused harm prevention concept dissemination) reached 100%. ✔ At least 2 times a year to distribute human-caused harm prevention propaganda. ✔ Satisfaction of lectures on musculoskeletal harm prevention is greater than or equal to 90%. 	<ul style="list-style-type: none"> ✔ 1 technology physical fitness test held. ✔ 1 workplace weight loss courses held. ✔ Workplace weight loss class completion ratio reached 70%. ✔ The participation rate of occupational safety and health education and training courses (including human-caused harm prevention concept dissemination) reached 100%. ✔ Human-caused harm prevention propaganda distributed 2 times throughout the year. ✔ 98% satisfaction rate of lectures on musculoskeletal hazards prevention.

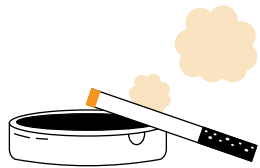


No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness	Awards	Goals	Results
4	Stress	Medium	<ul style="list-style-type: none"> “Employee Assistance Programs (EAPs)” were introduced to provide dedicated assistance channels and to integrate the various assistance provided by government agencies and nonprofit organizations. The five major themes of services, including “psychological counseling,” “legal counseling,” “medical prevention and treatment,” “care/other counseling,” and “self-assessment,” help employees solve problems and improve work efficiency and achieve goals. To establish “prevention measures against sexual harassment in the workplace, complaint and disciplinary handling points” , to strictly prohibit any sexual harassment, sexual discrimination or violence, threats and intimidation, and to build a friendly workplace with gender equality. In accordance with the law, we established the “Prevention Plan for Unlawful Acts of Assault in the Performance of Duties” and set up a regular employee complaint box and internal communication channels for employees. 	<ul style="list-style-type: none"> Specialized units send staff to complete employee counselor certification course training. We completed the Suicide Prevention Gatekeeper online course training and certification on our own in 2021. The Group provides one-on-one psychological counseling through more than six sessions per month, with a total of more than 80 sessions in 2021. In 2021, a total of 6 stress relief seminars were held, with a total of 1,085 participants. 	<ul style="list-style-type: none"> Ministry of Health and Welfare “Health Promotion Label” , “Health Activation Label” , and “Meritorious and Healthy Workplace” . Exercise Enterprise Certification from the Ministry of Health’ s Sports Administration Ministry of Health and Welfare “Safe Workplace Certification” . 	<ul style="list-style-type: none"> Less than or equal to 1 appeal case about “prevention measures, appeal and discipline against sexual harassment in the workplace” . Less than or equal to 1 appeal case about “Prevention Plan for Unlawful Acts of Assault in the Performance of Duties” . 	<ul style="list-style-type: none"> No appeal case related to “prevention measures, appeal and discipline against sexual harassment in the workplace” . No appeal case related to “Prevention Plan for Unlawful Acts of Assault in the Performance of Duties” .
			<ul style="list-style-type: none"> We conduct metabolic syndrome prevention, healthy eating and nutrition seminars, interactive health fitness tests, weight management courses and health promotion activities. Planning to apply for online special fitness instructors and nutritionists for one-on-one health guidance to increase activity. 	<ul style="list-style-type: none"> A total of 291 colleagues participated in the “Yuanta Earth Conservation Walk-athon” health promotion event, accumulating 31.62 million steps. A total of 276 colleagues participated in the “Burning Body Fat using Smart Jump Rope” health promotion activity, burning a cumulative total of 363,412 calories. A total of 7 sessions of online fitness coaching and nutritionist health coaching were held, with a total of 204 participants. 	<ul style="list-style-type: none"> Ministry of Health and Welfare “Health Promotion Label” , “Health Activation Label” , and “Meritorious and Healthy Workplace” . Exercise Enterprise Certification from the Ministry of Health’ s Sports Administration Ministry of Health and Welfare “Safe Workplace Certification” . 	<ul style="list-style-type: none"> Hold 3 or more physical fitness courses. Hold 3 or more personal fitness or nutrition one-on-one consultation courses. Satisfaction with healthy weight management course is over 85%. 	<ul style="list-style-type: none"> 7 online physical fitness courses held throughout the year. 3 online personal fitness or nutrition one-on-one consultation courses held throughout the year. 94% satisfaction with healthy weight management course.

5



No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness	Awards	Goals	Results
6	Workplace Smoke Prevention and Control		<ul style="list-style-type: none"> Stop Smoking to Win – 3-Week No Smoking Challenge Encouraging the use of the National Health Insurance’s smoking cessation service to increase the success rate of smoking cessation, the Group offers a NT\$3,000 gift certificate incentive There are workplace nurseries in the community that provide resources to assist smoking cessation 2.0 agencies 	<ul style="list-style-type: none"> A total of 46 people participated in the No Smoking Challenge 2021. 14 people quit smoking in 2021. 	<ul style="list-style-type: none"> Health Promotion Administration’s National Smoke-Free Award for a Healthy Workplace with Excellent Performance. Kaohsiung City Government Department of Health “Enhancement of Workplace Smoking Cessation Services - Outstanding Performance Award”. 	<ul style="list-style-type: none"> 3 on-site doctor services are held every month to provide smoking cessation counseling and referral channels for smoking cessation 2.0 clinics. Receive at least 1 Workplace Tobacco Prevention Award (Badge). Hold 1 or more smoking cessation lectures. Hold 1 or more smoking cessation activities. 	<ul style="list-style-type: none"> 3 on-site doctor services completed every month, and the achievement rate was 100%. Received 1 national trophy and 1 regional award from Health Promotion Administration’s National Smoke-Free Award for a Healthy Workplace with Excellent Performance and Kaohsiung City Government Department of Health “Enhancement of Workplace Smoking Cessation Services - Outstanding Performance Award”. 1 smoking cessation seminar held. 2 smoking cessation activities held.



7 Maternity Protection

<ul style="list-style-type: none"> The “Happy Pregnancy Guide” contains information on pregnancy, postpartum and infant care. We provide a breastfeeding kit for postpartum women, creating a quality breastfeeding environment and providing a full range of hardware and software resources to facilitate uninterrupted breastfeeding for postpartum women, while taking into account the balance between work and family life. Yuanta Securities creates pregnancy friendly workplace, and presents “Happy Yuanta ~ Good Luck” pregnancy bag, which contains many baby products, a small guide for pregnancy and a greeting card from the general manager to help every mother get ready for the arrival of babies. The “Yuanta Futures –Mom Loves Baby bag” contain a variety of baby products, pregnancy tips and a greeting card from the general manager to help each mother prepare for her baby. 	<ul style="list-style-type: none"> A total of 41 copies of the “Happy Pregnancy Guide” were given out. A total of 14 Lactation Kit were distributed according to the needs of postnatal colleagues. 38 “Happy Yuanta ~ Good Luck” pregnancy bags were handed out. A total of 6 Yuanta Futures – Mom Loves Baby bag were given out. 	<ul style="list-style-type: none"> Excellent Breastfeeding Room Certification” from the Department of Health, Taipei City Government. 	<ul style="list-style-type: none"> Continue to care for maternal colleagues, with a satisfaction rate of more than 80 points (inclusive) for the implementation of the maternity security plan. Provides 3 on-site doctor services every month, continues to care for maternal colleagues, and implements a maternal protection plan. 	<ul style="list-style-type: none"> The satisfaction with the implementation of the maternity protection plan was 83.7 points. 3 on-site doctor services completed every month, and the achievement rate was 100%.
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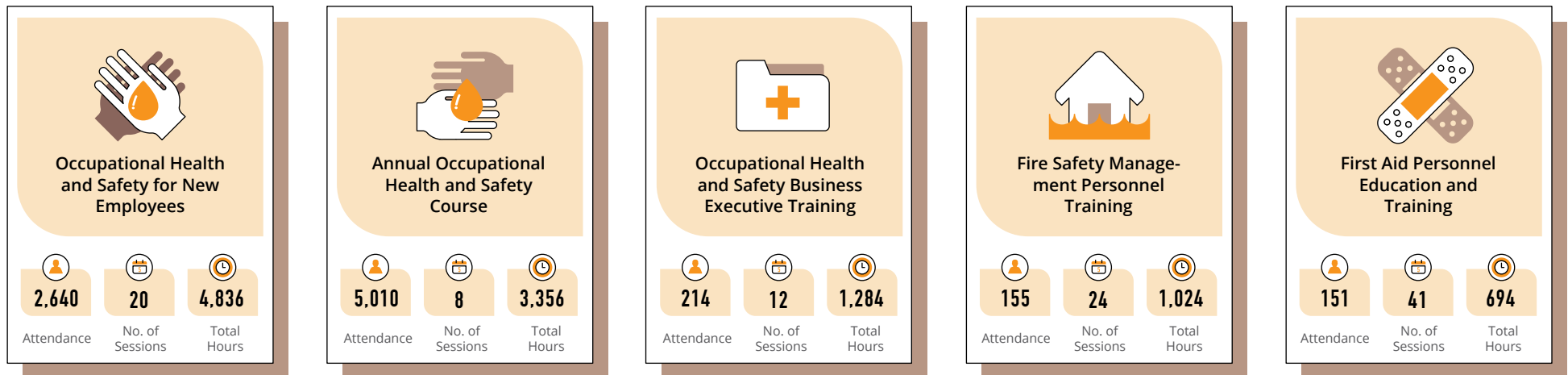


Employee Mental Health

In order to help employees maintain a balance between work and life, the Group has established Employee Assistance Programs (EAPs), which combine external social resources and company community activities to provide resources on five major topics, including “psychological counseling,” “legal counseling,” “medical prevention and treatment,” “care/other counseling,” and “self-assessment,” to promote employee physical and mental health and enhance work efficiency. In October 2021, we also partnered with an outside non-profit professional psychological counseling organization to provide free counseling services to help employees resolve family, interpersonal, and legal issues through counseling lines and in one-on-one sessions with psychologists. The total number of consultation sessions in 2021 was 32 and all the employees who used the consultation service gave positive comments in a survey.

For the promotion of future employee assistance programs, the Group has established the “Employee Physical and Mental Enhancement Team”, which is divided into five major areas, including internal organization, work, life, health and external resources, to plan service projects accordingly. For example, we promote the “Emotional Gatekeeper” training course, so that employees can understand the relevant emotional knowledge and timely use of resources to prevent the occurrence of workplace crisis. We have set up an “Exercise Clinic” where professionals with international physical fitness certification provide one-on-one services to eliminate work fatigue and relieve stress by customizing exercise prescription labels after body mass analysis and lifestyle consultation. We have also built a “workplace support network” to expand the psychological support system and promote positive interaction and emotional exchange through mutual communication and community strength. The Group hopes that through a multi-faceted employee assistance program, employees will be able to work with a healthy mind and body, which will in turn boost their morale and create a good working environment.



Occupational Safety and Health Training Course Statistics



5.4 Human Rights

Human Rights Policy

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

<h3>1 Employees</h3> 	<h3>2 Customers</h3> 	<h3>3 Suppliers</h3> 
<p>The Company has established a “Human Rights Policy”, which includes the protection of human rights in the workplace, the implementation of equal pay for equal work, the provision of a healthy and safe workplace, the support of freedom of association, the promotion of labor harmony, the protection of personal data, and the promotion of human rights policies. In addition to the commitment to respect and protect the basic human rights recognized internationally, the Company also complies with relevant labor laws and regulations to protect the legal rights of employees. In addition to respecting and upholding the basic human rights recognized by the international community, we comply with relevant labor laws and regulations, protect the legal rights of our employees, and prohibit any acts that violate or infringe upon human rights.</p>	<p>The Company has established the “Sustainable Finance Guidelines” as a reference for each subsidiary's investment decisions and further ensures the implementation of human rights policies for its customers by incorporating ESG considerations.</p>	<p>In addition to supporting and practicing human rights protection, the Company has established the “Terms and Conditions for Human Rights and Environmental Sustainability” to encourage its partners, including suppliers, to work together to pay attention to human rights issues and to manage related risks.</p>






Human Rights Due Diligence

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



Human rights assessment management measures and results (including statistics on the Group's operational activities subject to human rights impact audits)

Human Rights Due Diligence Process

 Risk Identification	 Risk Assessment	 Risk Mitigation & Compensation	 Improvement & Tracking	 Periodic Review
<ul style="list-style-type: none"> Examine the spirit and basic principles of human rights protection as revealed in international human rights conventions and the relevant labor laws and regulations in Taiwan to identify potential human rights risk issues. Discern the parties whose human rights are affected. 	<ul style="list-style-type: none"> Assess the proportion of human rights risks for each potential issue. 	<ul style="list-style-type: none"> Develop and implement risk mitigation measures for those with potential human rights risks. Plan and implement compensatory measures for those who have suffered actual negative influences or impact on human rights. Confirm the implementation results. 	<ul style="list-style-type: none"> Disclose the results of human rights due diligence. Track the improvement of each potential issue risk. 	<ul style="list-style-type: none"> Review risk assessment tools and processes to improve human rights due diligence mechanisms. Review related procedures and management practices to continuously optimize the management of human rights risks.

5.5 Employee Communication

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



Union Participation

The Group has always valued communication with unions and employees. Every 3 months we hold regularly scheduled labor-management meetings to discuss issues with unions or labor representatives to promote labor-management harmony and strengthen cooperation. Should any operating activities significantly impact employees, such activities will promptly be announced on the Company intranet and where necessary, management shall engage all employees in the communication. Yuanta Financial Holdings maintains an open and liberal attitude towards union membership.

As of the end of 2021, the total number of union members accounted for 29.47% of our Taiwan employees.

Union	Number of Union Members	Number of Union Members as a Percent of Total Employees (%)	Number of Union Representatives as a Percent of Total Employee (%)
Yuanta Financial Holding Co., Ltd. and Subsidiaries Corporate Unions	526	4.76	0.25
Yuanta Commercial Bank Co., Ltd. Corporate Union	2,351	53.60	0.34
Yuanta Commercial Bank Co., Ltd. Union	837	19.08	0.48
Yuanta Life Insurance Co., Ltd. Corporate Union	66	9.23	1.25

Notes:

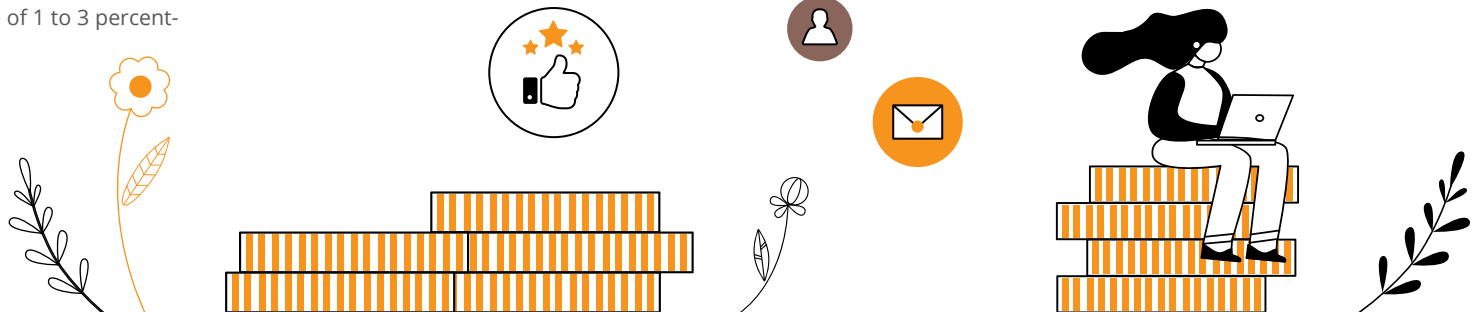
1. Group agreements applicable to Yuanta Commercial Bank, Ltd.'s labor unions accounted for 7.58% of the Group's domestic employees
2. Union representatives are members and supervisors of the union and the representatives of the members.
3. The former "Yuanta Commercial Bank Co., Ltd. Union" was renamed "Yuanta Commercial Bank, Ltd. Employees' Corporate Labor Union" on February 24, 2021.



Employee Engagement Surveys

Since 2017, the Human Resources Department has planned and commissioned a foreign management consultant to independently conduct the Employee Sustainable Engagement Survey (ESES) on a third-party platform, inviting domestic and foreign regular employees who have completed their probation period to participate in the survey. From 2019 onwards, according to the consultant's recommendation, domestic employees only need to be surveyed once every two years.

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



Employee Engagement Survey Data by Year

Year	Region	No. of Participants	No. of Respondents	Survey Ratio (%)		Positive Response (%)
2018	Taiwan	10,143	8,844	Taiwan	81	84
				Taiwan and Overseas	62	
2019	Taiwan and Overseas	12,945	11,148	Taiwan	78	88
				Taiwan and Overseas	79	87
2021	Taiwan and Overseas	10,141	8,374	Taiwan	76	87
		3,045	2,809	Taiwan and Overseas	77	86

Notes:

1. For the 2017 and 2018 employee engagement surveys, in consideration of the gap between the overseas conditions and the network infrastructure with the Taiwan (domestic) region, we invited only full-time employees (including appointed managers, but not the Chairman or President) of the Company and nine subsidiaries who have passed their probation period to participate in the survey. In 2019 and 2021, we expanded the survey and invited domestic and overseas full-time employees (including appointed managers, but not the Chairman or President) who have passed their probation period to participate. Invited employees can decide whether or not to participate.
2. The base dates for the number of employees responding to the engagement survey from 2018 to 2021 were September 30, 2018, August 1, 2019, and June 30, 2021, respectively. The base date for the total number of employees in each year is the number of employees in employment as of December 31 of that year.
3. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

CHAPTER 6

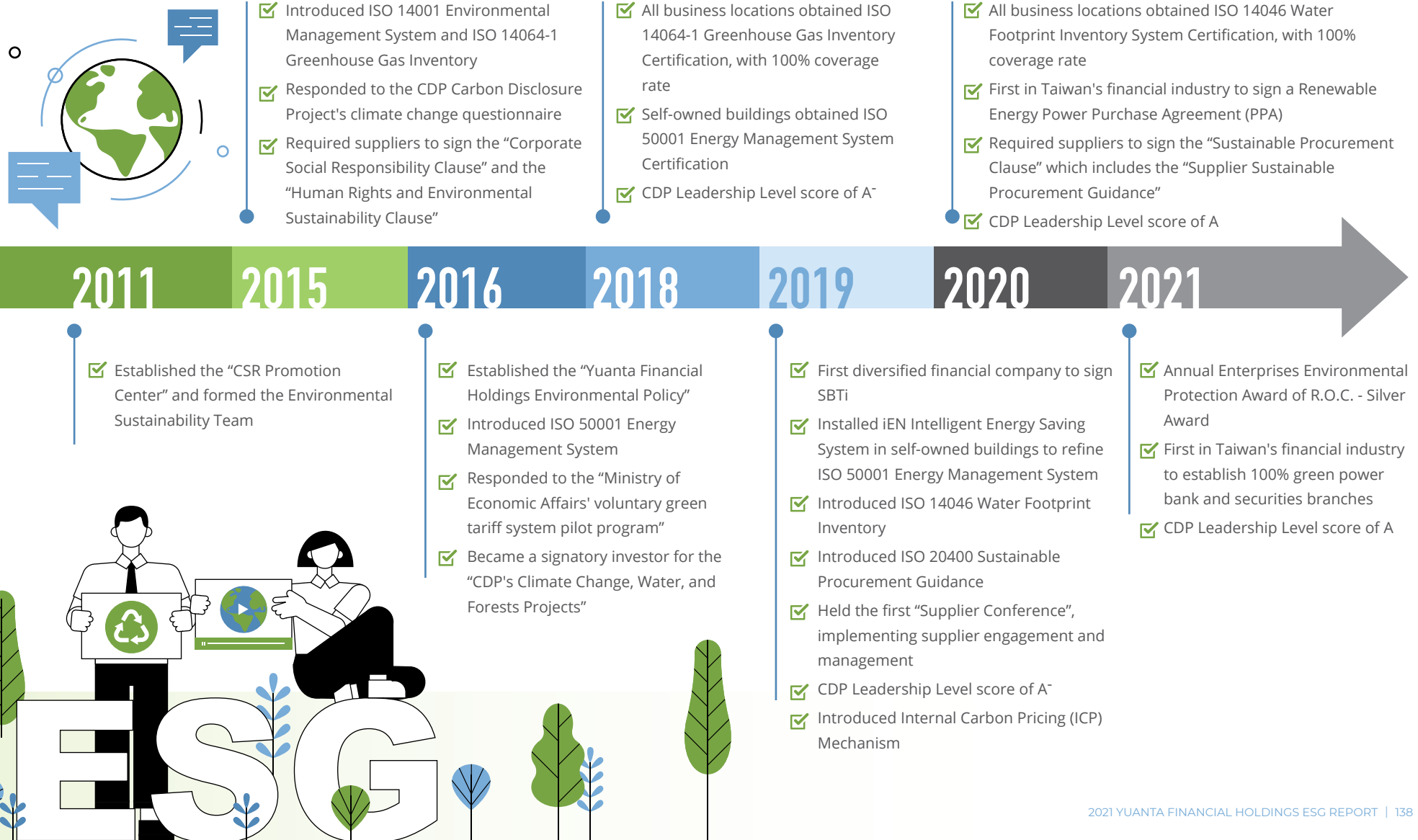
GREEN PIONEERS IN ENVIRONMENTAL CHANGE

6.1 Climate Action

6.2 Supplier Management



Environmental Management Development History



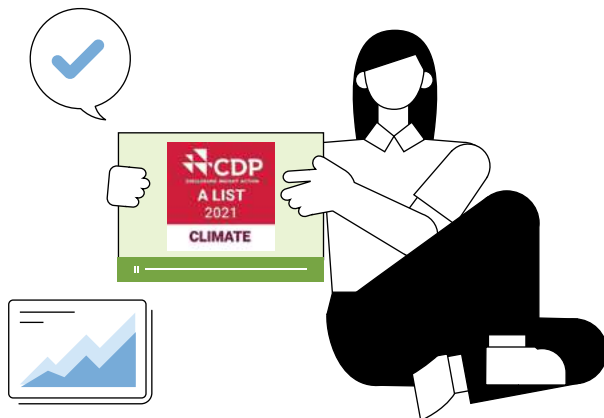
6.1 Climate Action

Climate Change and Energy Management

CDP Carbon Disclosure Project

In January 2016, we became an investor signatory of the “CDP Climate Change, Water and Forests Project”. We have responded to the questionnaire to assess the risks and opportunities brought by climate change and implemented various energy-saving and carbon-reducing actions and green financial services to reduce the impact of our operations on the environment. We also hope that we can lead other enterprises to join the global trend toward low carbon and be in line with international standards while implementing sustainable development.

In the 2021 CDP Climate Change Questionnaire, our Company achieved high scores in greenhouse gas emissions, emission reduction activities, risk disclosure, value chain engagement and climate risk assessment of investment and financing portfolios, and was ranked a "Leadership Level score of A", which is the highest CDP rating, for 2 consecutive years.

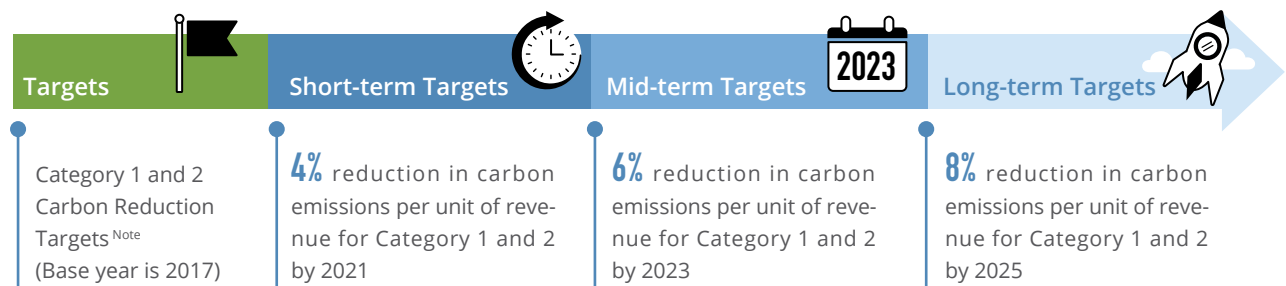


Internal Carbon Pricing (ICP) Mechanism Program

In response to the international trend of carbon reduction and the implementation of corporate carbon management, the Company introduced the ICP in 2020, making it the first financial institution in Taiwan to “internalize the external cost” of greenhouse gas emissions and set a clear price.

Internal carbon pricing is based on the principle of “total mass based control - high emitters pay”, which is equivalent to the pricing of greenhouse gas emissions by enterprises, enabling them to internalize the cost of emissions, and through this mechanism, to visualize the cost of carbon emissions and carbon reduction benefits generated by operations, and then identify and control the risks and opportunities associated with carbon emissions, and promote the resilience of transition risks. The Company is also taking active steps to improve energy efficiency and reduce emissions, effectively reducing the Group’s carbon emissions and moving toward low-carbon development.

The boundary for the Group’s internal carbon pricing mechanism is primarily based on Category 1 and Category 2 greenhouse gas emissions. The mechanism uses the Shadow Price model to assist the Group’s subsidiaries in evaluating the benefits of energy-saving and carbon-reduction projects, and is linked to the ISO 50001 energy management system by including the parameter of carbon price in the calculation of inputs and outputs of energy-saving action projects to achieve synergistic effects. In the future, we will continue to make rolling adjustments to our internal carbon pricing based on the overall scientific-based carbon reduction target (SBT) and international carbon price trends, and gradually link our operational strategies to expand the scope of application and steadily follow international sustainability trends.



Note: The carbon reduction target for Category 1 and 2 is set at 31% reduction by 2034 and 51% by 2050. We control the Group-wide carbon emission target through the SBT methodology, and will conduct a review every 5 years and refine our carbon reduction efforts.

In 2019, the Group signed the “Science-Based Carbon Reduction Target Initiative (SBTi)” and completed the inventory of Category 1 and 2, being the first diversified financial company in Taiwan to undertake this initiative. The Company has completed the carbon emission inventory and disclosure of its investment and financing assets in 2020 through scientific methods, following the PCAF methodology and TCFD disclosure recommendations, and has set carbon reduction targets according to the SBT methodology, which have been submitted to SBTi for target audit and declaration in the first quarter of 2022. In the future, we will continue to deepen our carbon footprint inventory and exert our financial influence to promote low-carbon transition of the whole industry and realize the goal of sustainable finance. The key points of the TCFD structure are summarized in the chapter on TCFD Climate-related Risks and Opportunities and the detailed disclosure and financial assets greenhouse gas inventory information are described in the TCFD report.

Group Greenhouse Gas Emissions

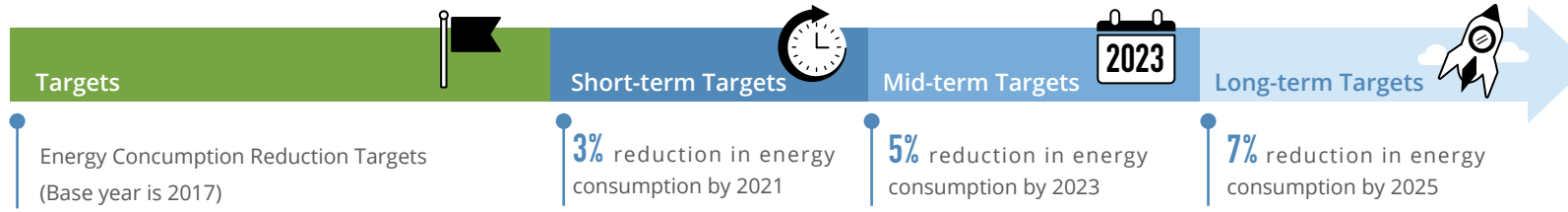
Greenhouse Gas Emissions (Metric tons CO ₂ e)	2017	2018	2019	2020	2021	2021 Targets	Target Status	2022 Targets
Category 1	1,545.00	975.18	1,361.94	1,492.17	1,660.71	1,432.31		1,627.50
Category 2 (Location-based)	24,196.00	24,792.44	20,150.58	22,388.12	20,593.33	22,449.12		22,260.32
Category 2 (Market-based)		24,525.94	19,896.08	22,128.53	20,407.59	23,054.38		
Category 1+2 (Location-based)	25,741.00	25,767.52	21,512.51	23,880.29	22,254.04	23,881.43	Achieved	24,129.78
Carbon Intensity (Metric tons CO ₂ e /NT\$1 billion revenue)	274.47	254.42	199.92	206.53	186.63	263.49	Achieved	260.75
Data Coverage Rate (%) ^{Note 6}	100	100	100	100	100			
Category 3+4		6,440.30 ^{Note 7}	5,667.59 ^{Note 8}	6,440.28	4,035.19			

Notes:

- Starting from 2019, the inventory is conducted for Category 1~4 based on ISO 14064-1. The operational control approach is used to set the organizational boundary. Since GHG inventory was completed for all locations in 2017, it serves as the base year for the Group.
- The GHG emissions are calculated using the emission factor method = activity data x emission factor x Global Warming Potential (GWP). GWP references to IPCC 2007 AR4 version.
- Category 1 and 2 greenhouse gas emissions include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.
- Category 1 emissions mainly come from gasoline and refrigerant. The emission factors are calculated using the “EPA GHG Emission Factor Management Table 6.0.4.”
- Category 2 emissions are from purchased electricity. The emission factor refers to the Electricity Emission Factor most recently announced by the Energy Bureau, Ministry of Economic Affairs, in 2021.
- Data coverage rate represents the ratio of locations included in the Category 1 and 2 data compared to total locations in the specified year.
- In 2018, the inventory is conducted based on the ISO 14064-1:2006 Standard. The sources of significant Scope 3 emissions include: transmission losses, purchased electricity from own assets, waste disposal, business travel, etc. Business travel emissions totaled 229.41 metric tons of CO₂e.
- The source of significant Category 3 emissions in 2019-2021 is from business travel (with a target of matching 2018 emissions) and sources of significant Category 4 emissions are from waste disposal and purchased electricity (upstream emissions). Business travel emissions in 2020 and 2021 dramatically dropped owing to the impact of COVID-19.



 Energy Consumption



Group Main Energy Use

Items		2017	2018	2019	2020	2021	2021 Targets	Target Status	2022 Targets
Non-Renewable Energy	Power Consumption (kWh)	45,238,610	44,353,757	37,805,960	43,984,518	41,022,562	43,881,452	Achieved	43,429,065
	Other Energy Consumption (GJ)	6,245	5,622	5,159	6,160	5,147			
	Total Energy Consumption (GJ)	169,020	165,214	141,285	164,533	152,828	163,949	Achieved	
	Energy Intensity (GJ / NT\$1 billion revenue)	1,802.20	1,631.26	1,312.96	1,422.94	1,281.68			
Renewable Energy	Power Consumption of Green Power Wheeling & Renewable Energy Certificates (kWh)	500,000	500,000	500,000	510,000	527,341	520,200	Achieved	530,000
	Total Renewable Energy Consumption (GJ)	1,800	1,800	1,800	1,836	1,896			
Data Coverage Rate (%)		100	100	100	100	100			

Notes:

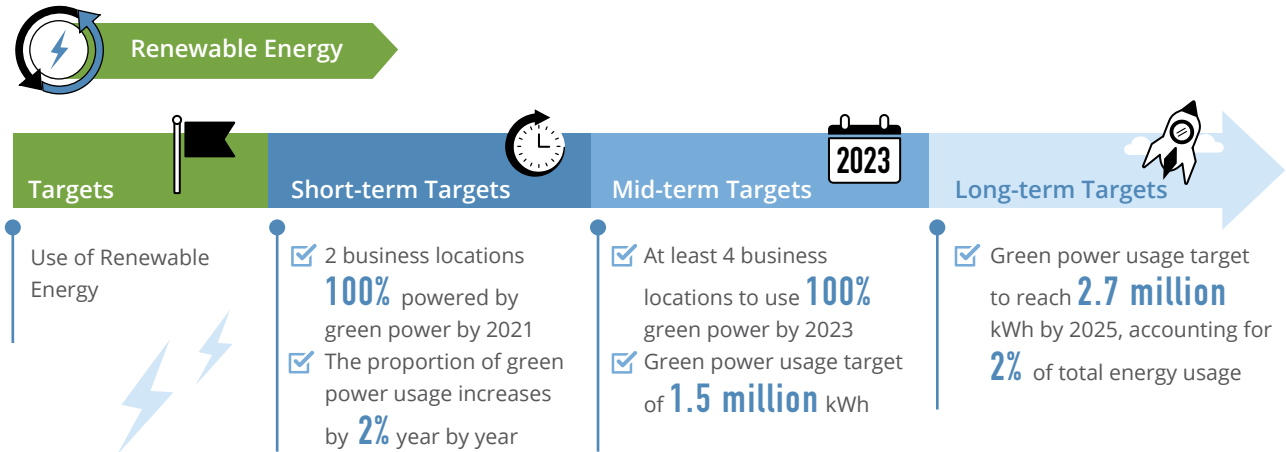
- The primary form of energy use is purchased electricity. The item of other energy includes gasoline and diesel.
- The conversions of heating value of energy are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and to the "2021 Energy Statistics Handbook - Table for Unit Heating Value of Energy Products" of Taiwan's Energy Bureau, Ministry of Economic Affairs. We calculated the data using 860 kcal/kWh for electricity, 7,800 kcal/L for gasoline, and 8,400 kcal/L for diesel, and converted units by 4.1868 kJ/kcal.
- Data coverage rate represents the ratio of locations included in the data compared to total locations in the specified year.



Energy Management System

The consumption of purchased electricity accounts for the largest part of the energy used in our services. Through a systematic management structure and process, we implement energy saving plans to achieve effective improvement of energy performance, decrease of energy costs, and reduction of environmental impact. In 2021, all 10 buildings owned by the Group (Financial Holding Building, Yuntai Plaza, Chengde Building, Baoqing Building, Taichung Building, Chongde Building, Yongkang Building, Fucheng Building, Kaohsiung Building, and Mingcheng Building) have obtained ISO 50001 Energy Management System certification. Since the implementation of ISO 50001 in 2016, the overall performance of energy management has improved by nearly 10%, which contributed to carbon reduction of cumulative 1,648.57 metric tons CO₂e.

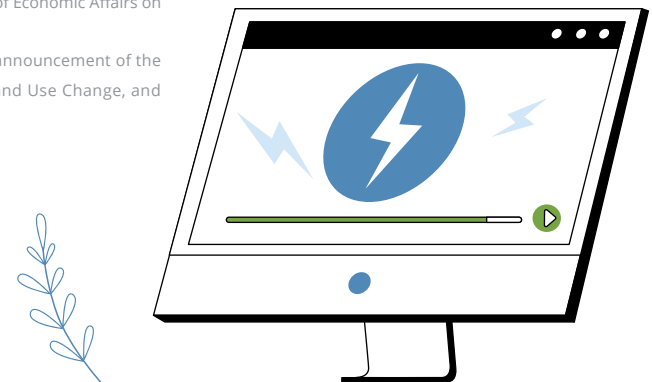
In addition, eight of the Group's own buildings implemented the "Chunghwa Telecom iEN Intelligent Energy Saving Service - Building Energy Saving System". With 211 sensor points deployed, we can monitor the electricity consumption of high energy-consuming equipment in the buildings in a real-time and continuous manner, effectively manage the operation and adjustment of the equipment, evaluate the operation efficiency of the equipment, and on the basis of those data, set long-term carbon reduction targets in a scientific manner.



The Group has actively responded to the changes in Taiwan's renewable energy regulations by subscribing for green power and purchasing renewable energy certificates (T-RECs) through its subsidiaries since 2016, with cumulative purchase of 2.88 million kWh. In addition, this year, four business locations used 100% green power through renewable energy power purchase agreements (PPAs), achieving the mid-term target ahead of schedule and power wheeling a total of 157,341 kWh. In summary, the cumulative use of renewable energy from 2016 to 2021 reaches 3,037,341 kWh, reducing greenhouse gas emissions of 1,583.70 metric tons of CO₂e ^{Note 1}, which is equivalent to the amount of carbon absorbed by 156 hectares of forest ^{Note 2}.

Notes:

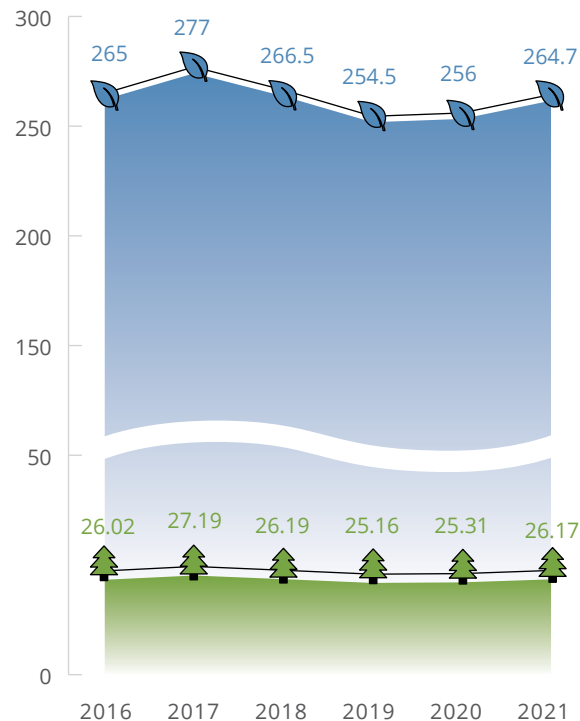
1. Calculated based on the latest announcement of the Bureau of Energy, Ministry of Economic Affairs on the electricity emission factors for each year.
2. The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2021 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.



Group Renewable Energy Procurement

Items	2016	2017	2018	2019	2020	2021	2021 Targets	Target Status	2022 Targets
Renewable Energy Certificates (RECs) (kWh)	500,000	500,000	500,000	500,000	510,000	370,000			
Green Power Wheeling (PPAs) (kWh)						157,341			
Total Renewable Energy Consumption (kWh)	500,000	500,000	500,000	500,000	510,000	527,341	520,000	Achieved	530,000
Electricity Emission Factor (kg CO ₂ e)	0.530	0.554	0.533	0.509	0.502	0.502			

Carbon Reduction (Metric tons CO₂e)
Equivalent Annual Amount of
Carbon Absorbed by Forests (hectares)



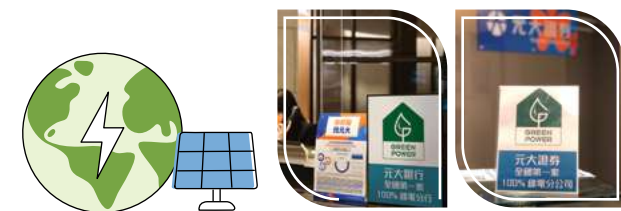
“Business Office Green Power Model” inaugurated the first year of green power in Taiwan’s financial industry

In response to the aggravation of extreme climate and the Paris Climate Agreement’s goal of “50% global carbon reduction by 2030 and net zero carbon emission by 2050,” the Group is highly concerned about the impact of climate change on the environment and is taking proactive measures to fight against warming together with the world. From the reduction of greenhouse gas emissions to the use of intelligent energy management systems, we are now further changing the type of energy used in our daily operations by directly using renewable energy, not only to move toward zero carbon emissions in our daily operations, but also to drive a new trend of using green power in Taiwan’s financial industry, leading the industry towards the goal of net zero carbon emissions.

The Group’s renewable energy use strategy has shifted from the advocacy stage of purchasing renewable energy certificates (T-RECs) in the past five years to the direct use of renewable energy. In cooperation with Mr. Watt, a green electricity seller, the Group completed the signing of the “Renewable Energy Power Purchase Agreement (PPA)” in 2020 and officially switched to renewable energy power supply in the third quarter of 2021, becoming the first financial institution in Taiwan to use 100% green electricity in its bank branches and securities branches, ushering in the first year of green power in Taiwan’s financial industry.

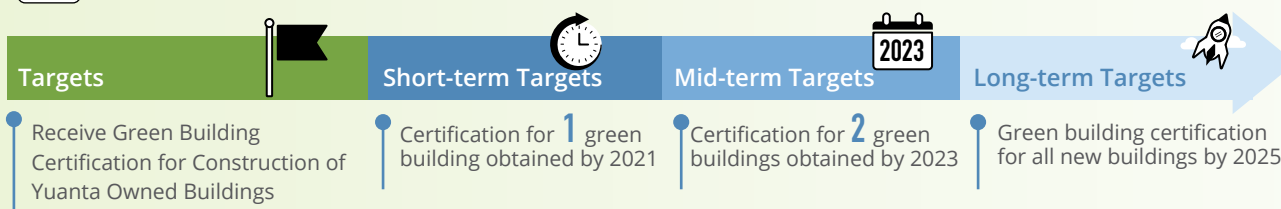
In addition, the green power procured is all generated from rooftop solar power system, rather than ground-based solar power so as to avoid disputes over the use of agricultural land and ecological impacts. The first phase of the green power procurement plan includes four locations: Yuanta Securities Ximen Branch and Taichung Branch and Yuanta Bank Main Branch and Taichung Branch, with power being supplied starting from the third quarter of 2021. The second phase is expected to include Yuanta Futures Taichung Branch in the first quarter of 2022 and will continue to expand to other subsidiaries of the Group.

As a green pioneer in Taiwan’s financial industry, the Group is actively planning to procure 550,000 kWh of green power annually, setting a new chapter in the procurement of renewable energy in the “business office green power model” for financial sector in Taiwan and continues to move toward its goal of 10% green power by 2023, establishing a new model for green energy use in the financial industry.





Green Buildings



In accordance with Yuanta Financial Holding's "Energy and Climate Change Management Policy", the Company continued to improve energy use and reduce greenhouse gas emissions, and plans to obtain green building labels above silver grade for Yuanta's own new buildings in the future, so that we can achieve low-carbon and sustainable goals for energy consumption in our operations. Currently, Yuantai Plaza has obtained a Green Building Silver Label from the Ministry of the Interior.

Energy Saving Actions and Results

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

Major Energy Saving Actions

Energy Saving Actions	Reduction of Power Consumption (kWh)	Reduction of Energy Consumption (MJ)	Carbon Reduction Performance (Metric tons CO ₂ e)	Project Input Cost (NT\$ thousand)
Installation of LED energy-saving lighting	311,619	1,121,828	156	3,201
Auto-off timer setting of water dispensers	74,001	266,403	37	
Replacement of old air conditioning equipment	75,349	271,256	38	1,331
Total	460,969	1,659,487	231	4,532

Notes:

- 1.The reduction in electricity consumption is calculated by converting the project's electricity savings over 12 months of 2021.
- 2.The carbon reduction performance is calculated based on the 2020 Electricity Emission Factor = 0.502 (kg CO₂e/kWh) as most recently announced by the Energy Bureau, Ministry of Economic Affairs.
- 3.The GHG reductions of the major energy saving actions take place in the scope of Category 2.

Paperless Carbon Reduction Actions

The Group promote various paper reduction measures. We streamline operational procedures to enhance operational efficiency, and at the same time, promote online meetings and education and training, which not only reduces the use of paper for meetings, but also reduces carbon emissions from transportation to meetings. Combining the quantifiable paperless actions, the total paper reduction for this year was about 1,384,593 sheets, equivalent to the carbon reduction of 29.4 metric tons CO₂e.

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

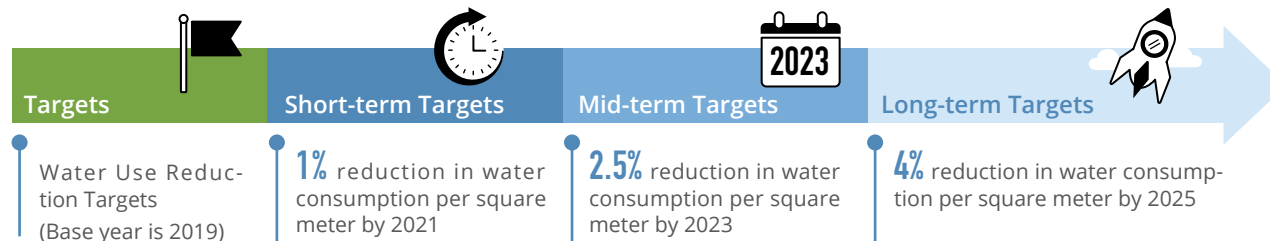
Quantification of Paperless Measures	Number of Sheets of Paper Saved	Equivalent Carbon Reduction (kg CO ₂ e)	Equivalent Annual Amount of Carbon Absorbed by Forests (hectares)
Electronic internal documents	175,120	3,713	0.367
Electronic payroll for employees	150,000	3,180	0.314
Switching to tablet computers for major meetings	220,000	4,664	0.461
Yuanta e-Academy	839,473	17,797	1.759
Total	1,384,593	29,353	2.902

Notes:

- 1.The carbon emissions of paper are calculated using the Carbon Footprint Information Platform of the Environmental Protection Administration, Executive Yuan - 4.24 kg CO₂e/kg paper for virgin wood pulp photocopying paper and estimated 5 g/sheet of A4 paper.
- 2.The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2021 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.
- 3.The GHG reductions of the paperless actions take place in the scope of Category 4. [2021 YUANTA FINANCIAL HOLDINGS ESG REPORT | 144](#)



Water Management



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

This year, we continued to introduce the ISO 14046 Water Footprint Certification to cover a total of 317 business locations of the Company and its subsidiaries, with a coverage rate of 100% to understand the environmental impact of water consumption caused by the operation process, and to implement data management and target setting as a comprehensive evaluation indicator for internal measurement of water resources use.

Group Water Use Information

Items	2018	2019	2020	2021	2021 Targets	Target Status	2022 Targets
Water Consumption (million liters)	212.40	188.35	194.44	172.67	184.15	Achieved	184.83
Water Intensity (liters/m ²)	753.46	647.70	680.91	637.20	641.22	Achieved	643.75
Data Coverage Rate (%)	100	100	100	100			

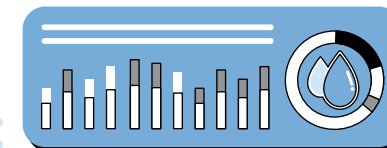
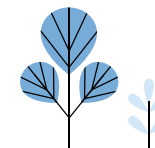
Notes:

1. Yuanta Life's water consumption for 2018 was estimated based on water and service charges calculated backwards from the Taiwan Water Corporation water bill and service fee, and the maximum unit price was set at a conservative NT\$11.50 per unit.
2. From 2018 to 2019, the actual boundary of the water consumption inventory was Yuanta Financial Holdings Building. From 2020, the inventory is expanded to all business locations.

Water Conservation Actions

In 2021, Taiwan experienced a severe drought and faced a predicament of uneven rainfall periods and scarce water resources due to extreme weather. The Group has set up the rainwater recycling system on the top floor of the Financial Holdings Building and Yuntai Plaza, which can store rainwater during rainfall and use the collected rainwater for watering the plants used in greening of buildings and for sanitary facility, reducing the use of public water resources. In the future, we also plan to equip all newly-constructed Yuanta buildings with rainwater recycling system to help realize the environmental protection through water resource recycling. In 2021, the volume of rainwater recycled was 2,330 cubic meters.

Using water-saving devices and reducing water consumption are also important elements of water conservation actions. Therefore, the Company and its subsidiaries plan to gradually install water-saving faucets, dual-flush water-saving toilets, and other water-saving devices and to use devices with water-saving labels when new buildings and business locations are built, relocated, or renovated. At the same time, we will adjust the amount of water discharged from the faucets and regularly promote the concept of water conservation internally to effectively reduce water consumption and improve on water waste. In 2021, water-saving devices have been installed on 49.75% of the equipment which uses water.



Waste Management



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

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

Group Waste Information

Unit: Metric tons

Items		2018	2019	2020	2021	2021 Targets	Target Status	2022 Targets
General Waste	Incineration							
	without Energy Recovery	0	0	0	0			
	with Energy Recovery	2,931.56	435.66	452.32	407.45			
	Landfilling	0	0	0	0			
	Other	0	0	0	0			
Subtotal		2,931.56	435.66	452.32	407.45	425.91	Achieved	422.59
Recyclable Waste		104.59	3,294.34	239.51	253.73			
Total Volume		3,036.15	3,730.01	691.83	661.18	3,315.08		3,282.40
Waste per Person (kg/person)		276.37	341.83	63.22	59.88	338.41		334.99
Data Coverage Rate (%)		100	100	100	100			

Notes:

- 1.The amount of waste in 2018 was estimated based on the average daily amount of general waste generated per person according to the Environmental Protection Administration. Starting from 2019, the actual weight of waste is calculated by each subsidiary.
- 2.The significant increase in recycled waste is due to the execution of regular water destruction of documents in 2019.

Waste Reduction Actions

The Company and its subsidiaries are committed to sustainable environmental development and have been actively responding to Taipei City's policy of banning disposable and melamine tableware in order to reduce waste generation, and have been commended by the Taipei City Government since 2018. We have promoted specific waste reduction measures among our staff and implemented them in our offices, including: not providing water in plastic cups or bottle water during meetings, and not using disposable and melamine tableware if meals are served. We have installed water dispensers and encourage employees to bring their own reusable cups. We have purchased equipment such as boxed lunch steamers and microwave ovens to encourage employees to bring their own meals and tableware. We have set up separate garbage bins for recycling, weigh the volume of garbage, and monitor garbage and waste reduction targets on each floor.



Environmental Sustainability Activities and Initiatives

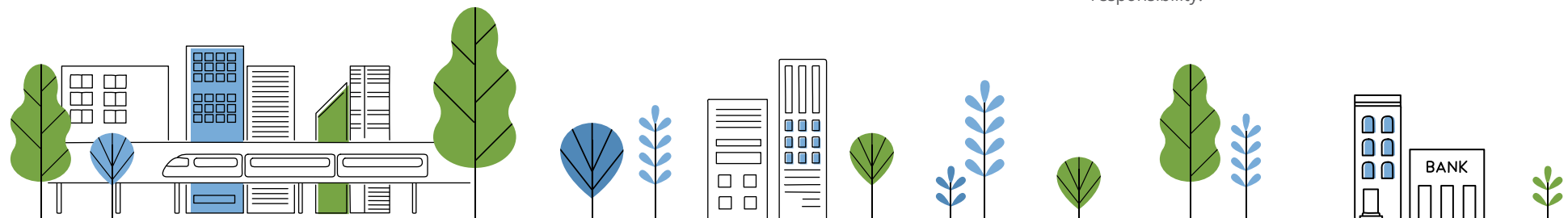
Turning Off Lights for Earth Hour

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



RE10x10 (Green Peace)

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



| Green Office

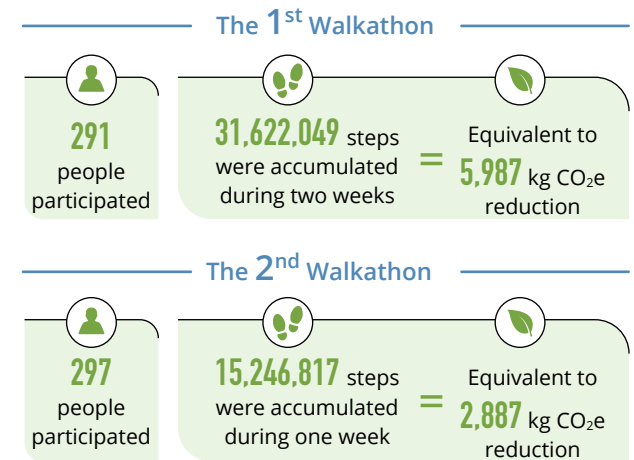
In response to the government's promotion of energy saving and carbon reduction in the office and green living, the Company has joined in the "Green Office" project launched by the Environmental Protection Administration in July 2021, and compiled a list of 100 environmental protection measures, which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

| Tamsui River Convention

The Company is committed to promoting environmental sustainability and its subsidiaries are also enthusiastic about participating in various environmental activities. In 2021, Yuanta Futures continued to support the "Tamsui River Convention" and called on employees to bring their families and participate in the Tamsui River Cleanup, and invited suppliers to join the event. A total of 66 volunteers enthusiastically participated in the event to do their part for the ecological environment of Taiwan. The event collected over 2,100 kg of beach trash, including about 500 PET bottles, removing garbage that is harmful to the ecology of the Tamsui River, allowing Yuanta to do something for the Tamsui River.

| Yuanta Earth Conservation Walkathon

The Company held online walkathon to encourage employees to walk instead of taking vehicles or elevators. A cloud-based pedometer system was used to record each person's steps. This is conducive to the development of exercise habits and personal health, as well as achieving the environmental benefits of energy saving and carbon reduction. The Walkathon were held two times in 2021. 588 people participated in the events with a total of 46,868,866 accumulated steps, which is equivalent to the carbon reduction of 8,874 kg CO₂e ^{Note}.








Note: Carbon reduction by walking is calculated as 80 cm per pace and as 1.42 kg CO₂e per 6 km as released by the National Health Administration, Ministry of Health and Welfare.



6.2 Supplier Management

Supplier Management Strategies



-  Supplier screening
-  Signing Supplier Integrity Commitment Statement
-  Signing Supplier Sustainable Procurement Clause
-  Supplier education and training
-  Supplier evaluation / Communication and improvement for suppliers with high risks

Supplier Risk Control Procedures

1 Sustainability Specifications

-  1 Supplier Integrity Commitment Statement
-  2 Supplier Sustainable Procurement Guidance
-  3 Guidelines of Supplier Management

2 Risk Assessment

-  1 Supplier sustainability risk analysis
-  2 Supplier evaluation

3 Communication and Improvement

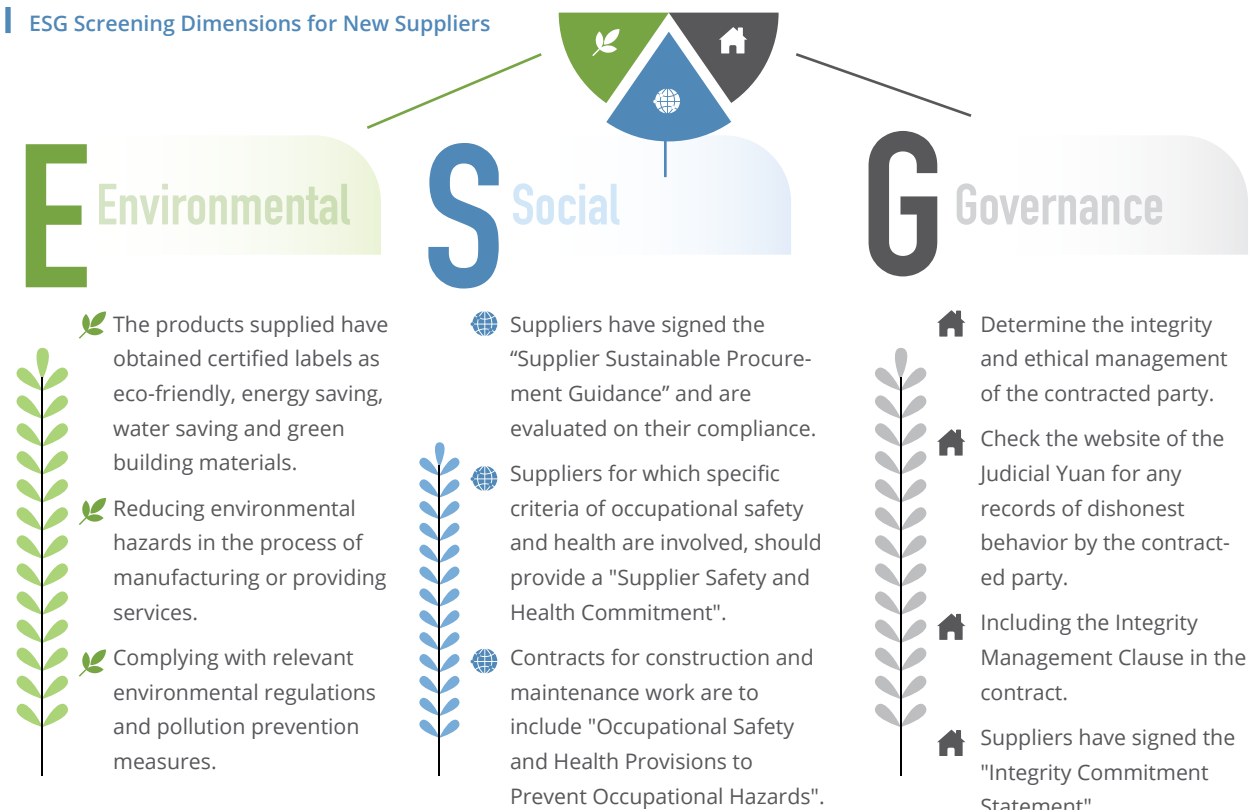
-  1 Tracking counseling and improvement for sustainability risk analysis results
-  2 Supplier Conferences (including education and training)

Supplier Screening

The Company not only focuses on the growth of the Group's business, but also attaches importance to the control of procurement risks and the implementation of responsible procurement, and pursues sustainable development together with suppliers by promoting sustainable supply chain management.

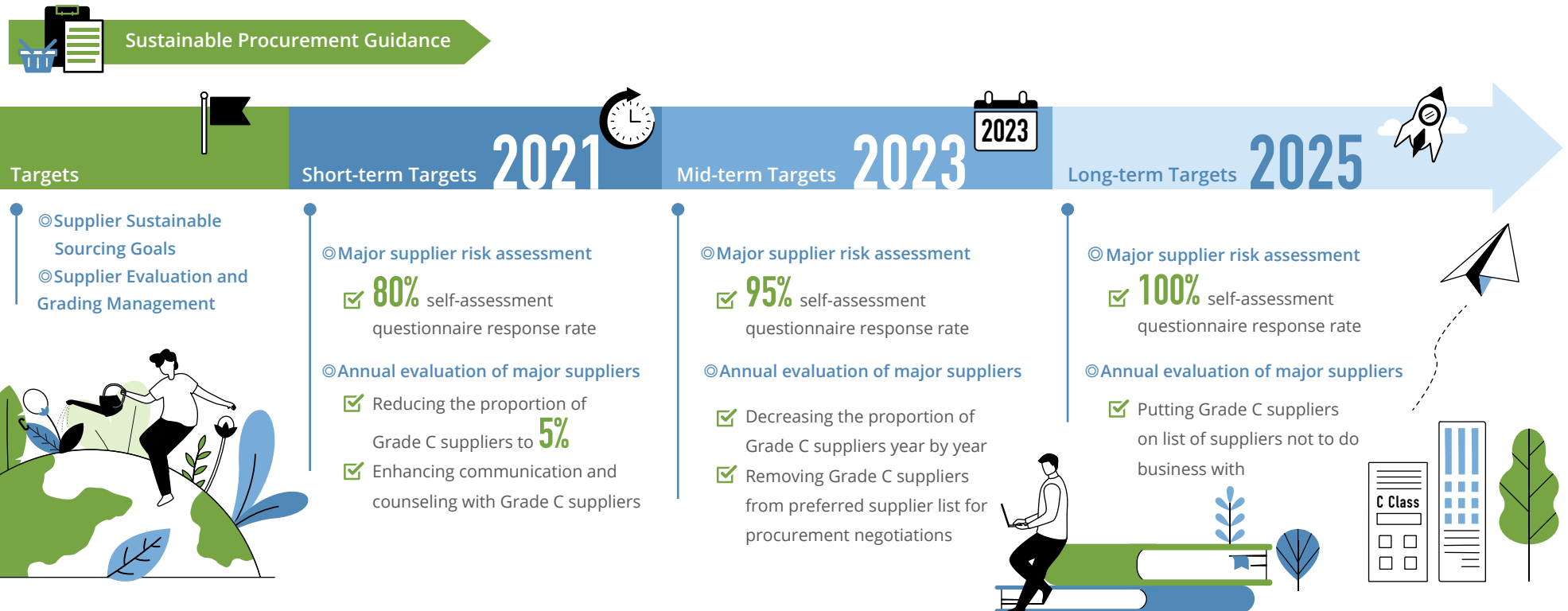
We continue to screen and evaluate new and existing suppliers according to the "Key Points for Procurement and Disposal of Goods (Labor Services)" and ESG three dimensions that was established internally. In addition, we consider the conditions of bribery-related Judicial Yuan record, the size, professionalism and experience of the suppliers, and acquisition of international standards, etc., and also conducts terrorism financing checks on major suppliers of procurement amount of NT\$25 million or more, and only those who pass the checks become qualified suppliers of the Company. In 2021, 100% of new suppliers with contractual relationships met our sustainability standards.

ESG Screening Dimensions for New Suppliers



Supplier Integrity Standards

Suppliers who sign contracts with us, in accordance with the Company's "Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines"), are required to comply with the terms and conditions of the "Integrity Management Guidelines" and "Conduct Guidelines". In addition, to facilitate the evaluation of procurement contracts with suppliers, the Company has established the "Checklist for the Procurement Contract Signing Process", to which the "Integrity Commitment Statement" is attached and serves as documentary proof of the checklist.



In order to establish a better "sustainable procurement process", the Group's subsidiaries continued to introduce the ISO 20400 Sustainable Procurement Guidance in 2021 and obtained the certification. Through systematic management of the sustainable procurement process, we have implemented the concept of sustainability in the procurement process of all subsidiaries.

In terms of management system, the Group has required major suppliers (including newly contracted suppliers) of each subsidiary to sign the "Supplier Sustainable Procurement Clause" which includes the "Supplier Sustainable Procurement Guidance" listed in the procurement contract. The completion rate of the signatures in 2021 is 100%. The Clause specifies that suppliers are to fulfill and comply with various laws and regulations of labor conditions, occupational safety and health, environmental protection, and labor human rights, etc. The contract also contains a clause which stipulates the contract may be terminated if suppliers violate the relevant laws and regulations.

Supplier Sustainability Risk Analysis

Supplier Annual Self-assessment

In 2021, the Company optimized the supplier self-assessment mechanism and set the self-assessment target standard for suppliers with annual transaction amounts of NT\$1 million or more and updated the self-assessment questionnaire to classify the assessment into six categories: human rights, labor practices, consumers, ethical management, environment, and health and safety. Using information collected through the self-assessment questionnaires, we analyze the current risk level of suppliers, including the presence of major deficiencies or violations, and classify them into three levels: high, medium, and low risks, so that we can effectively monitor the deficiencies of suppliers with respect to specific indicators.

This year, the self-assessment questionnaire response rate was 81.16%. The types of risk violated by suppliers were mainly human rights and labor practices, including suppliers' lack of awareness of relevant sustainability issues and labor-related violations. This year, we provided "Observations and Suggestions for Suppliers' Sustainability Actions" for medium and high-risk suppliers, explaining the implications of high-risk issues, relevant international trends and regulations, and suggestions for improvement. In addition, the tracking and confirmation of high-risk suppliers are as follows:

- (1) All high-risk suppliers were described individually and their risk and violation improvement actions and results were tracked. 100% of their risk mitigation and remedial measures were tracked and confirmed.
- (2) We selected three high-risk suppliers for on-site audits and provided analysis and feedback on each of their various risk issues in order to reduce the Company's risk level in procurement.

Total Number of Self-assessed Suppliers

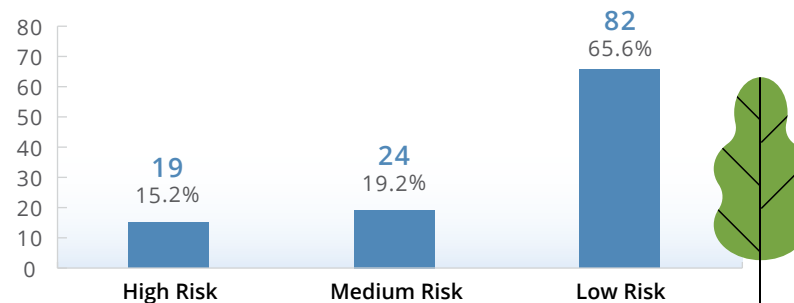
154

Total Number of Returned Questionnaires

125



Assessment Results



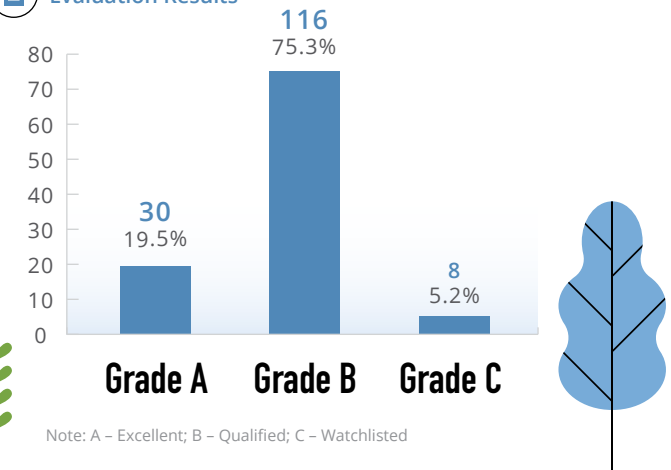
Supplier Evaluation

In accordance with the "Guidelines of Supplier Management", the Procurement Department conducts evaluation once a year, and evaluates major suppliers whose annual transaction amounts reached NT\$1 million or more. "Sustainable Development" is one of the assessment items. It is based on the seven core themes of ISO 20400 Sustainable Procurement Guidance and other relevant international standards. Based on the assessment results, major suppliers are classified into A, B and C three grade levels^{Note}. We will give public recognition to Grade A suppliers at our supplier conferences, and enhance our communication with Grade C suppliers.

Total Number of Evaluated Suppliers

154

Evaluation Results



Sustainable Supply Chain Engagement

Supplier Conferences

We are committed to promoting sustainable corporate development. In addition to our own efforts, we also ask our supplier partners to pursue sustainable development. In 2021, despite the impact of the COVID-19 epidemic, we held two supplier conferences to continue to deepen communication with suppliers. A total of 40 major suppliers participated.

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

The theme of the 2021 Supplier Conference was "Suppliers Doing Good Together". For the first time, we invited the "Family Support Foundation" to present certificates of appreciation to our suppliers who participated in social welfare activities together with us. Through this commendation event, we encouraged more suppliers to involve in social participation. Companies with excellent ESG practices were also invited to share their ESG achievements on stage and were presented with certificates of appreciation, setting an exemplary model for other suppliers to follow.

Supplier Education and Training

Starting in 2019, each supplier conference also provided educational training on diverse topics to strengthen suppliers' cognition and practices on sustainability issues. The theme of our educational training in 2021 is "Discussions on Trends and Practices for Sustainable Procurement and Human Rights," which focuses on the current human rights regulations and trends in international and Taiwan, the results of the previous year's human rights evaluation, and common human rights risks and improvement measures. In addition, through the post-meeting questionnaires, we were able to further understand whether suppliers had fully absorbed the training contents and use the feedback as a reference for the future direction of the education and training topics.



Green Procurement

The Group has established "green procurement terms and conditions" in the procurement regulations, giving priority to products with the labels of eco-friendly, energy saving, Energy Star, water conservation, green building materials, FSC sustainable forestry, and carbon reduction. Through green procurement and supplier management, we support companies that provide low-carbon and sustainable goods or services, and exert a green influence by promoting green procurement to drive a green production chain, lessen environmental impact, and reduce procurement risks.

In 2021, the Group cooperated with 635 suppliers in eight categories: information (software and hardware), building construction and renovation, office equipment, consulting (labor), stationery and printing, media and advertising, gifts, and miscellaneous. The bulk of the money spent for procurement are for products in the information category. In addition, we give priority to local suppliers in our purchases, so our purchases are mainly with local suppliers in Taiwan. The proportion of local suppliers is 97.6% in 2021.

Promoting Sustainable Procurement Internally

In 2021, three quarterly procurement meetings were held to share the key points of improvement for procurement-related audits of each subsidiary, promote the integration of ESG and supplier management practices, and promote sustainable procurement-related issues. In addition, for sustainable procurement policies and procedures, in the quarterly meetings, we invited the Legal Compliance Department to provide specific explanations on the newly established "Procedures for Targeted Inquiry" to strengthen the knowledge and practice of sustainable procurement for our procurement staff. In addition, we held six "Purchasing Seminars" for the Procurement Department this year, which not only enhanced the ability for joint negotiation, but also strengthened the awareness of green purchasing and promoted related auditing and improvement issues to implement the Group's green purchasing spirit.

Green Procurement Performance

The amount of green procurement in 2021 is NT\$68,446,000, accounting for 1.8% of the total procurement amount. The procurement volume was slightly lower than the previous year due to the COVID-19 epidemic. In addition, the Company continued to participate in the "Green Procurement Program for Private Enterprises and Organizations" promoted by the Taipei City Government, and actively responded to green procurement activities. The Company has awarded by the Taipei City Government in recognition of its "outstanding performance in green procurement" for 11 consecutive years (2011-2021) and has awarded by the Environmental Protection Administration of the Executive Yuan in recognition of its outstanding performance in implementing green procurement for 10 consecutive years (2012-2021).

Group Green Procurement Amount

2019	2020	2021
125,560	83,849	68,446

Unit: NT\$ thousand



CHAPTER 7

OUR COMMITMENT TO SOCIAL PARTICIPATION

7.1 Public Welfare Goals and Strategies

7.2 Sustainable Development Goals Corresponding Activities

7.3 Key Performance of Public Welfare Projects

7.4 Investment and Use of Funds for Public Welfare

7.5 Public Service Highlights



7.1 Public Welfare Goals and Strategies

Social development and financial services are a co-existent and co-prosperous system. Financial services support the needs of the economy and society, and also depend on the sound development of society. Without a stable society, corporate development will also face challenges. Thus, how to improve social culture, health, education, life and other public welfare is an area that we have focused on for a long time. In addition to engaging in social participation and environmental protection and other related activities, the Group also provides in-depth services to the communities surrounding its operating bases, and in combination with the core corporate strategy, contributes to the development of the financial market and talent cultivation, and implements the Group's commitment to social welfare responsibilities.



CARE FOR SOCIETY

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

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

LONG-TERM GOALS

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



HELPING TO EDUCATE

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

The Group believes in the concept of “giving back to society as we gained from society” and actively participates in cultural, educational, and philanthropic activities. We assist outstanding young people from disadvantaged families to continue their education without worry, protect students' right to an education, and ensure they can receive equitable, quality instruction: to promote knowledge and skills for sustainable development; to provide internship and employment opportunities to help youth become self-reliant, and to build a sound social and financial ecosystem.

LONG-TERM GOALS

- 1 Continue to help the underprivileged pursue education, employment, and turn their lives around to enhance our corporate image.
- 2 Invest resources in the areas they are needed most, such as disadvantaged school districts and community education.
- 3 Provide higher education research grants to encourage and support the development of related industries and the nurturing of professional talent.



POSITIVELY IMPACT SOCIETY

We use our sales office as a relay station for community exchange, to interact with the community, to build a safety net for support, and utilize the power of volunteers to pay attention to social and environmental issues and work with strategic partners first.

















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

LONG-TERM GOALS

- 1 Through our subsidiaries' sales offices and local volunteers, we are able to serve our customers by reaching out to their neighbors, deepening the interaction between stakeholders and helping to resolve issues of concern.
- 2 We continue to support early childhood and senior care and medical services, build community-based care networks, and promote a culture of social support and health.
- 3 We are committed to promoting the well-being of the community through local social organizations and groups and serving as a relay point for community exchange.
- 4 To protect the environment, we will use our influence to organize public service activities and utilize the power of our volunteers to address environmental issues and create positive links between society, the economy, and environmental protection.

7.2 Sustainable Development Goals Corresponding Activities

The Group has long been committed to social welfare. In order to make good arrangements and plans for the social welfare activities we invest in, we set key performance indicators each year for the effectiveness of the Group's annual social participation, hoping that the investment of resources will make a real difference and give full play to Yuanta's unique social impact.

Philanthropic Strategy /Primary Goals (SDGs)	Associated Projects	Secondary Goals (SDGs)
 NO POVERTY	<ul style="list-style-type: none"> COVID-19 Donation of medical and epidemic prevention materials Yuanta Bank "Give Love, Give Warmth" Donation Platform Yuanta Happiness Day Yuanta Charity Shoebox Financial Management Events Long-Term Cooperation and Support for Organizations That Work for Social Good: Taiwan Fund for Children and Families, Taitung Kids' Bookhouse, Harmony Home Taiwan Microinsurance Donations 	  
 QUALITY EDUCATION	<ul style="list-style-type: none"> Yuanta-FJU Dreams Take Flight Project Yuanta Scholarship for Outstanding Underprivileged Talent Yuanta Foundation Physician-Scientist Merit Award 	  
 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Yuanta Dream Big Project Yuanta Blood Donation Campaign Taiwan Fund for Children and Families' Good Neighbor Child Protection Program Community Adoption (historical monument, trees) Finance Creative Space Promoting Rehabilitative Care Working with Community Health and Hospice Organizations to Carefor Seniors Beach and Hiking Trail Cleanups Environmental Advocacy Activities 	      

7.3 Key Performance of Public Welfare Projects

Highlighted Performance

Total investment **NT\$229.9 MILLION**^{Note}

We have long been on the front lines of public service, caring for important social issues and working with stakeholders to provide practical assistance.

Total number of beneficiaries **6,080,980**

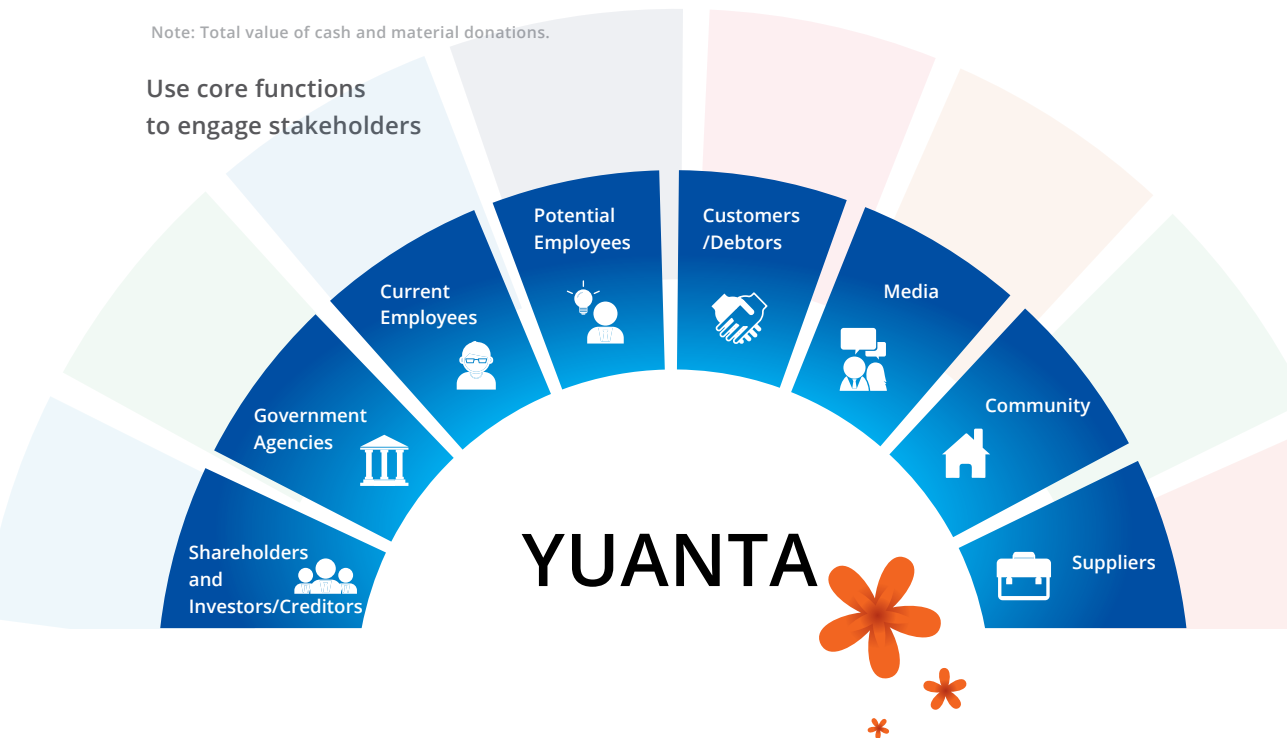
Group sales offices are used as community communication relay stations, combining the power of volunteers to build a dense safety support net.

Scholarship amount **NT\$37.78 MILLION**

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

Note: Total value of cash and material donations.

Use core functions to engage stakeholders



1 NO POVERTY



CARE FOR SOCIETY

ACTION PLANS

- COVID-19 Donation of medical and epidemic prevention materials
- Yuanta Bank “Give Love, Give Warmth” Donation Platform
- Yuanta Happiness Day
- Yuanta Charity Shoebox
- Financial Management Events for disadvantaged groups
- Long-Term Cooperation and Support for Organizations That Work for Social Good: Taiwan Fund for Children and Families’ Self-Help for Children Program, Taitung Kids’ Bookhouse, Harmony Home Taiwan
- Microinsurance Donations



2021 GOALS

- ⊙ Increase brand recognition and corporate image exposure by more than 80,000 times.
- ⊙ The “Give Love Give Warmth” platform saw a 3% increase in donations over the previous year. In addition, the platform is integrated with our operations, using Yuanta Bank credit cards and Yuanta Internet Banking to make donations.
- ⊙ Donation of micro-insurance for disadvantaged groups totaled NT\$800,000.
- ⊙ We care about disadvantaged groups affected by major disasters and provide support through practical actions.
- ⊙ Working with key partners, we continue to focus on children in remote areas and disadvantaged groups.
- ⊙ The number of caring and cooperative organizations was 80.
- ⊙ At least 5 financial management events will be held.

2021 RESULTS

Operational Benefits

- ✓ Attracted over 141,000 instances of brand exposure.
- ✓ Use Yuanta Credit Card to donate 1,163 donations, NT\$2.035 million, on the donation platform, accounting for 93.6% of donations.
- ✓ Using Yuanta’s online banking to transfer 62 donations of NT\$138,000, accounting for 6.4% of donations.
- ✓ Donated more than 1.73 million to underprivileged groups to get micro insurance coverage with Yuanta Life.
- ✓ As of this year, the number of transactions that have used Yuanta mobile payment tools exceeded 600,000 with transaction amounts exceeding NT\$550 million.

Social/Environmental Benefits

- ✓ Donated NT\$108.46 million.
- ✓ The value of the material donation is approximately NT\$60.87 million.
- ✓ Beneficiaries totaled 5.47 million people.
- ✓ Beneficiaries totaled 114 organizations.
- ✓ A total of NT\$2.17 million was donated using the philanthropic donation platform.
- ✓ Financial education for disadvantaged groups: Yuanta Financial Management Day with totaling 3 activities, benefited 57 students; 3 Sapling Programs, benefiting 102 people; 1 Yuanta-FJU Dreams Take Flight Project, benefiting 38 people; Yuanta Scholarship for Outstanding Underprivileged Talent 1 session, benefiting 33 people, a total of 8 sessions in the year, benefiting a total of 230 people.

2022 GOALS

- ⊙ Increase the use of financial operation services in combination with public welfare projects.
- ⊙ Increase brand recognition and corporate image exposure by more than 100,000 times.
- ⊙ The “Give Love, Give Warmth” platform partner groups increases 1 group annually. In addition, the platform is integrated with our operations, using Yuanta Bank credit cards and Yuanta Internet Banking to make donations.
- ⊙ Donation of micro-insurance for disadvantaged groups totaled NT\$1 million.
- ⊙ We care about disadvantaged groups affected by major disasters and provide support through practical actions.
- ⊙ Working with key partners, we continue to focus on children in remote areas and disadvantaged groups.
- ⊙ The number of caring partner organizations achieves 100.
- ⊙ At least 10 financial management events will be held.

2025 GOALS

- ⊙ Increase the use of financial operation services in combination with public welfare projects.
- ⊙ Increase brand recognition and corporate image exposure by more than 300,000 times.
- ⊙ The “Give Love, Give Warmth” platform partner groups increased to 30 groups. In addition, the platform is integrated with our operations, using Yuanta Bank credit cards and Yuanta Internet Banking to make donations.
- ⊙ Donation of micro-insurance for disadvantaged groups totaled NT\$1.6 million.
- ⊙ We care about disadvantaged groups affected by major disasters and provide support through practical actions.
- ⊙ Working with key partners, we continue to focus on children in remote areas and disadvantaged groups.
- ⊙ The number of caring partner organizations achieves 120.
- ⊙ At least 17 financial management events will be held.

4 QUALITY EDUCATION



HELPING TO EDUCATE

ACTION PLANS

- Yuanta-FJU Dreams Take Flight Project
- Yuanta Scholarship for Outstanding Underprivileged Talent
- Yuanta Cultural and Educational Foundation Physician-Scientist Merit Award.
- Group and College Internship Program

2021 GOALS

- ⦿ Increase brand recognition and corporate image exposure by more than 20,000 times.
- ⦿ Work with key partners to continue to help motivated students complete their education.
- ⦿ Provide internship opportunities, increase employment opportunities, and create economic benefits.
- ⦿ Provide ongoing scholarships to build equal access to education.
- ⦿ Continue to nurture disadvantaged students and reduce the gap in education.

2021 RESULTS

Operational Benefits

- ✔ Attracted over 22,000 instances of brand exposure.
- ✔ Students have chosen to work for the Group through participation in various sponsorship and cultivation activities of the Yuanta Cultural and Educational Foundation, and 17 employees have been recruited as of 2021.
- ✔ The Group has recruited a total of 97 employees (7 new recruits this year) through 2021 for its internship program with universities and colleges.

Social/Environmental Benefits

- ✔ The total amount of scholarships provided was NT\$37.78 million and the total amount of scholarships provided as the end of 2021 was NT\$127.05 million.
- ✔ A total of 1,708 underprivileged students received support and 17,412 underprivileged students received support as the end of 2021.
- ✔ 97 additional job opportunities as the end of 2021.

2022 GOALS/2025 GOALS

- ⦿ Increase brand recognition and corporate image exposure by more than 30,000 times.
- ⦿ Work with key partners to continue to help motivated students complete their education.
- ⦿ Provide internship opportunities, increase employment opportunities, and create economic benefits.
- ⦿ Provide ongoing scholarships to build equal access to education.
- ⦿ Continue to nurture disadvantaged students and reduce the gap in education.



11 SUSTAINABLE CITIES AND COMMUNITIES



POSITIVELY IMPACT SOCIETY

ACTION PLANS

- Yuanta Dream Big Project
- Yuanta Blood Donation Campaign
- Taiwan Fund for Children and Families' Good Neighbor Child Protection Program
- Community Adoption (historical monument, trees)
- Promoting Rehabilitative Care
- Working with Community Health and Hospice Organizations to Care for Seniors
- Beach Cleanups
- Environmental Advocacy Activities



2021 GOALS

- ⊙ Increase brand recognition and corporate image exposure by more than 0.5 million times.
- ⊙ Continuously cultivate local organizations and provide sponsorship awards.
- ⊙ Organize beach / hill / community cleanup events at least 2 times a year.
- ⊙ Support social activities of elderly care and medical services, more than 2 times a year.
- ⊙ Continue to preserve cultural monuments, street space and street trees.

2021 RESULTS

Operational Benefits

- ☑ Attracted over 887 thousand instances of brand exposure.

Social/Environmental Benefits

- ☑ Dream Big Project sponsored 6 groups with NT\$1.8 million in prizes, benefiting over 17,000 people; by the end of 2021, 30 groups had been sponsored with over NT\$9.54 million in prizes, benefiting over 57,000 people.
- ☑ 2 beach clean-up events were held, with 2,555 kg of beach litter being collected; by the end of 2021, a total of 12 events were held, resulting in 10,499 kg of litter collected.
- ☑ Organized a total of 6 events for elderly care and medical services, benefiting 847 people.
- ☑ From February 2020 to January 2023, we adopted the West Gate (Baocheng Gate) of Taipei's historic site and walkway space to protect cultural assets.
- ☑ We adopted the street trees in front of Yuanta Financial Holding Buildings from August 2019 to August 2024 to enhance urban greenery and save energy and reduce carbon.
- ☑ The Group's dense network of locations is used to increase the number of channels for disadvantaged groups to receive assistance through ATMs and electronic credit card statements, and 307 Group locations are set up with child abuse notification offices to bring into play the community support mechanism.

2022 GOALS

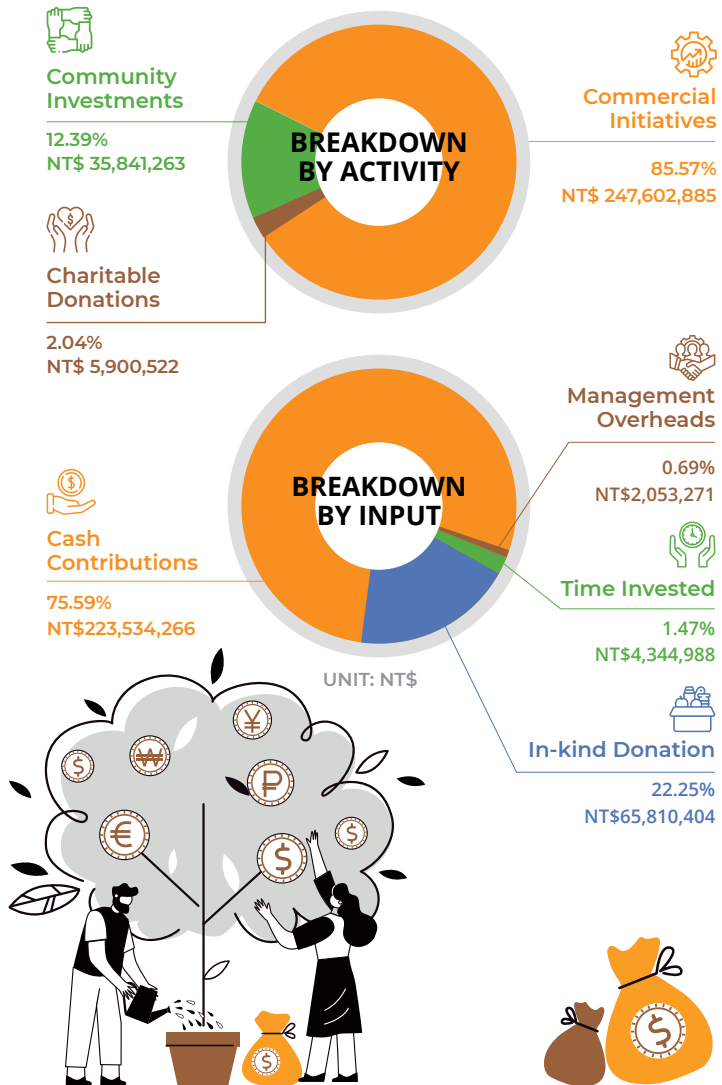
- ⊙ Increase brand recognition and corporate image exposure by more than 0.8 million times.
- ⊙ All branches of the Group conduct at least one community care event a year.
- ⊙ Continuously cultivate local organizations and provide sponsorship awards.
- ⊙ Organize beach/hill/community cleanup events at least 4 times a year.
- ⊙ Support social activities of elderly care and medical services, more than 2 times a year.
- ⊙ Continue to preserve cultural monuments, street space and street trees.

2025 GOALS

- ⊙ Increase brand recognition and corporate image exposure by more than 1 million times.
- ⊙ All branches of the Group conduct at least 3 community care events a year.
- ⊙ Continuously cultivate local organizations and provide sponsorship awards.
- ⊙ Organize beach/hill/community cleanup events at least 8 times a year.
- ⊙ Support social activities of elderly care and medical services, more than 4 times a year.
- ⊙ Continue to preserve cultural monuments, street space and street trees.



7.4 Investment and Use of Funds for Public Welfare



7.5 Public Service Highlights



Yuanta Happiness Day - Love and Legacy, Happiness Multiplier

For the tenth consecutive year, Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation held the “Yuanta Happiness Day” to prepare “tailor-made” happiness gift packages for participating rural students. Initially, Yuanta volunteers brought the children to choose the gifts they wanted and through the more in-depth companionship of Yuanta volunteers, learning experiences and financial management courses were added to develop different types of activities. In 2021, due to the impact of the COVID-19 epidemic, the original large-scale experiential activity for 100 people was adjusted to a small dedicated activity, with Yuanta volunteers going to the campus to distribute gift packs and to give full play to the financial profession and cultivate a correct view of money among students through interactive financial management courses. A total of 32 events have been held so far and 6,135 students have received gifts and happiness.



Micro-insurance + Saving Program

Yuanta Life has long been concerned about social welfare groups and children’s homes throughout Taiwan. We understand that financial protection in emergency situations is extremely important to disadvantaged groups, so we have joined hands with Yuanta Securities, Yuanta Bank, and Yuanta Funds to provide micro-insurance to help disadvantaged groups obtain financial support and reduce their burden in times of crisis.

In addition, in order to promote the socialization of insurance, Yuanta Life has taken financial education to the next level by actively promoting the concept of insurance and risk. Through activities and games designed by local salespersons in conjunction with the insurance profession, children in social welfare groups and children’s homes learn the importance of personal risk planning and are equipped with the ability to plan for family financial security and risk management.

Micro-insurance Quantitative Data

Year	Beneficiaries	Amount (NT\$)
2020	3,146	714,350
2021	7,058	1,739,920

Quantitative data on insurance education

Year	Number of events	Number of applicants
2020	3	78
2021	4	102



4 QUALITY EDUCATION **HELPING TO EDUCATE**

Yuanta Outstanding Underprivileged Talent Scholarship

Education is the seed of hope in life. In order to help students who are motivated to study and whose families have difficulties in completing their studies, Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation provide each recipient with a "Yuanta Outstanding Underprivileged Talent Scholarship" to the amount of NT\$200,000, so that through direct caring actions, outstanding students will not miss opportunities to study due to financial difficulties.

The number of applications increased in 2021 due to the impact of the COVID-19 outbreak. In order to help tide more outstanding students through difficult times, we have increased the number of scholarship places to help more young people become self-reliant through scholarships. A total of 66 students were awarded in 2021, the highest number ever, and a total of 349 students have benefited from the Yuanta Scholarship Program since its inception.



digital learning partners, and physical classroom counseling. In order to prevent students' studies from being interrupted by financial problems, Yuanta and Fu Jen Catholic University provide warm and deep companionship through scholarships, counseling and care and growth camps that have supported 117 college students and 6 graduate students from high school to graduate school to pursue and complete their studies with peace of mind and grow and thrive together with the program. In the past 11 years, the "Dream Take Flight" program has helped a total of 19,261 students from rural areas pursue their studies.



Beach Clean-Up

The Group has leveraged the philanthropic power of its corporate volunteers to focus on environmental issues and organize annual beach clean-ups to implement environmentally sustainable practices. In 2021, we continued to support the "Do One Thing for the Tamsui River" initiative launched by CommenWealth Magazine and not only invited our suppliers to sign the "Tamsui River Convention" but also received responses from 94 suppliers.

Yuantan Funds and Yuanta Futures joined hands with seven

suppliers at the Beach Clean Family Day to clean the beach. The collected bottles were handed over to Business Today's "Return to the Sea Action 1095" to effectively reuse the collected marine waste, implement a circular economy, and create new value for marine waste.

In 2021, a total of 331 people participated in 2 beach clean-up events, removing about 2,555 kilograms of waste as they made a concerted effort to help the Earth.

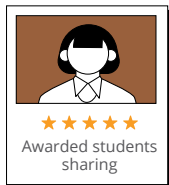
Dream Big Yuanta Social Service Dream-Fulfilling Project

Since its inception in 2016, the Dream Big Project has been supporting schools, social welfare groups, and organizations in all corners of society, promoting innovative educational programs for all groups, genders, and ages with innovative services, volunteer participation, money to fulfill dreams, and investment of manpower and resources to accomplish many inspiring dreams.

The Dream Big Project is entering its fifth year. In 2021, the project overcame the challenges of the epidemic to join hands with six service teams to fulfill the dreams of primary and secondary school children, community youth, visually impaired children, the aging mentally disabled, and other social welfare organizations and schools. A total of 1,311 Yuanta volunteers have been involved in the Dream Big Project and over the past five years, we have worked with 30 organizations to realize our dreams, combining 3,480 volunteers and benefiting 57,882 people.



DREAM BIG PROJECT



The Foundation is like a senior who saw us rolling around in the mud and gently reached out to give us a hand.

—A student surnamed Shen

★★★★★
Awarded students sharing

It's a joy to use my profession to help others, and returning to Yuanta as a volunteer makes me happy.

—A student surnamed Hsu

Dreams Take Flight

Since 2011, Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation have cooperated with Fu Jen Catholic University on the "Dreams Take Flight" project, which has extended resources to rural areas around Taiwan through scholarships to cultivate talents, online warm companionship learning by

Appendix 1 Sustainable Finance Performance

| Responsible Investment Management Action Plan

To comply with PRI and the Group's Sustainable Finance Guidelines, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds and Yuanta Venture Capital formulated or revised related policies, regulations, and SOPs to implement responsible investing practices in the management of every type of asset. Detailed explanations of management processes and practices are summarized in the table below.

Voting and Engagement Policy/Practice

Subsidiary	Yuanta Securities	Yuanta Bank	Yuanta Life	Yuanta Funds	Yuanta Venture Capital
Engagement Policy/Practice	In accordance with the Stewardship Policy, the Company continues to pay attention to its investees' fulfillment of corporate social responsibility, and may assist investees in improving their ESG performance by attending shareholders' meetings, exercising voting rights, and engaging in appropriate dialogue with the management of investees.	In accordance with the "Stewardship Policy", Yuanta Bank will continue to pay attention to invested company CSR compliance and will assist them to improve ESG performance through attending shareholder meetings, exercising voting rights, and communicating with management.	In accordance with "Procedures Governing Exercising Shareholder Rights for Holders of Securities, Yuanta Life will continue to pay attention to invested company CSR compliance and communicate and interact with the company as necessary.	In accordance with "Procedures Governing Shareholder Meeting Attendance and Exercising Voting Rights, should the management of the issuing company damage company integrity through improper management or impact social responsibility or environmental protection efforts, fund management units shall hold a meeting to discuss. After approval by the department head and company president, designated personnel shall exercise voting rights in accordance with the meeting resolution.	In accordance with "Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital will review invested company CSR compliance when appropriate. Should assessment find there are potential negative effects on ESG, these risks will be communicated through attending shareholder meetings, exercising voting rights, and communicating with management.
Voting Policy/ Practice	In accordance with the "Voting Policy", before participating in a shareholders' meeting to exercise voting rights (including electronic voting), Yuanta Securities should refer to Yuanta Financial Holding's "Sustainable Finance Guidelines" and reach an internal agreement on voting options that do not violate the Guidelines.		In accordance with Procedures Governing Exercising Shareholder Rights for Holders of Securities, when Yuanta Life attends a shareholder meeting and exercises voting rights, it must adhere to the principles of participation without interference and ESG promotion.		

| Responsible Investment Management Action Plans

Yuanta Securities

Types of Assets	Stocks(Listed Equity) Private Equity, Fixed Income
Management of Own Assets	In accordance with the "Guidelines for Proprietary Investment Trading Decision Making", Yuanta Securities trading decisions must be based in the spirit and principle of responsible investing. Only after the potential investment target is evaluated for ESG compliance (if it has taken specific actions that comply or violate ESG) can any investment occur, and the meeting minutes must record a summary of the relevant conditions. Investment targets are selected to actively support those enterprises with good potential for sustainable development and avoid those on the list of prohibited enterprises.

Yuanta Bank

Types of Asset	Stocks(Listed Equity)
Management of Own Assets	In accordance with "Guidelines Governing Financial Markets Operations Division Medium and Long-Term Investment Evaluation Committee Establishment and Evaluation", Yuanta Bank's medium and long-term investment targets may not be controversial enterprises or on the list of prohibited enterprises. After investing, review the fulfillment of social responsibilities of the investment partners again on the last business day at the end of each year.
Types of Asset	Fixed Income
Management of Own Assets	In accordance with "Guidelines for Transactions Involving Investment of Bank Funds", Yuanta Bank bond positions shall incorporate ESG factors into investment decisions. Should the bond issuer be a controversial enterprise or on the list of prohibited enterprises, the reason must be explained in the investment report and the appropriate level of management must approve before the investment can be executed. After investing, review the fulfillment of social responsibilities of the investment partners again on the last business day at the end of each year.
Types of Asset	Property
Management of Own Assets	In accordance with "Guidelines Governing the Acquisition or Disposition of Real Estate", Yuanta Bank must evaluate the characteristics of the property to be acquired or disposed and market conditions (including the potential impact of climate change on the property value) to serve as the basis to formulate the price and method of property acquisition or disposition.

Yuanta Life

Types of Asset	Stocks(Listed Equity) Private Equity, Fixed Income
Management of Own Assets	In accordance with its "Investment Policy", Yuanta Life incorporates ESG factors into investment decision consideration. Yuanta Life, in accordance with its Operating Procedures for Investment-related Application of Funds, actively supports enterprises with good potential for sustainable development that are not on the list of prohibited enterprises.
Types of Asset	Derivative Products and Alternative Investments
Management of Own Assets	In accordance with its "Investment Policy", when investing in hedge funds, Yuanta Life selects products from funds with an ESG policy or that considers ESG risks and opportunities in its operational strategy.
Types of Asset	Infrastructure
Management of Own Assets	In accordance with its "Investment Policy", when evaluating potential investments in special projects, public utilities and social welfare, Yuanta Life shall consider environmental impact and social benefits when making the investment decision.
Types of Asset	Property
Management of Own Assets	In accordance with its "Investment Policy", when selecting real estate investment targets and new construction projects, Yuanta Life shall consider the potential impacts of climate change on asset value.

Yuanta Funds

Types of Asset	Stocks(Listed Equity) Private Equity,Fixed Income
Management of Own Assets and Customer Asset Management	In accordance with the "Management Procedures for Investment of Own Funds", "Operation Guidelines for Investment Decision-Making Team" and "Domestic Taiwan Stock Pool Management Procedures", Yuanta Funds has incorporated ESG factors into its investment decisions. The addition of investment targets (Main List) must be reviewed to see if the target meets the ESG evaluation criteria, and in accordance with the "Fund Risk Management Guidelines", if there is a significant ESG issue associated with a target, a meeting must be held to decide whether to remove it.

Yuanta Futures

Types of Asset	Stocks(Listed Equity) Private Equity
Management of Own Assets	In accordance with Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital includes ESG as a key factor in evaluating investments. Any investment letter of intent will explicitly state Yuanta Venture Capital expectations regarding the investment target's environmental protection, corporate ethical management, and social responsibility.

Yuanta Venture Capital

Types of Asset	Stocks(Listed Equity) Private Equity
Management of Own Assets	In accordance with Standard "Operating Procedures Governing Investment Operations", Yuanta Venture Capital includes ESG as a key factor in evaluating investments. The investment subject must not be controversial or prohibit investment Companies on the exclusion list, and any investment letter of intent will explicitly state Yuanta Venture Capital expectations regarding the investment target's environmental protection, corporate ethical management, and social responsibility. If the investment purpose is medium and long-term investment, timely review of the company's fulfillment of corporate social responsibility should be conducted in due course.

Total Value and Number of Underwriting in 2021

Unit NT\$ thousand

Type	Number	Amount
Underwriting	174	240,747,398

Total Value and Number of Market Making Transactions in 2021

Unit NT\$ thousand

Market Making Targets	Number	Amount
Derivatives (futures/options)	24	2,077,980,632
Derivatives (warrants)	11,898	234,488,302,000
ETN	9	12,021,186,300
ETF	94	221,581,824,770

Total Proprietary Investment and Breakdown as of December 31, 2021

Unit NT\$ thousand

Business Type	Industry	Number ^{Note}	Total Investment Size at the End of the Year ^{Note}
Proprietary Investment (Bonds)	Finance & Insurance	55	11,142,953,759
	Plastic Industry	8	5,984,576,600
	Semi-conductor industry	7	4,262,700,306
	Cement Industry	5	3,850,000,000
	Government Agencies	9	2,562,734,466
	Communication Network	9	3,425,476,022
	Leasing	5	2,240,699,500
	Rubber	1	2,700,000,000
	Energy Industry	10	2,197,382,599
	Textile and Fiber	5	2,000,000,000
	Building Materials	3	1,450,000,000
	Investment	5	1,829,895,000
	Trade and Department Store	4	1,719,019,293
	Food Industry	7	1,426,836,300
	Health Care Industry	6	1,327,816,885
	Steel (excluding stainless steel)	3	920,006,000
	Computer and Peripherals	2	1,030,316,000
	Public Sector	3	771,167,400
	Real Estate Investment	3	690,139,000
	Electricity, Natural Gas, and Water	2	557,752,000
	Electrical Machinery	1	500,000,000
	Biotechnology and Pharmaceuticals	4	410,843,381
	Information Services	2	371,879,000
	Cultural and Creative Industries	1	304,122,000
	Automobile industry	1	302,197,940
	Chemical Industry	1	179,455,000
	Marine industry	1	150,713,000
	Agriculture, Forestry, Fisheries and Mining	1	121,110,000
Total		164	54,429,791,451

Note: The total investment size and the number of investments of Yuanta Securities as of December 31, 2021.

Total Loan Balance as of December 31, 2020 and Corresponding Number of Loans

Unit NT\$ thousand

Business Type	Number ^{Note}	Amount ^{Note}
Margin purchase	9,530,363	56,874,752
Short sale	1,433,778	8,012,052
Non-restricted lending	48,330	27,653,613
Total	11,012,471	92,540,417

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

Total Investment Size and Number of Investments as of December 31, 2021

Unit NT\$ thousand

Business Type	Industry	Number ^{Note}	Total Investment Size at the End of the Year ^{Note}
Proprietary Investment (Securities)	Computer and peripherals industry	4	2,398,357
	Electrical machinery	1	114,833
Total		5	2,513,189

Note: The total investment size and number of investments of Yuanta Securities as of December 31, 2021.

Industry-specific credit risk concentration as of December 31, 2021

Unit:NT\$ thousand

Industry	Number	Total Investment Size at the End of the Year(%) ^{Note}
Government agencies	333,365,862	31.75
Finance and insurance	145,588,021	13.87
Construction	81,403,091	7.75
Real estate investment	45,467,279	4.33
Semi-conductor industry	35,999,613	3.43
Investment	35,666,999	3.40
Public sector	32,879,852	3.13
Plastic industry	28,168,444	2.68
Communication network	26,012,157	2.48
Computer and peripherals	23,039,223	2.20
Steel (excluding stainless steel)	21,076,409	2.01
Food industry	17,834,070	1.70
Cement industry	16,376,127	1.56
Other	206,956,169	19.71
Total	1,049,833,316	100.00

Retail Banking – Loans

Unit:NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of loan accounts	882	2,743	579
Total loan balance	55,850,544	121,619,115	45,869,368

Notes:

- The loan information does not include overseas bank branches and bank subsidiaries.
- Small business is defined as an enterprise that meets one of the following criteria.
 - The enterprise has been established for less than 5 years.
 - The number of employees is less than 20.
 - Less than NT\$5 million in capital.
 - Less than NT\$10 million in annual revenue.
- Small businesses and general businesses are calculated based on a single credit line.

Retail Banking – Deposits

Unit:NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of deposit accounts	4,847,904	836	135,403
Total deposit balance	874,518,808	5,329,005	518,831,462

Appendix 2 Social Indicators

2021 New Employee Statistics in Taiwan Region

Company	Male			Total	Female			Total	Total New Employees	Total Employees	New Employee Ratio (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Yuanta Financial Holdings	10	8	0	18	4	5	2	11	29	175	16.57
Yuanta Securities	133	73	4	210	124	60	32	216	426	4,945	8.61
Yuanta Bank	138	197	12	347	191	267	20	478	825	4,386	18.81
Yuanta Life	10	33	7	50	18	87	7	112	162	715	22.66
Yuanta Funds	4	10	0	14	9	5	0	14	28	276	10.14
Yuanta Futures	18	14	1	33	22	7	0	29	62	412	15.05
Yuanta Venture Capital	0	1	1	2	1	0	0	1	3	16	18.75
Yuanta Asset Management	1	4	0	5	4	2	0	6	11	44	25.00
Yuanta Securities Investment Consulting	10	2	1	13	3	2	0	5	18	71	25.35
Total	324	342	26	692	376	435	61	872	1,564	11,040	14.17
Percentage (%)	20.72	21.87	1.66	44.25	24.04	27.81	3.90	55.75	100.00		

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Calculation methods for new employees: New Employee Ratio (%) = (Total number of new Employees / total employees at year end) x 100%; Percentage (%) = (Total employees in each category / total new employees) x 100%.
- In 2021, of new employees hired, 6.27% were male and 7.90% were female.

2021 Departing Employee Statistics in Taiwan Region

Company	Male			Total	Female			Total	Total Departed Employees	Total Employees	Turnover Rate(%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Yuanta Financial Holdings	0	2	1	3	1	6	1	8	11	175	6.29
Yuanta Securities	56	45	40	141	38	63	99	200	341	4,945	6.90
Yuanta Bank	83	220	54	357	118	303	54	475	832	4,386	18.97
Yuanta Life	14	22	10	46	7	75	20	102	148	715	20.70
Yuanta Funds	3	16	4	23	2	21	6	29	52	276	18.84
Yuanta Futures	11	22	2	35	14	12	2	28	63	412	15.29
Yuanta Venture Capital	0	0	0	0	0	1	0	1	1	16	6.25
Yuanta Asset Management	0	1	2	3	0	0	0	0	3	44	6.82
Yuanta Securities Investment Consulting	10	3	3	16	2	2	0	4	20	71	28.17
Total	177	331	116	624	182	483	182	847	1,471	11,040	13.32
Percentage (%)	12.03	22.50	7.89	42.42	12.37	32.83	12.37	57.58	100.00		

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Employee turnover rate (%) = (Total departed employees / total employees at year end) x 100%; Percentage (%) = (Total employees in each category / total departed employees) x 100%.
- Of the regular employees that left the Company in 2021, 5.65% were male and 7.67% were female.

Statistics on New and Departed Employees by Region in 2021

Company	New Employees				Total	Employee Departures				Total	Total Employees
	North	Central	South	East		North	Central	South	East		
Yuanta Financial Holdings	29	0	0	0	29	11	0	0	0	11	175
Yuanta Securities	304	64	57	1	426	244	40	57	0	341	4,945
Yuanta Bank	570	101	146	8	825	562	126	139	5	832	4,386
Yuanta Life	157	4	1	0	162	134	7	7	0	148	715
Yuanta Funds	28	0	0	0	28	50	2	0	0	52	276
Yuanta Futures	55	0	7	0	62	54	3	6	0	63	412
Yuanta Venture Capital	3	0	0	0	3	1	0	0	0	1	16
Yuanta Asset Management	11	0	0	0	11	3	0	0	0	3	44
Yuanta Securities Investment Consulting	18	0	0	0	18	20	0	0	0	20	71
Total	1,175	169	211	9	1,564	1,079	178	209	5	1,471	11,040
Percentage (%)	10.64	1.53	1.91	0.08	14.17	9.77	1.61	1.89	0.05	13.32	0

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Each region percentage (%) = (Total Employee in each region / total employees at year end) X 100%.
- North region: Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, Kinmen.
 Central region: Taichung, Nantou, Changhua, Chiayi, Yunlin.
 South region: Tainan, Kaohsiung, Pingtung, Penghu.
 East region: Hualien, Taitung.

Employee Turnover Rate by Year

Turnover Statistics	2018	2019	2020	2021
Employee Turnover Rate (%)	13.04	12.86	10.96	13.32
Voluntary Departure Rate (%)	11.10	11.23	8.71	10.63

By Gender(%)	Gender	2018	2019	2020	2021
Total Departing Employees	Male	46.76	43.91	41.92	42.42
	Female	53.24	56.09	58.08	57.58
Voluntary Departing Employees	Male	49.88	44.73	44.39	44.76
	Female	50.12	55.27	55.61	55.24

By Age(%)	Age	2018	2019	2020	2021
Total Departing Employees	Under 30	27.57	27.87	27.08	24.40
	30-50	63.43	60.09	57.67	55.34
	51 or Over	9.00	12.04	15.25	20.26
Voluntary Departing Employees	Under 30	30.48	30.53	32.53	27.88
	30-50	63.93	61.39	60.23	60.95
	51 or Over	5.59	8.08	7.24	11.17

By Ethnicity(%)	Ethnicity	2018	2019	2020	2021
Total Departing Employees	Taiwanese (Excluding Indigenous People)	99.72	98.57	98.50	99.32
	Foreign Nationals	0.28	1.07	1.50	0.54
	Taiwanese Indigenous People	0.00	0.36	0.00	0.14
Voluntary Departing Employees	Taiwanese (Excluding Indigenous People)	99.67	98.37	98.22	99.15
	Foreign Nationals	0.33	1.22	1.78	0.68
	Taiwanese Indigenous People	0.00	0.41	0.00	0.17

By Position(%)	Position	2018	2019	2020	2021
Total Departing Employees	Managerial	8.09	9.34	9.00	9.99
	Non-Managerial	91.91	90.66	91.00	90.01
Voluntary Departing Employees	Managerial	7.40	8.00	8.08	8.7
	Non-Managerial	92.60	92.00	91.92	91.3

Total Employees (Including Overseas Employees) by Year

Year	Gender	Taiwan	Overseas	Total
2019	Male	3,827	1,851	5,678
	Female	7,085	1,375	8,460
	Total	10,912	3,226	14,138
2020	Male	3,890	1,820	5,710
	Female	7,054	1,341	8,395
	Total	10,944	3,161	14,105
2021	Male	3,955	1,927	5,882
	Female	7,085	1,438	8,523
	Total	11,040	3,365	14,405

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

Employee Status Breakdown by Year – Taiwan

Year	Employment Type	Male	Female
2019	Permanent Contract	3,826	7,081
	Temporary Contract	1	4
	Total	3,827	7,085
2020	Permanent Contract	3,890	7,050
	Temporary Contract	0	4
	Total	3,890	7,054
2021	Permanent Contract	3,953	7,081
	Temporary Contract	2	4
	Total	3,955	7,085

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

2019								
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	4	513	0	517	0	517	4.74
	30-50	509	1,970	1	2,469	9	2,479	22.72
	51 or Over	314	517	0	830	1	831	7.61
Female	Under 30	3	839	0	835	7	842	7.72
	30-50	610	4,149	4	4,744	11	4,759	43.61
	51 or Over	350	1,134	0	1,482	2	1,484	13.60
Total		1,790	9,122	5	10,877	30	10,912	100.00
Percentage (%)		16.40	83.60	0.05	99.68	0.27	100.00	

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

2021								
Gender	Age	Managerial	Non- Managerial	Taiwanese Indigenous People	Taiwanese(Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	5	642	1	645	1	647	5.86
	30-50	467	1,894	3	2,348	10	2,361	21.39
	51 or Over	358	589	0	946	1	947	8.58
Female	Under 30	2	929	0	928	3	931	8.43
	30-50	530	3,855	4	4,369	12	4,385	39.72
	51 or Over	416	1,353	0	1,766	3	1,769	16.02
Total		1,778	9,262	8	11,002	30	11,040	100.00
Percentage (%)		16.11	83.89	0.07	99.66	0.27	100.00	

Notes:

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

Physically Disabled Employee Statistics

Company	2019			2020			2021		
	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota
Yuanta Financial Holdings	1	1	0	1	1	0	1	1	0
Yuanta Securities	12	27	15	12	31	19	12	32	20
Yuanta Bank	27	31	4	28	31	3	25	35	10
Yuanta Life	7	12	5	7	11	4	7	10	3
Yuanta Funds	2	8	6	3	8	5	2	8	6
Yuanta Futures	2	2	0	3	2	-1	3	2	-1
Yuanta Venture Capital	0	0	0	0	0	0	0	0	0
Yuanta Asset Management	0	0	0	0	0	0	0	0	0
Yuanta Securities Investment Consulting	1	1	0	1	1	0	1	1	0
Yuanta Securities Finance	0	2	2	0	0	0	0	0	0
Total	52	84	32	55	85	30	51	89	38

Notes:

1. With the insured entity as the base, if the number of insured employees is fewer than 67, the requirement to employ people of disabilities does not apply and the legally required quota is shown as zero.
2. People with severe disabilities are considered two employees for quota calculation.
3. The Company transferred its entire equity interest in Yuanta Securities Finance to Yuanta Securities with the settlement date on March 26, 2019.

Employee Diversity Statistics for 2021

Employee Category Ratio (%)	Male	Female	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Taiwanese Indigenous People
Senior Management	64.11	35.89	99.63	0.37	0.00
Junior and Middle Management	39.18	60.82	99.68	0.32	0.00
Professionals	33.42	66.58	99.87	0.05	0.08
All Other Employees	50.54	49.46	98.58	1.35	0.07

Definition of Employee Category Description:

- Senior management is a management position up to two reporting levels from the CEO and is responsible for directing and formulating policy, and setting strategy and providing the overall direction of enterprises/ organizations for the development and delivery of products or services.
- Middle management refers to managers who are responsible for specific departments (e.g., accounting, marketing) or business units, or who manage projects within a unit organization. Mid-level managers are responsible for implementing the policies, programs and directives of senior management.
- Junior management refers to first-line managers, junior managers, and management positions at the lowest level of the Company's management system. These individuals are generally responsible for directing and executing the day-to-day operational objectives of enterprises, and conveying the direction of senior management to subordinates.
- Professionals refer to employees with professional licenses. For the types of licenses, please refer to the "Information about the general employees" table on pages 286-289 of Yuanta Financial Holdings 2021 Annual Report.
- All other employees refer to those who are not listed in 1-4 above.

Nationality	Proportion of Employees (%)	Proportion of Management-Level Staff (%)
Republic of China (R.O.C.)	99.73%	99.66%
Asian (Excluding R.O.C.)	0.25%	0.28%
U.S.A.	0.01%	0.00%
Ireland	0.01%	0.06%

Item	Percentage of Females (%)	Target
Female Employees	64.18	Target Year: 2025 Target Percentage: No less than 50%
Management (Percentage of total management positions)	53.32	Target Year: 2025 Target Percentage: Maintain or no less than 50%
Junior Management (Percentage of total junior management positions)	60.82	Target Year: 2025 Target Percentage: No less than 50%
Senior Management (Percentage of total senior management positions)	35.89	Target Year: 2025 Target Percentage: Increase to at least 36%
Management Positions of Revenue-Generating Functions (e.g., sales business) (excluding support units, e.g., Human Resources, Information, Legal)	42.98	Target Year: 2025 Target Percentage: Maintain or increase to 50%
Science, Information Engineering, Mathematics Related Positions	33.26	Target Year: 2025 Target Percentage: Increase to at least 35%

Parental Leave Statistics by Year

Year	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees Eligible for Parental Leave	293	475	768	282	421	703	308	363	671
Employees that Took Parental Leave in the Current Year	13	131	144	12	111	123	13	101	114
Number of Employees on Leave Expected to Return in the Current Year	7	74	81	9	74	83	8	52	60
Actual Number of Employees that Returned	3	59	62	1	52	53	5	35	40
Return Rate (%)	42.86	79.73	76.54	11.11	70.27	63.86	62.5	67.31	66.67
Employees Who Returned from Parental Leave in the Previous Year	7	56	63	3	59	62	1	52	53
Number of Employees Still with the Company 12 Months after Returning from Leave the Previous Year	6	39	45	1	45	46	0	36	36
Retention Rate (%)	85.71	69.64	71.43	33.33	76.27	74.19	0	69.23	67.92

Notes:

1. Return Rate = (Number of employees returning to work / number of employees expected to return) x 100%.

2. Retention Rate = (Number of employees remaining at the Company 12 months after returning from parental leave in the previous year / actual number of employees who returned from leave the previous year) x 100%.

Statistics on Transfers, Internal Promotions and Departures

Year	Number of Employees at Year-End	Number of Job Transfers				Number of Transfers Within the Group			
		Male	Female	Total	%	Male	Female	Total	%
2019	10,912	748	1,255	2,003	18.40	35	29	64	0.60
2020	10,944	591	1,056	1,647	15.10	41	37	78	0.70
2021	11,040	771	1,042	1,813	16.42	42	47	89	0.81

Notes:

1. Job transfers refers to employees who changed work units within same company during the period. Job Transfer Percentage (%) = Number of job transfers / number of employees at year-end.
2. Transfers within the Group refers to employees moving within the Group from Company A to Company B. Within Group Transfer Percentage (%) = Number of transfers within the Group / number of employees at year-end.

Year	Number of Employees at Year-End	Number of Internal Promotions			
		Male	Female	Total	%
2019	10,912	632	1,149	1,781	16.30
2020	10,944	539	833	1,372	12.50
2021	11,040	726	1,195	1,921	17.40

Year	Number of Employees Receiving Guidance			Resignation/Legal Severance		
	Male	Female	Total	Female	Male	Total
2019	161	210	371	10	5	15
2020	129	171	300	6	5	11
2021	91	108	199	32	37	69

Notes:

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

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

Item	2018	2019	2020	2021
Total Number of New Recruits (Person)	1,499	1,329	1,313	1,564
Percentage of Vacancies Filled Internally (%)	76.5	94.9	80.0	82.8
Average Hiring Cost (NT\$ / FTE)	1,499	2,545	2,829	3,592

By Gender	Gender	2018	2019	2020	2021
Total Number of New Recruits (Person)	Male	672	581	603	692
	Female	827	748	710	872
Percentage of Internal Transfers or Promotions (%)	Male	35.60	36.50	37.40	40.26
	Female	64.40	63.50	62.60	59.74

By Age	Age	2018	2019	2020	2021
Total Number of New Recruits (Person)	Under 30	712	564	646	700
	30-50	749	722	626	777
	51 or Over	38	43	41	87
Percentage of Internal Transfers or Promotions (%)	Under 30	13.50	14.20	17.10	15.54
	30-50	72.80	69.90	65.20	65.68
	51 or Over	13.70	15.90	17.70	18.78

By Ethnicity	Ethnicity	2018	2019	2020	2021
Total Number of New Recruits (Person)	Taiwanese (Excluding Indigenous People)	1,496	1,315	1,298	1,550
	Foreign Nationals	3	14	15	11
	Taiwanese Indigenous People	0	0	0	3
Percentage of Internal Transfers or Promotions (%)	Taiwanese (Excluding Indigenous People)	99.80	99.80	99.70	99.84
	Foreign Nationals	0.20	0.20	0.30	0.16
	Taiwanese Indigenous People	0.00	0.00	0.10	0.00

By Position	Position	2018	2019	2020	2021
Total Number of New Recruits (Person)	Managerial	76	82	67	75
	Non- Managerial	1,423	1,247	1,246	1,489
Percentage of Internal Transfers or Promotions (%)	Managerial	4.84	6.91	5.73	8.04
	Non- Managerial	95.16	93.09	94.27	91.96

Breakdown of Training Hours and Costs for Employees in 2021

By Gender		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Male	48.2	4,191
Female	46.4	4,035

By Position		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Managerial	52.6	6,810
Non-managerial	46.0	3,568

By Age		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Under 30	61.5	5,348
30-50	45.6	3,965
51 or Over	42.3	3,678

By Ethnicity		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Taiwanese Indigenous Peoples	40.9	3,556
Foreign Nationals	19.6	1,704
Taiwanese (Excluding Indigenous Peoples)	46.9	4,078

By Class Type		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Required Class	28.4	2,469
Elective Class	18.6	1,617

Occupational Injury Related Statistics of the Group

Year	2019	2020	2021
Total Annual Working Hours	21,655,672	21,843,368	21,822,712
The Number of General Work-Related Injuries ^{Note 1}	33	19	24
The Number of High-Consequence Work-Related Injuries ^{Note 2}	0	0	0
The Number of Fatalities as a Result of Work-Related Injuries	0	0	0
Total Number of Recordable Work-Related Injuries (Persons)	33	19	24
Number of Lost Workdays	496	324	469
Rate of Fatalities as a Result of Work-Related Injuries ^{Note 3}	0	0	0
Rate of High-Consequence Work-Related Injuries ^{Note 4}	0	0	0
Rate of Recordable Work-Related Injuries ^{Note 5} (Disabling Injury Frequency Rate)	1.52	0.87	1.1
Ratio of Lost Workdays ^{Note 6} (Disabling Injury Severity Rate)	22	14	21.49
Frequency-Severity Indicator ^{Note 7}	0.19	0.11	0.02

Notes:

1. Less than 180 lost work days.
2. Number of days of lost work over 180 days, excluding fatalities.
3. Rate of fatalities as a result of work-related injuries = number of fatalities x 1,000,000/total hours worked
4. Rate of high-consequence work-related injuries = number of high-consequence work-related injuries x 1,000,000/total hours worked
5. Rate of recordable work-related injuries = total number of recordable work-related injuries (persons) x 1,000,000 / total hours worked
6. Disabling injury severity rate = number of lost workdays x 1,000,000 / total hours worked
7. Frequency-Severity Indicator = $\sqrt{(\text{frequency of disabling injury} \times \text{disabling injury severity rate} / 1,000)}$

Number of Injuries Over the Years (Persons)

Type of Injury	2019	2020	2021
Injured on Duty	1	1	2
Injured on Business Trip	10	1	1
Injured During Commute to/ from Work	22	17	21
Total	33	19	24

Absence Statistics

Items	Total				
	2018	2019	2020	2021	
Total Days of Absence	Male	3,258	3,393	3,072	2,041
	Female	8,708	9,852	9,318	4,400
	Total	11,966	13,245	12,390	6,441
Absentee Rate (AR)(%)	Total	0.44	0.49	0.45	0.24

Notes:

1. Total days of absence: In 2017, total days of absence are the sum of absences for work-related injury, sick leave, personal leave, and unexplained absence. After 2018, total days of absence include absences due to work-related injury and sick leave. The total days of absence are the sum of absences for all Group employees.
2. Absentee rate (AR) refers to the actual lost days as a percentage of total days scheduled to be worked in the same period.
3. Absentee rate (AR) = (Total days of absence / total working days) x 100. In 2020, the absentee rate goal was 0.59, which was achieved.
4. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.

Employee Sustainable Engagement Survey Data by Year – By Gender

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)	
2018	Taiwan	10,143	8,844	Male (Taiwan)	28	85
				Female (Taiwan)	53	83
				Male (Taiwan and Overseas)	21	NA
				Female (Taiwan and Overseas)	41	NA
2019	Taiwan	9,906	8,545	Male (Taiwan)	27	89
				Female (Taiwan)	51	88
	Overseas	3,039	2,603	Male (Taiwan and Overseas)	32	87
				Female (Taiwan and Overseas)	47	87
2021	Taiwan	10,141	8,374	Male (Taiwan)	30	88
				Female (Taiwan)	52	86
	Overseas	3,045	2,809	Male (Taiwan and Overseas)	35	88
				Female (Taiwan and Overseas)	49	85

Notes:

1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.
2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.



Employee Sustainable Engagement Survey Data by Year – By Age

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)		Positive Response (%)	
2018	Taiwan	10,143	8,844	Taiwan	Under 25	1	82
					25-29	7	79
					30-39	20	81
					40-49	35	85
					50-59	17	87
					60 or Over	1	92
				Taiwan and Overseas	Under 25	1	NA
					25-29	5	NA
					30-39	15	NA
					40-49	27	NA
					50-59	13	NA
60 or Over	1	NA					
2019	Taiwan	9,906	8,545	Taiwan	Under 25	1	89
					25-29	7	85
					30-39	17	86
					40-49	34	88
					50-59	18	91
					60 or Over	1	94
	Overseas	3,039	2,603	Taiwan and Overseas	Under 25	2	84
					25-29	7	84
					30-39	21	84
					40-49	32	87
					50-59	16	91
60 or Over	1	92					
2021	Taiwan	10,141	8,374	Taiwan	Under 25	2	83
					25-29	8	83
					30-39	16	84
					40-49	32	87
					50-59	21	90
					60 or Over	1	93
	Overseas	3,045	2,809	Taiwan and Overseas	Under 25	2	82
					25-29	8	83
					30-39	20	83
					40-49	31	87
					50-59	20	90
60 or Over	1	92					

Notes:

1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.
2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.



Employee Sustainable Engagement Survey Data by Year – By Position

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)	
2018	Taiwan	10,143	8,844	Junior Management Positions (Taiwan)	2	87
				Middle Management Positions (Taiwan)	9	88
				Senior Management Positions (Taiwan)	4	93
				Executive Positions (Taiwan)	0.5	98
				Non-Managerial (Taiwan)	66	83
				Managerial (Taiwan and Overseas)	NA	NA
				Non-Managerial (Taiwan and Overseas)	NA	NA
2019	Taiwan	9,906	8,545	Junior Management Positions (Taiwan)	64	90
				Middle Management Positions (Taiwan)	2	92
				Senior Management Positions (Taiwan)	9	94
				Executive Positions (Taiwan)	4	98
				Non-Managerial (Taiwan)	0.4	88
	Overseas	3,039	2,603	Junior Management Positions (Taiwan and Overseas)	1.4	90
				Middle Management Positions (Taiwan and Overseas)	7	92
				Senior Management Positions (Taiwan and Overseas)	3	92
				Executive Positions (Taiwan and Overseas)	0.3	98
				Non-Managerial (Taiwan and Overseas)	67	86
2021	Taiwan	10,141	8,374	Junior Management Positions (Taiwan)	1.4	91
				Middle Management Positions (Taiwan)	9.9	90
				Senior Management Positions (Taiwan)	3.8	95
				Executive Positions (Taiwan)	0.6	97
				Non-Managerial (Taiwan)	66.6	86
	Overseas	3,045	2,809	Junior Management Positions (Taiwan and Overseas)	1.1	91
				Middle Management Positions (Taiwan and Overseas)	7.6	90
				Senior Management Positions (Taiwan and Overseas)	4.3	94
				Executive Positions (Taiwan and Overseas)	0.5	96
				Non-Managerial (Taiwan and Overseas)	71	85

Notes:

1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.
2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

Appendix 3 Tax Information

Country/Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Taiwan	Yuanta Financial Holding Co., Ltd.	Investment and Management of Investee Businesses
	Yuanta Securities Co., Ltd.	Business Management
	Yuanta Commercial Bank Co., Ltd.	Banking
	Yuanta Life Insurance Co., Ltd.	Life Insurance Business
	Yuanta Futures Co., Ltd.	Futures industry, futures management, futures consulting, securities industry, securities trading assistance
	Yuanta Securities Investment Trust Co., Ltd. (Yuanta Funds)	Securities Investment Trust
	Yuanta Venture Capital Co., Ltd.	Venture Capital Business
	Yuanta International Asset Management Co., Ltd.	Financial institutions money debt management services
	Yuanta Securities Investment Consulting Co., Ltd.	Securities investment consultation
	Yuanta International Insurance Brokers Co., Ltd.	Insurance brokerage business
	Yuanta Securities Finance Co., Ltd.	Securities financing
	Yuanta International Leasing Co., Ltd.	Financing tax services
	SYF Information Limited	Information services
Yuanta I Venture Capital Co., Ltd.	Venture capital business	
Korea	Yuanta Securities Korea Co., Ltd.	Securities and futures contracts trading, advising on securities and futures contracts, underwriting business, providing asset management, and financial consultation
	Yuanta Investment Co., Ltd.	Investment business
	Yuanta Savings Bank (Korea) Inc.	Savings bank deposit business

Country/Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Others	Yuanta Securities Asia Financial Services, Ltd.	Investment holdings
	Yuanta Securities (Hong Kong) Co., Ltd.	Trading of securities and futures contracts, advising on securities, futures contracts and institutional finance, providing asset management
	Yuanta Asia Investment (Hong Kong) Limited	Securities contract trading, asset management
	Yuanta Investment Consulting (Beijing) Co., Ltd.	Investment consultation
	Yuanta Hong Kong Holdings (Cayman) Ltd.	Investment holdings
	Yuanta Securities (Thailand) Co., Ltd.	Trustee trading, self-dealing, underwriting, and investment advisory
	Yuanta Securities Vietnam Co., Ltd.	Trustee trading, proprietary trading, underwriting, and investment consultation
	Yuanta Financial (Hong Kong) Limited	Investment holdings
	Yuanta Securities (Cambodia) Plc.	Underwriting counseling, financial consulting
	Yuanta International Investment (Hong Kong) Ltd.	Financial instruments issuance
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business
	PT Yuanta Sekuritas Indonesia	Securities trading, underwriting business
	PT Yuanta Asset Management	Investment management
	Yuanta Investment Management (Cayman)	Investment management
	Yuanta Savings Bank (Philippines) Inc.	Savings bank deposit business
	Yuanta Futures (Hong Kong) Limited	Financial services
	SYF Information (Shanghai) Limited	Information services

Appendix 4 GRI Criteria Index

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 102: General Disclosure 2016			
Organizational Profile			
102-1 Name of the organization	About This Report	0	
102-2 Activities, brands, products, and services	About This Report	0	
102-3 Location of headquarters	1.1 Yuanta Financial Holdings Profile	13	
102-4 Location of operations	1.1 Yuanta Financial Holdings Profile	13	
102-5 Ownership and legal form	About This Report	0	
102-6 Markets served	About This Report 1.1 Yuanta Financial Holdings Profile	0 13	
102-7 Scale of the organization	1.1 Yuanta Financial Holdings Profile 1.2 Operating Performance	13 14	
102-8 Information on employees and other workers	5.1 Employee Attraction and Retention Appendix 2 Social Indicators	117 168	102-8-b. Total number of employees by employment contract (permanent and temporary), by region. "Restriction by Confidentiality Policy" As the overseas employment form of employees is limited by the confidentiality agreement of the local subsidiaries, this report only discloses the gender and the number of total overseas employees.
102-9 Supply chain	6.2 Supplier Management	149	
102-10 Significant changes to the organization and its supply chain	About This Report	0	
102-11 Precautionary principle or approach	4.2 Risk Management	99	
102-12 External initiatives	3.2 Sustainable Finance 6.1 Climate Action	53 139	
102-13 Membership of associations	1.2 Operating Performance	14	

Disclosures	Related Report Sections	Pages	Reasons for Omission
Strategy			
102-14 Statement from senior decision-maker	A Word from the Chairman	0	
Ethics and Integrity			
102-16 Values, principles, standards, and norms of behavior	4.1 Corporate Governance	88	
Governance			
102-18 Governance structure	2.3 Sustainable Governance 4.1 Corporate Governance	29 88	
Stakeholder Engagement			
102-40 List of stakeholder groups	2.4 Stakeholder Agreement	30	
102-41 Collective bargaining agreements	5.5 Employee Communication	135	
102-42 Identifying and selecting stakeholders	2.4 Stakeholder Agreement	30	
102-43 Approach to stakeholder engagement	2.4 Stakeholder Agreement	30	
102-44 Key topics and concerns raised	2.4 Stakeholder Agreement	30	

Disclosures	Related Report Sections	Pages	Reasons for Omission
Reporting Practice			
102-45 Entities included in the consolidated financial statements	1.2 Operating Performance	14	
102-46 Defining report content and topic boundaries	2.4.2 Materiality Assessment Procedures	33	
102-47 List of material topics	2.4.2 Materiality Assessment Procedures	33	
102-48 Restatements of information	About This Report	0	
102-49 Changes in reporting	2.4.2 Materiality Assessment Procedures	33	
102-50 Reporting period	About This Report	0	
102-51 Date of most recent report	About This Report	0	
102-52 Reporting cycle	About This Report	0	
102-53 Contact point for questions regarding the report	About This Report	0	
102-54 Claims of reporting in accordance with the GRI Standards	About This Report	0	
102-55 GRI content index	Appendix 4 GRI Criteria Index	185	
102-56 External assurance	Appendix 10 Independent Assurance Opinion Statement Appendix 11 Accountants' Limited Assurance Report (SASB)	199 200	

Disclosures	Related Report Sections	Pages	Reasons for Omission
* Material Topics			
Corporate Governance *			
Integrity Management *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 4.1 Corporate Governance	33 88	
103-2 The management approach and its components	4.1 Corporate Governance	88	
103-3 Evaluation of the management approach	4.1 Corporate Governance	88	
Risk Management *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 4.2 Risk Management	33 99	
103-2 The management approach and its components	4.2 Risk Management	99	
103-3 Evaluation of the management approach	4.2 Risk Management	99	
Information Security *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 4.5 Information Security	33 110	

Disclosures	Related Report Sections	Pages	Reasons for Omission
103-2 The management approach and its components	4.5 Information Security	110	
103-3 Evaluation of the management approach	4.5 Information Security	110	
Legal Compliance *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 4.3 Legal Compliance	33 105	
103-2 The management approach and its components	4.3 Legal Compliance	105	
103-3 Evaluation of the management approach	4.3 Legal Compliance	105	
GRI 206: Anti-competitive Behavior 2016			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.3 Legal Compliance	105	
GRI 419: Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area	3.4 Customer Rights 4.3 Legal Compliance	75 105	
Climate Action *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 6.1 Climate Action	33 139	
103-2 The management approach and its components	6.1 Climate Action	139	
103-3 Evaluation of the management approach	6.1 Climate Action	139	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 302-Energy 2016			
302-1 Energy consumption within the organization	6.1.1 Climate Change and Energy Management	139	
302-3 Energy intensity	6.1.1 Climate Change and Energy Management	139	
302-4 Reduction of energy consumption	6.1.1 Climate Change and Energy Management	139	
GRI 305-Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	6.1.1 Climate Change and Energy Management	139	
305-2 Energy indirect (Scope 2) GHG emissions	6.1.1 Climate Change and Energy Management	139	
305-3 Other indirect (Scope 3) GHG emissions	6.1.1 Climate Change and Energy Management	139	
305-4 GHG emissions intensity	6.1.1 Climate Change and Energy Management	139	
305-5 Reduction of GHG emissions	6.1.1 Climate Change and Energy Management	139	
Employee Attraction and Retention *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 5.1 Employee Attraction and Retention	33 117	
103-2 The management approach and its components	5.1 Employee Attraction and Retention	117	
103-3 Evaluation of the management approach	5.1 Employee Attraction and Retention	117	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 401-Employment 2016			
401-1 New employee hires and employee turnover	5.1 Employee Attraction and Retention Appendix 2 Social Indicators	117 168	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employee Attraction and Retention	117	
401-3 Parental leave	5.1 Employee Attraction and Retention Appendix 2 Social Indicators	117 168	
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 5.2 Talent Cultivation and Development	33 122	
103-2 The management approach and its components	5.2 Talent Cultivation and Development	122	
103-3 Evaluation of the management approach	5.2 Talent Cultivation and Development	126	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	5.2 Talent Cultivation and Development	126	
404-3 Percentage of employees receiving regular performance and career development reviews	5.2 Talent Cultivation and Development	126	

Disclosures	Related Report Sections	Pages	Reasons for Omission
Financial Product Innovation and Services *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 3.1 Financial Product Innovation and Services	33 41	
103-2 The management approach and its components	3.1 Financial Product Innovation and Services	41	
103-3 Evaluation of the management approach	3.1 Financial Product Innovation and Services	41	
Sustainable Finance *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 3.2 Sustainable Finance	33 53	
103-2 The management approach and its components	3.2 Sustainable Finance	53	
103-3 Evaluation of the management approach	3.2 Sustainable Finance	53	
G4 Sector Disclosure - Financial Services: Product Portfolio			
DMA (former FS1) Policies with specific environmental and social components applied to business lines	3.2 Sustainable Finance	53	
DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines	3.2 Sustainable Finance	53	
DMA (former FS3) Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	3.2 Sustainable Finance Appendix 1 Sustainable Finance Performance	53 163	

Disclosures	Related Report Sections	Pages	Reasons for Omission
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	3.2 Sustainable Finance	53	
Financial Inclusion *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 3.3 Financial Inclusion	33 69	
103-2 The management approach and its components	3.3 Financial Inclusion	69	
103-3 Evaluation of the management approach	3.3 Financial Inclusion	69	
G4 Sector Disclosure - Financial Services: Local Communities			
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	3.3 Financial Inclusion	69	
FS14 Initiatives to improve access to financial services for disadvantaged people	3.3 Financial Inclusion	69	
Customer Services and Privacy *			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.4.2 Materiality Assessment Procedures 3.4 Customer Rights and Benefits	33 75	
103-2 The management approach and its components	3.4 Customer Rights and Benefits	75	
103-3 Evaluation of the management approach	3.4 Customer Rights and Benefits	75	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Customer Rights and Benefits	75	
Other Topics			
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	1.2 Operating Performance	14	
201-2 Financial implications and other risks and opportunities due to climate change	TCFD Climate-related Risks and Opportunities	7	
GRI 303: Water and Effluents 2018			
303-3 Water withdrawal	6.1.2 Water Management	145	
GRI 306: Waste 2020			
306-2 Management of significant wasterelated impacts	6.1.3 Waste Management	146	
GRI 307: Environmental Compliance 2016			
307-1 Non-compliance with environmental laws and regulations	No violation of environmental regulations.	-	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	6.2 Supplier Management	149	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	5.3 Friendly and Excellent Working Environment	127	
403-2 Hazard identification, risk assessment, and incident investigation	5.3 Friendly and Excellent Working Environment	127-132	Disclosure is currently limited to employees and does not include nonemployee workers. This is because Yuanta is in the financial services industry, so it is not considered to have a high risk work environment and our operational activities are provided primarily by Yuanta employees. Work provided by non-employee workers is unrelated to Yuanta's primary operational items. These workers make up a very small proportion.
403-3 Occupational health services	5.3 Friendly and Excellent Working Environment	133	
403-4 Worker participation, consultation, and communication on occupational health and safety	5.3 Friendly and Excellent Working Environment	127	
403-5 Worker training on occupational health and safety	5.3 Friendly and Excellent Working Environment	127	
403-6 Promotion of worker health	5.3 Friendly and Excellent Working Environment	127	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.2 Supplier Management	149	
403-9 Work-related injuries	5.3 Friendly and Excellent Working Environment	128	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 412: Human Rights Assessment 2016			
412-1 Operations that have been subject to human rights reviews or impact assessments	5.4.2 Human Rights Due Diligence	134	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	6.2 Supplier Management	149	
GRI 417: Marketing and Labeling 2016			
417-3 Incidents of non-compliance concerning marketing communications	3.4 Customer Rights and Benefits	86	

Appendix 5 United Nations Sustainable Development Goals (SDGs) Content Index

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards	Related Report Sections	Pages
1. No Poverty End poverty in all its forms everywhere	Financial Inclusion	FS7, FS14	3.3 Financial Inclusion	69-74
3. Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	Friendly and Excellent Working Environment	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	5.3 Friendly and Excellent Working Environment	127-133
4. Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Social Welfare	-	7.2 SDGs Corresponding Activities Presented	156
8. Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Attraction and Retention	GRI 401-1 GRI 401-2 GRI 401-3	5.1 Employee Attraction and Retention	117-121
	Friendly and Excellent Working Environment	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	5.3 Friendly and Excellent Working Environment	127-133
	Talent Cultivation and Development	GRI 404-1 GRI 404-3	5.2 Talent Cultivation and Development	123-126
9. Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Sustainable Finance	FS1, FS2, FS3, FS8	3.2 Sustainable Finance	53-68
	Financial Product Innovation and Services	-	3.1 Financial Product Innovation and Services	41-52
10. Reduced Inequalities Reduce inequality within and among countries	Human Rights	GRI 412-1	5.4 Human Rights	134
	Customer Services and Privacy	GRI 418-1	3.4 Customer Rights and Benefits	84

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards	Related Report Sections	Pages
12. Responsible Consumption and Production Ensure sustainable consumption and production patterns	Supplier Management	GRI 308-1 GRI 414-1	6.2 Supplier Management	149
13. Climate Action Take urgent action to combat climate change and its impacts	Energy and Climate Change	GRI 302-1 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5	6.1 Climate Action	139-144
16. Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Legal Compliance	GRI 206-1 GRI 419-1	4.3 Legal Compliance	105
	Corporate Governance and Integrity Management	-	4.1 Corporate Governance	88
	Risk Management		4.2 Risk Management	99
	Information and Transaction Security	-	4.5 Information Security	110
17. Partnerships for the Goals Strengthen the means of implementation and revitalize the global partnership for sustainable development	Financial Inclusion	FS7, FS14	3.3 Financial Inclusion	69
	Supplier Management	GRI 308-1 GRI 414-1	6.2 Supplier Management	149
	Social Welfare		7. Our Commitment to Social Participation	155

Appendix 6 ISO 26000 Social Responsibility Guidelines Content Index

Category	Core Subjects and Issues	Related Report Sections	Pages	Category	Core Subjects and Issues	Related Report Sections	Pages	
Organizational Governance	System for implementing decision-making and implementation	2.1 Sustainable Vision	20	Fair Operating Practices	Anti-corruption	4.1 Corporate Governance	88	
		4.1 Corporate Governance	88		Responsible political involvement	1.2 Operating Performance	14	
Human Rights	Due diligence	5.4 Human Rights	134		Fair competition	4.1 Corporate Governance 4.3 Legal Compliance	88 105	
	Human rights risk situations	5.4 Human Rights	134		Promoting social responsibility in the value chain	3.3 Financial Inclusion 6.2 Supplier Management	69 149	
	Avoidance of complicity	4.1 Corporate Governance	88		Respect for property rights	3.1 Financial Product Innovation and Services	41	
	Resolving grievances	5.5 Employee Communication	135		Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	3.4 Customer Rights and Benefits	75
	Discrimination and vulnerable groups	5.4 Human Rights	134			Protecting consumers' health and safety	3.4 Customer Rights and Benefits	75
	Civil and political rights	5.4 Human Rights	134			Sustainable consumption	3.2 Sustainable Finance 6.2 Supplier Management	53 149
	Economic, social and cultural rights	5.4 Human Rights	134			Consumer service, support, and complaint and dispute resolution	3.4 Customer Rights and Benefits	75
	Fundamental principles and rights at work	5.2 Talent Cultivation and Development	122			Consumer data protection and privacy	3.4 Customer Rights and Benefits	75
Labor Practices	Employment and employment relationships	5.1 Employee Attraction and Retention	117	Access to essential services		3.3 Financial Inclusion 3.4 Customer Rights and Benefits	69 75	
	Conditions of work and social protection	5.2 Talent Cultivation and Development	122	Education and awareness	3.4 Customer Rights and Benefits	75		
	Social dialogue	5.5 Employee Communication	135	Community Involvement and Development	Community involvement	7 Our Commitment to Social Participation	155	
	Health and safety at work	5.3 Friendly and Excellent Working Environment	127		Education and culture	7 Our Commitment to Social Participation	155	
	Human development and training in the workplace	5.2 Talent Cultivation and Development	122		Employment creation and skills development	7 Our Commitment to Social Participation	155	
	The Environment	Prevention of pollution	6.1 Climate Action		139	Technology development and access	3.1 Financial Product Innovation and Services	41
Sustainable resource use		6.1 Climate Action	139		Wealth and income creation	7 Our Commitment to Social Participation	155	
Climate change mitigation and adaptation		6.1 Climate Action TCFD Climate-related Risks and Opportunities	139 7		Health	7 Our Commitment to Social Participation	155	
Protection of the environment, biodiversity and restoration of natural habitats		6.1 Climate Action	139		Social investment	7.4 Investment and Use of Funds for Public Welfare	161	

Appendix 7 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies - Financial and Insurance Industry Content Index

Items	Related Report Sections	Pages
1. Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	4.5 Information Security	110
2. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.2 Sustainable Finance 3.3 Financial Inclusion	53 69
3. Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	3.2 Sustainable Finance 3.3 Financial Inclusion	53 69
4. Products and services designed by individual operating units to create benefits for the environment or society.	3.2 Sustainable Finance 3.3 Financial Inclusion	53 69
5. The number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	5.1 Employee Attraction and Retention	117
6. The company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	TCFD Climate-related Risks and Opportunities	7

Appendix 8 Sustainability Accounting Standards Board (SASB) Standards Index

| SASB Standards for Investment Banking and Brokerage

TOPIC	ACCOUNTING METRIC	CODE	PAGES	NOTES
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-IB-330a.1	175	See Appendix 2 Social Indicators for details.
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410a.1	60	See 3.2 Sustainable Finance for details.
	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410a.2	54, 59	See 3.2 Sustainable Finance for details.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	FN-IB-410a.3	59	See 3.2 Sustainable Finance for details.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510a.1	-	In 2020, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-IB-510a.2	88	See 4.1 Corporate Governance for details.
Professional Integrity	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510b.1	-	The Company's Legal Department and its subsidiary's Legal Department were not informed of any related cases in 2021 and intend to continue to track information related to this indicator.
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	-	No integrity-related mediation or arbitration cases in 2021.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	-	No integrity-related monetary losses as a result of legal proceedings associated with professional integrity, including duty of care cases in 2021.
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	88	See 4.1 Corporate Governance for details.

TOPIC	ACCOUNTING METRIC	CODE	PAGES	NOTES
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-IB-550a.1	-	the Company is not a G-SIB Bank
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-IB-550a.2	-	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
Employee Incentives & Risk Taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	-	Information about this indicator will be further disclosed in the future
	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550b.2	-	No clawback provisions apply to the Group's senior management.
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	-	Please refer to the Company's 2021 Annual Report for details.
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	165	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	166	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	165	Appendix 1 Sustainable Finance Performance

| SASB Standards for Commercial Banks

TOPIC	ACCOUNTING METRIC	CODE	PAGES	NOTES
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1.	110	See 4.5 Information Security for details
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	110	See 4.5 Information Security for details
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1.	74	See 3.2 Sustainable Finance for details
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	-	Information unavailable / incomplete
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3.	-	Information unavailable / incomplete
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4.	161	See 7.5 Public Service Highlights for details
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1.	167	See Appendix 1 Sustainable Finance Performance for details
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2.	54-56	See Sustainable Finance for details
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	-	In 2020, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-CB-510a.2	88	See 4.1 Corporate Governance for details
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1.	-	the Company is not a G-SIB Bank
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2.	-	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
ACTIVITY METRIC	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	167	See Appendix 1 Sustainable Finance Performance for details
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	167	See Appendix 1 Sustainable Finance Performance for details

This table is based on the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standards - Standards for Commercial Banks. In accordance with R.O.C. Statement of Assurance Engagement Auditing Standards No. 1, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", PwC Taiwan has provided limited assurance on certain key performance information of SASB (see Appendix 12). For more information about SASB, please refer to: <https://www.sasb.org/>

Appendix 9 Total Impact Measurement and Management

Impact	Item	Definition
Economic Impact	Profit	Net profit generated from company operations
	Salary	Company's contribution to employees' salaries and benefits
	Intangible assets	Research and development activities and purchase of intellectual property
	Investments	Capital expenditure
	Investment (General)	Proceeds from investment and financing activities
	Investment (Sustainable)	Value of social impact due to investment and financing of sustainable related targets
Tax Impact	Profits Tax	Obligatory Payment of Taxes
	Other taxes (property/environmental/personnel taxes)	Tax Obligations
Environmental Impact	Waste	Negative environmental costs arising from waste generated by the Company's operations
	Water resources	Negative environmental costs arising from water resources consumed by the Company's operations
	Greenhouse Gas Emissions (S1+S2+S3)	Negative environmental costs due to greenhouse gases generated by the Company's operations
	Investing in Carbon Emissions(S3)	Negative environmental costs due to indirect emissions caused by the Company's investment and financing
	Carbon Reduction Benefits	Positive environmental benefits from the reduction of carbon emissions
Social Impact	Employee Engagement and Development	Social impact value through employee training and education
	Employee Health and Safety	Positive social impact value of providing workplace safety and health services to employees
	Social Cohesion and Investment	Positive social impact value through philanthropic activities and community operations
	Financial Inclusion Support	Financial services/small investments (under NTD3,000) for socially disadvantaged groups and micro-enterprises
	Industry Talent Development (Industry-Academia Cooperation)	Social value created through collaboration with academic institutions
	Supplier Partnerships	Social value created by optimizing supplier competitiveness

Appendix 10 Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Yuanta Financial Holding Co., Ltd. 2021 ESG 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 verification of the sustainability statements contained in this report.

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

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

- The assurance scope is consistent with the description of Yuanta Financial Holding Co., Ltd. 2021 ESG Report with the following exceptions:
 - The data reliability for TIMM (Total Impact Measure and Management) indicators list in appendix 9.
- The evaluation of the nature and extent of the Yuanta Financial Holdings' adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

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

Opinion Statement

We conclude that the Yuanta Financial Holding Co., Ltd. 2021 ESG Report provides a fair view of the Yuanta Financial Holdings ESG programmes and performances during 2021. The ESG Report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Yuanta Financial Holdings and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The ESG performance information disclosed in the report demonstrate Yuanta Financial Holdings' efforts recognized by its stakeholders.

Our work was carried out by a team of ESG Report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta Financial Holdings' description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a top management review of issues raised by external parties that could be relevant to Yuanta Financial Holdings' policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Yuanta Financial Holdings' approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholders to conduct interview
- interview with 38 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and ESG performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that Yuanta Financial Holdings has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Yuanta Financial Holdings' inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

The Yuanta Financial Holdings publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Yuanta Financial Holdings and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Yuanta Financial Holdings' management and performance. In our professional opinion the report covers the Yuanta Financial Holdings' material issues.

Responsiveness

Yuanta Financial Holdings has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the Yuanta Financial Holdings is developed and continually provides the opportunity to further enhance Yuanta Financial Holdings' responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Yuanta Financial Holdings' responsiveness issues.

Impact

Yuanta Financial Holdings has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Yuanta Financial Holdings has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the Yuanta Financial Holdings' impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, Yuanta Financial Holdings and BSI have agreed upon to include in the scope. In our view, the data and information contained within Yuanta Financial Holding Co., Ltd. 2021 ESG Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

Yuanta Financial Holdings provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Yuanta Financial Holdings' ESG topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

This ESG Report is the responsibility of the Yuanta Financial Holdings' chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



...making excellence a habit™

Statement No: SRA-TW-2021070
2022-05-04

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Appendix 11 Accountants' Limited Assurance Report (SASB)



We have been engaged by Yuanta Financial Holding Co., Ltd. ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2021 Sustainability Report and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 194 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Scope and Boundary" on page 0 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies and related laws and regulations.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies and related laws and regulations and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

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- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation and inspection to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the Sustainability Report for 2020.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitation

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies and related laws and regulations.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

July 8, 2022

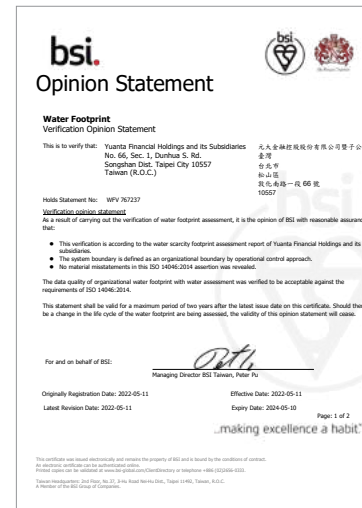
Appendix 12 According to “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” Article 4 Paragraph 1 (“Rules”) emphasize the information disclosure and statement of summary.

No.	Subject Matter Information	Page	Applicable Criteria
1.1	There were no data breaches for Yuanta Group in 2021.	114	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines" and "Yuanta Financial Holdings Information Business Manual", the total number of data breaches of Yuanta Financial Holdings and its 8 subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting) are counted in 2021. The data breach is based on whether the data leak of Yuanta Financial Holdings and the data breach violate the policies of Yuanta Financial Holding of non-disclosure and information security.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.</p>
1.2	The percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Group was 0% in 2021.	114	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines" and "Regulation on Personal Information Management", the percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Financial Holdings and its 8 subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting) are calculated in 2021.</p> <p>Note:</p> <ol style="list-style-type: none"> "Personal data" in accordance with "Personal Information Working Guidelines" refers to a natural person's name, date of birth, ID Card number, passport number, features, fingerprints, marital status, family information, education background, occupation, contact information, financial conditions, data concerning a person's social activities, special personal information and any other information that may be used to directly or indirectly identify a natural person. In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.
1.3	There were no number of account holders affected by data breaches for Yuanta Group in 2021.	114	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines" and "Yuanta Financial Holdings Information Business Manual", number of account holders affected by data breaches of Yuanta Financial Holdings and its 8 subsidiaries are counted in 2021.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Funds, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to authority (Securities and Futures Bureau) and inspect whether these events involve data breaches or not.</p>
2	As of the end of 2021, the balance of loans outstanding qualified to programs designed to promote stable operation to 7,825 small and medium-sized enterprises was NT\$170,102,117 (thousands dollars).	74	<p>Number and balance of loans outstanding qualified to programs designed to promote stable operation of small and medium enterprises for Yuanta Bank in 2021.</p> <p>Note:</p> <ol style="list-style-type: none"> Number and balance of loans not including overseas branches and OBU is calculated by Yuanta Bank. If there are more than one loans to same enterprise, number will be counted based on the unified business number. (Same unified business number will be counted only onetime.) Loan balance is defined as the total loan balance to small and medium-sized enterprises (not including non-performing loans) as of the end of 2021. Yuanta Bank's loan business operated in accordance with "Standards for Identifying Small and Medium-sized Enterprises" promulgated by Ministry of Economic Affairs. The term "small and medium-sized enterprise (SME)" mean an enterprise which has completed company registration or business registration in accordance with relevant laws, and whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees.
3	Yuanta Financial Management Day with totaling 3 activities, benefited 57 students.	158	<p>The number of applicants in "Yuanta Financial Management Day" held by Yuanta Group and Yuanta Foundation to teach students from remote area the concept of financial management in 2021.</p> <p>Note: "Remote Areas" in accordance with "Ministry of Education Rules Standards on Classification and Recognition of School in Remote Areas" which is based on transportation, culture, life function, digital environment, social economic condition and other factors are classify as extreme remote area, special remote area and remote area.</p>
4	In 2021, Yuanta Life held 4 "Sapling Program" for schools in remote area to provide 102 applicants with financial education training.	161	<p>The number of applicants in "Sapling Program" with financial education to student from remote area held by Yuanta Life in 2021.</p> <p>Note: "Remote Areas" in accordance with "Ministry of Education Rules Standards on Classification and Recognition of School in Remote Areas" which is based on transportation, culture, life function, digital environment, social economic condition and other factors are classify as extreme remote area, special remote area and remote area.</p>
5	Yuanta Bank's all series of credit card carbon footprint had obtained the certification from the British Standards Institution (BSI) in 2021.	63	<p>Yuanta Bank have appointed British Standards Institution (Hereinafter called BSI) to inspect 2018 and 2020 all series of credit card carbon footprint, which involves the acquisition of materials, process activity, transportation, distribution, use and the final disposal stages in product life cycle and have obtained BSI's verification in 2021. The result of verification is that 2020 carbon footprint is lower than 2018.</p>

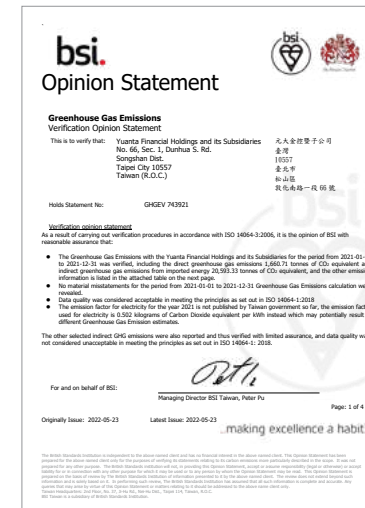
Appendix 13 Management Guidelines



ISO 14001:2015 Environmental Management System Certificate of Registration



ISO 14046:2014 Water Footprint Inventory Opinion Statement



ISO 14064-1:2018 Greenhouse Gas Inventory Opinion Statement



ISO 20400:2017 Sustainable Procurement - Guidance Conformity Statement



ISO/PAS 45005:2020 Quality Management System Certificate of Registration (The provision of financial management service)



ISO/PAS 45005:2020 Quality Management System Certificate of Registration (The provision of financial service)

Yuanta Financial Holdings ESG Report

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