

We Create **Fortune**

2012 CSR Report

元大金控



*Yuanta
Financial Holdings*



Overview of the CSR Report

Timeframe of the Report

- ✳ Our company published its first Chinese Corporate Social Responsibility (CSR) Report in 2010. In 2011, an English edition was published as well as the Chinese one. This year, in our third CSR report, we will build on the progress we have made since 2011 and provide the details, to our stakeholders worldwide, of the efforts made by Yuanta Financial Holdings Co., Ltd. (Yuanta Financial Holdings), with respect to corporate social responsibility.
- ✳ This report discloses the Yuanta Financial Holdings CSR efforts and results on key issues from January 1 to December 31, 2012.

Scope and Categories of this Report

- ✳ The subject of this report is the Yuanta Group operations in Taiwan and the Yuanta Foundation.
- ✳ Financial information is given in New Taiwan Dollars.
- ✳ Energy consumption figures and details on environmental protection apply only to the Yuanta Group headquarters building at No. 66, Dunhua South Road, Taipei City.
- ✳ “Our Company” in this report refers to Yuanta Financial Holdings, while “Our Group” refers to Yuanta Financial Holdings and its subsidiaries: Yuanta Securities, Yuanta Bank, Yuanta Futures, Yuanta Securities Investment Trust, Yuanta Securities Finance, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting.

Report Drafting Principles and Outlines

- ✳ This report is drafted in accordance with the Global Reporting Initiative G3.1 Guidelines on sustainability and local community impact, United Nation Global Compact Comparison Table, ISO26000 Index, and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
- ✳ This report includes a letter from the Chairman, the implementation of CSR, and six major chapters: the identification of stakeholders and company overview, corporate governance, customer first, care for employee, environmental protection, and social participation.

Differences from the 2011 Report

- ✳ Information used in this period includes information after acquisition of the Polaris Group.

Contact Us

If you need further information, please contact us at:

Yuanta Financial Holdings CSR Center

- ✳ E-mail: CSR.fhc@yuanta.com

- ✳ Phone: +886 2 2781-1999

- ✳ Fax: +886 2 2772-1585

Method of Delivery

- ✳ Both the Chinese and English versions of this report are available on the Yuanta Financial Holdings website: <http://yuanta.com>

Publication cycle

- ✳ Annual

Date of publication

- ✳ December 2013

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Letter from the Chairman

Yuanta Financial Holdings adheres to our belief and mission – “We should give the best example of corporate governance and seek the greatest value for our shareholders.” We will integrate corporate governance into our culture and make it the foundation of our ongoing operation.

Even though we were constrained by an unfavorable global economic environment and low transaction volumes in the Taiwanese stock market in 2012, Yuanta Financial Holding still delivered a net income of \$6.13 billion after tax and completed business intergration at Yuanta Securities, Yuanta Futures, and Yuanta Securities Investment Trust after our merger with the Polaris Group. After the merger, we ranked first in the following areas: securities brokerage locations, brokerage volume, margin and short trading, electronic trading, sub-brokerage, investment trust asset scale, and futures brokerage and options. In the future, our company will remain an active player, and continue to be “client oriented.” We will enhance our core competitiveness, increase the size of our bank assets and develop new operations in life insurance through a double-barreled strategy that combines high internal growth with external acquisition. In this way we will maintain the balanced growth of our three major business lines, securities, banking and insurance. While we remain committed to the Taiwanese market, we are also moving towards the goal of becoming “the most important Financial Service Provider in the Greater China region.”

Our company will grow on the firm foundation of superior corporate governance and implement ESG (Environment, Social Responsibility, and Governance) in our operation. By implementing the ESG policy, we can create an harmonious relationship with all stakeholders and bring about positive change in the “economy, society, and environment.”

In terms of corporate governance, our company has led the industry since 2007 by the appointment of independent directors and the formation of an Audit Committee. This has improved the composition of the Board of Directors and the quality of its decision-making. In 2010 we added a Remuneration Committee chaired by an independent director, and in compliance with an overall financial holdings strategy, established a rational system for compensation that is tied to risks and results. In 2011, we obtained CG6006 advanced corporate governance evaluation certification from the Taiwan Corporate Governance Association. In 2012, we were honored as the only financial holdings company with A++ ranking in the ninth Information Disclosure Evaluation System for Publicly Traded Companies. In the same year, we also received the gold medal awarded by The Asset Magazine for “Best Corporate Governance,” “Best CSR” and best investor relationship in the Taiwan region.

In terms of social responsibility, our company wishes to “give back to society”. We will use our core competitiveness and advantages to make this contribution, and plan to use our nation-wide locations and diversified operations to this end. We shall help people in all locations and age groups to acquire the right financial knowledge and behavior, and help teach our children about personal finance so that we can avoid the social problems arising due to a lack of good personal finance knowledge. Additionally, we will encourage clients to donate the transaction reward points they accrue to public interest groups to help the disadvantaged through the different transaction platforms of the group. Our starting point for the achievement of these goals is education and our central mission is public interest and care. The Yuanta Foundation will be our agent for a new and concerted four-pronged positive change strategy: “social education with public concern,” “the provision of scholarships and talent cultivation,” “the promotion of the arts and humanities,” and “social safety with legal education”. We have been sponsoring research at the Liver Disease Prevention & Treatment Research Foundation since 2007 and are still contributing volunteer manpower to this domestic cause. In 2011, we initiated the “Yuanta Takeoff Project,” joining forces with teams of volunteers from Fu Jen Catholic University to provide educational help to children at the margins of society in metropolitan as well as remote rural areas. By offering a wide range of academic assistance, we help these children pursue their dreams. In addition increasingly serious drug abuse and bullying amongst teenagers prompted us to launch the “Saving Faust Project” in 2012 in collaboration with the Paperwindmill Theater. The plan is to hold on-campus performances at 932 junior high schools throughout Taiwan over a period of 5 to 7 years to promote anti-drug activities.

In terms of the environment, our company has committed itself to the promotion of environmental stewardship as a response to intensified global warming. Examples include: the increased use of electronic statements, a paperless account-opening process for securities clients, passbook-free omnibus and demand savings accounts, the sale of CSR and resources-themed mutual funds, the evaluation of environmental policies in the loan approval process, electronic information exchange, as well as car pooling for travel between corporate sites. We have been named the “Benchmark Corporation for Green Purchase” by the Taipei City Government in both 2011 and 2012. We also emphasize energy-saving measures at the personal level and hope to reduce carbon emission by passing the message along to everyone around us.

This Report clearly reflects all the CSR efforts made by our company and their results. We welcome your suggestions and feedback. Our company, together with all its stakeholders, will strive to be a leading corporate citizen and fulfill our Corporate Social Responsibilities to the best of our ability.

Yuanta Financial Holdings



Tony Shen

We Create **Fortune**



Think big
Think Yuanta

I wish to fly !

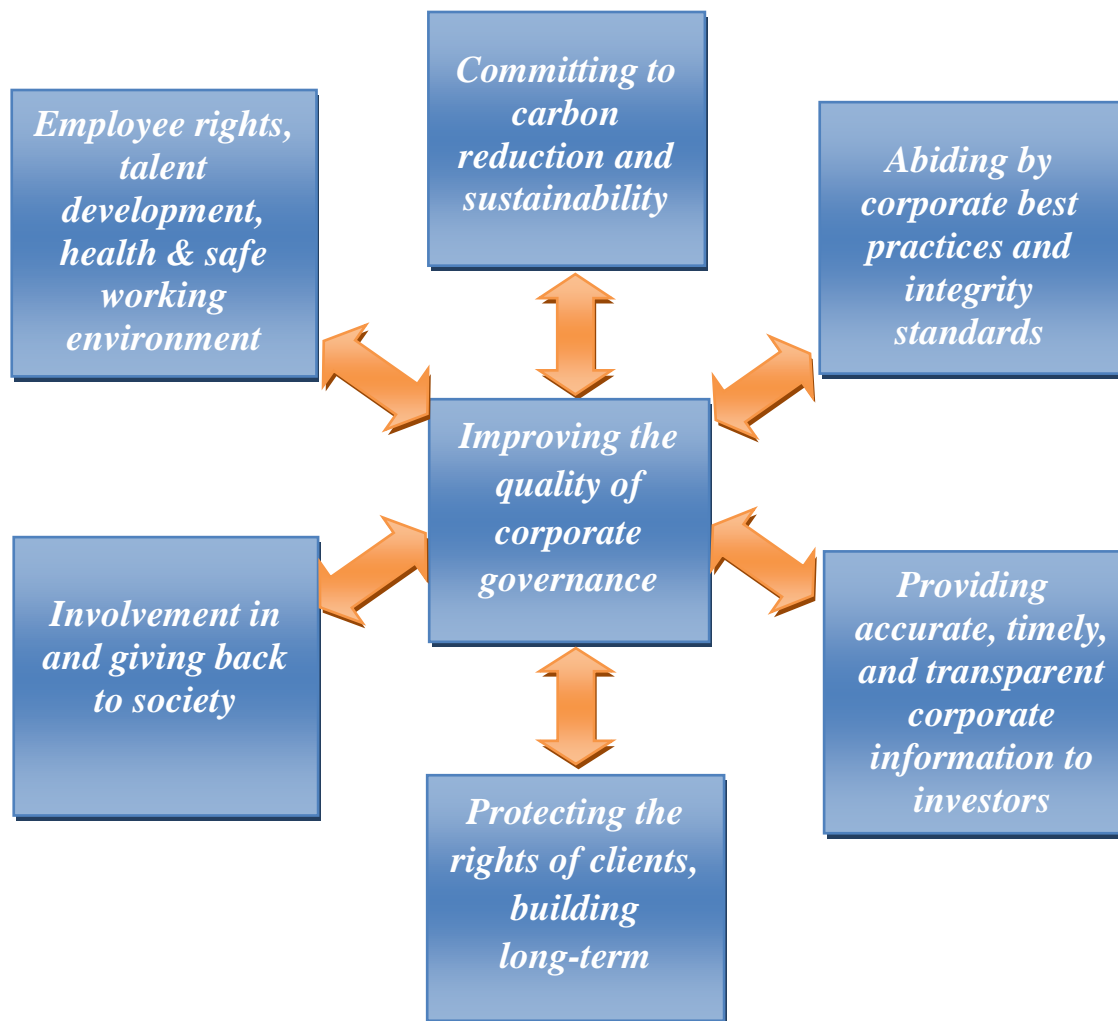
yuanta.com

Current CSR Condition

Our company adheres to a mission of “We Create Fortune” and “Yuanta Financial Holdings – Realizing Your Greatest Expectations” and offers a most diverse, well-rounded, efficient, and high-value-adding financial service. We aim to provide a course of navigation and strength of support for all the stakeholders of Yuanta Financial Holdings. We hope we can “create fortune” and “realize our dreams” together.

After years of effort, our company has embedded our mission statement -- “Give the best example of corporate governance. Seek the greatest value for our shareholders” - into our corporate culture. We have committed ourselves to the creation of clear and transparent communication channels with all our stakeholders and hope that this positive interaction will result in improvements in the “economy, society, and the environment.”

CSR Policies



CSR Operation

Principles of Operation

Our company “Corporate Social Responsibility Best Practice Principles” are based on the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” codified by the regulators, and were approved by the Board on Oct. 26, 2010.

Structure

A manager at the level of executive vice-president heads the CSR Promotion Center (CSR Center). Our company has eight functional teams to handle all issues of concern to stakeholders: general affairs, corporate governance, employee care, environmental sustainability, fair competition, social participation, customer care, and investor relations.

Duties of the Board

To manage company CSR and ensure its effective implementation, the CSR Center reports the results of CSR fulfillment annually to the Board.

Operations

The CSR Center began operations in 2011 and holds meetings on a regular basis. The CSR Center tracks the implementation of all issues to ensure the quality of execution.

2012 Focus Issues

Item	Issue	Implementation
1.	Health exams for the managers and employees of the group	<p>*The window for the health exam was from July 1, 2012 to June 30, 2013. Managers chose convenient dates for health exams at the NTU hospital.</p> <p>*All employees of the group have completed their health exams in the end of 2012.</p>
2.	Improving the volunteer management mechanism	<p>*Our “Employee Leave Management Guidelines” have been amended to include rules on employee leave for public interest activities.</p>
3.	The education, training, and promotion of business ethics for directors, supervisors and employees of the group	<p>*As done before, the Company completed the online education, training, and evaluation of “Anti- bribery, anti-corruption, and business ethics” for all group employees in May 2012.</p>
4.	Implementation of the guidelines that must be followed in the “Ethical operation best practice and conduct guidelines”.	<p>*Subsidiaries of the group have modified their “Goods (service) purchase guidelines” and added an “Ethical practice declaration” amongst the relevant forms to be signed by external vendors.</p>
5	Study of the identification of stakeholders.	<p>*See page 7 of this Report.</p>
6	A review of the outcome of the environmental protection policies	<p>*See page 73 of this Report.</p>

Identification of Stakeholders

(I) The identification of and communication with stakeholders.

Stakeholders in our company include shareholders and investors, customers, employees, government agencies, vendors, non-profit/government organizations, and media. Information about issues of concern to stakeholders was gathered through various channels. It serves as a guiding principle for reporting issue disclosure.

Stakeholders

- *Shareholders and investors
- *Customers
- *Employees
- *Government agencies
- *Vendors
- *Non-profit/ government organizations
- *Media

Issues

- *Internal audit and risk management
- *Operating results
- *Service quality and customer satisfaction
- *Legal compliance and money laundering prevention
- *Security of transaction information
- *Shareholders' rights
- *Corporate governance
- *Protection of privacy
- *Energy saving and carbon reduction
- *Green purchase
- *Transparency of information disclosure
- *Innovative financial products
- *Social participation
- *Workplace safety and employee health

☑ The issues on which stakeholders in our company focus, and their channels of communication, as well as the frequencies of such communication, are listed in the following table. The solutions to these issues are detailed in chapters of the CSR Report.

Stakeholders	Issues	Frequency of communication	Channels of communication
Shareholders and investors	*Internal audit and risk management	annual	Shareholders' meeting
	*Operating results	annual	Annual meeting
	*Service quality and customer satisfaction	permanent	Corporate website – investor relations
	*Legal compliance and money laundering prevention	annual	Credit rating
	*Security of transaction information	permanent	Spokesman
	*Shareholders' rights	annual on special occasions	Participating in domestic and international institutional investors' conference
	*Corporate governance		
	*Protection of privacy		
	*Energy saving and carbon reduction	annual on special occasions	One-on-one meeting institutional investors that offer two-way communication
	*Green purchase		
*Transparency of information disclosure			
*Innovative financial products			
Customers		permanent	Corporate website
	*Internal audit and risk management	permanent	Codified "Data security regulations for Yuanta Financial Holdings Co Ltd and its subsidiaries" and information safety policies.
	*Service quality and customer satisfaction	permanent	Customer service line
	*Legal compliance and money laundering prevention	annual or on special occasions	Investment related seminars, lectures, forums
	*Security of transaction information	daily, monthly	e-newsletter
	*Protection of privacy	annual or on special occasions	Customer satisfaction surveys
	*Transparency of information disclosure	permanent	Enforcing "Know Your Customer" (KYC) rules
	*Innovative financial products	non-regular	Special projects

Stakeholders	Issues	Frequency of communication	Channels of communication
Employees	<ul style="list-style-type: none"> *Internal audit and risk management *Operating results *Legal compliance and money laundering prevention *Security of transaction information *Corporate governance *Protection of privacy *Workplace safety and employee health *Energy saving and carbon reduction *Green purchase *Transparency of information disclosure 	permanent	Internal website – HR regulations and forms, daily corporate news, industry-wide news, suggestions and information sharing
		non-regular	e-mails (major internal notifications)
		annual or quarterly	Club activities
		updated annually	Designated vendors
		non-regular, special project	Employee discounts
		quarterly	Employee- employer meeting
		annual	Employee safety and health education and training
		annual or on special occasions	Group-wide online digital learning platform: “Yuanta e-Academy”
		permanent	Encouraging employees to participate in external training courses
		annual/ bi-annual	Providing group health insurance and health exams
		annual on special occasions	Health lectures
		weekly, monthly, quarterly, annually	Meetings, such as weekly meetings, monthly (annual) result review meeting, and committees
		six times/per year	Summit Forum
		permanent	Organizing an employee shareholder committee
permanent	Organizing an employee retirement reserve oversight committee		

Stakeholders	Issues	Frequency of communication	Channels of communication
Government agencies	<ul style="list-style-type: none"> *Internal audit and risk management *Legal compliance and money laundering prevention *Security of transaction information *Corporate governance *Protection of privacy *Workplace safety and employee health *Energy saving and carbon reduction *Green purchase *Transparency of information disclosure 	annually	Paying taxes
		permanent	Participating in associations of various industries in the financial sector
		annually on special occasions	Promoting correct knowledge of investment, personal finance, and credit management
		non-regular	Complying with regulators' investigations and audits
		non-regular	Participating in public hearings sponsored by regulators
		annually on special occasions	Government letters
Vendors	<ul style="list-style-type: none"> *Legal compliance and money laundering prevention *Green purchase 	permanent	Fair and open negotiation process
		permanent	Management rules
		non-regular	Contractual terms
		non-regular	Project meetings
Non-profit/ Non-government organizations	<ul style="list-style-type: none"> *Corporate governance *Transparency of information disclosure *Social participation 	permanent	Activities at Yuanta Foundation
		regularly	Securities and Futures Institute
		regularly	Taiwan Corporate Governance Association
Media	<ul style="list-style-type: none"> *Operating results *Service quality and customer satisfaction *Security of transaction information *Shareholders' rights *Transparency of information disclosure *Innovative financial products 	non-regular	Media communication, press releases, advertisements
		non-regular	incidents

(II) Protecting the rights of major stakeholders

1. Shareholders' Rights

(1) Management of disputes and suggestions from shareholders

We are committed to improving the timeliness and transparency of information disclosure. Our corporate website includes sections such as “Corporate Governance,” “Investor Relations,” “Latest Information and Schedule of Events,” and the provision of information and file download for investors and analysts.

Our company also values suggestions from our investors. In the “Investor Relationship” section of our corporate website, we have an “investor service window” and a “contact us” mail box, through which investors can send feedback and offer suggestions by phone or email. Our company also has staff dedicated to handling suggestions from, or disputes with, investors.

(2) Electronic voting at shareholders' meeting

Our company used electronic voting for the first time at the shareholders general meeting in 2012. The electronic voting relied on the electronic voting platform created by the Taiwan Depository and Clearing Corp, by which shareholders can vote online to voice their opinion on the agenda, or abstain from voting. This way, voting by paper proxy or in person is no longer required. The resolutions for the agenda in the 2012 general shareholders meeting are disclosed on page 64 of the annual Company report for 2012, Chinese edition.

(3) Investor Relationship

To better serve institution shareholders worldwide, our company participates in institutional investor conferences and one-on-one meetings with institutional investors. Using two-way communication we can ensure that institutional investors understand our long-term strategy, financial and operational situation. Also understand the investors' suggestions about the company, and react to the policy makers as the future strategic of the company. Our company took part in nine investor forums in 2012 hosted by foreign securities firms or non-deal road shows, and held more than 150 meetings with investors.

(4) Dividend policy

A. Our company adopts the residual dividend policy with the following goals in mind: expansion, increased profitability, coordination with corporate long-term financial plans and complying with regulations. Our dividend distribution guidelines are as follows: the distributable earnings are the earnings after annual final accounting: after taxes have been paid, retained losses have been offset, a legal reserve and special reserve have been

appropriated, and after remuneration for directors, and provision for employee bonuses has been made. Our company will then appropriate the necessary funds according to our operation plan from distributable earnings and distribute the rest as a cash dividend; however, cash dividend cannot be less than forty percent of the distributable earnings.

B. Dividend distribution in 2011 and 2012

Year	In New Taiwan Dollars	
	2011	2012
Stock dividend per share	0.00	0.00
Cash dividend per share	0.20	0.55
Total	0.20	0.55

2. Customers' rights

(1) Safeguarding customer privacy

Our group emphasizes the protection of customer privacy. We have codified internal regulations in all our business lines, with reference to the "Financial Consumer Protection Act" and "Personal Information Protection Act." Additionally, by continued education, training, and promotion, we make sure that our staff can only access and use customer information with the specific authorization of customers.

Our company has adopted proper technology and organizational security measures to protect personal information from loss or unlawful use. In 2012 there were no complaints to our Group about the invasion of customer privacy or the loss of customer data.

(2) Information Security

To safeguard the confidentiality and integrity of customer data, all our subsidiaries adhere strictly to all government laws, regulations, and our information management guidelines. We have an information security policy in place that includes all types of information safety measures and regulations. Customer personal data are securely stored at subsidiaries of our group, or the data storage systems of their contracted data storage companies, with the highest levels of security and stability in place. Also, by introducing security measures and surveillance software, we have enhanced the secure management of data access to prevent unauthorized access to data. As for the management of e-mail, any messages that are confidential, or include personal data, are encrypted to ensure the safety of customer data.

Our subsidiaries provide information safety education, training, and tests to ensure the effective functioning of information safety

measures. This way, we can improve the awareness and response in our daily operations. In the anticipation of unexpected disaster, we have also established Business Continuation Management (BCM) measures to protect the rights of customers.

In January 2012, our company and our subsidiary bank attained ISO 27001 Information Safety Management System certification. The bank subsidiary also obtained BS10012 Personal Information Management System certification in July 2012.

(3) Management of Customer Feedback

Our group has incorporated customer service lines and electronic mailboxes on the official websites of our subsidiaries, these allow customers to ask questions or submit feedback at any time. The feedback from customers is incorporated into our tracking database to control case management progress and it is used as a reference for the future improvement of customer service quality. This is in addition to a timely response to the customer from the business unit responsible for handling the feedback messages.

(4) Quality control over the sale of products

A. The design of the financial products of our group prioritizes “customer needs.” We also require that business units make a careful evaluation of the legality and risks based on the segregation of duties before launching a new product. In terms of business promotion, our group places great emphasis on executing the “Know Your Customer (KYC) processes” before engaging in any business. An analysis of the investment attributes of a customer facilitates the provision of a range of suitable choices.

From design to sale, our group’s financial products have to comply with defined standard operating procedures. The risk management department also ensures the quality of financial products and safeguards customer rights through the daily monitoring of risk data. As a result, none of the products offered by our group in 2012 have breached any regulations and there have been no fines.

B. The advertising and sale of our group’s financial products are in compliance with all the rules set by regulators. Details of the risks, rewards, and notices are included on the printed product information. We also clarify all related risks in detail before accepting customers to ensure they have all the necessary information about the financial products they intend to buy. The result is that our group was not found in violation of any laws or standards related to advertising and promotion in 2012.

- C. The general “Know Your Customer (KYC)” processes are as follows, but business units can tailor them according to need.

Step 1

Before a customer enters into a contract with our group, a staff member should perform a thorough evaluation based on their basic information, assets, investment orientation and experience, and risk tolerance, so that we can understand the investment attributes of the customer and review it regularly in the future.

Step 2

Sales staff shall recommend investments suitable for the risk level of the customer based on the analysis of this data.

Step 3

Before entering into a contract with a customer, the sales staff should fully explain the important contents of the financial product, service, and contract, and provide a product prospectus and risk disclosure. The goal being to ensure that the customer understands his or her rights and obligations.

3. Employee Rights

Statement on Employee Rights to all our Associates

Our company emphasizes employee rights. We seek to unleash the potential in our employees as well as to develop and reward talent. By doing so, we may improve their career competitiveness and their value in the job market, to create a win-win situation for both the employer and employee. This practice underlines our active mindset for ongoing management.

In 2007, we ratified the “Code of Ethical Conduct,” which serves as a basic guideline for all staff members in the discharge of their duties. We have also posted this Code on the internal and external websites of the corporation to make it available for review by the stakeholders as well. The Code of Ethical Conduct includes: the emphasis on team spirit, adherence to ethical best practices, equal opportunity employment and the prohibition of discrimination, the respect for privacy, prevention of the dissemination of rumors, the duty of confidentiality, prohibition of insider trading, prohibition of conflicts of interest, and the prohibition of the receipt of gifts, bribery and inappropriate benefit. These are all regulations very relevant to our day-to-day operations.

Our methods of communication on human rights issues are as follows:

(1) Create an equal opportunity employment environment

Our company “Code of Ethical Conduct” specifically states that we respect diversity in our society and any form of discrimination is forbidden. We must not offer preferential treatment or discriminate in any form on grounds of gender, ethnicity, religion and faith, political party affiliation, gender orientation, job rank, nationality, or age. By adhering strictly to these rules we can ensure that all staff members of our group can perform their best work in an environment that values “respect, mutual trust, diversity, harmony, and equality.”

(2) Strict prohibition of gender discrimination

Our company offers female employees health leave, child-birth leave for male employees, family care leave, and a hold on position and pay during child leave for all employees according to the Act of Gender Equality in Employment. We also help employees with the transition back to the workplace after expiration of their child care hold on position and pay. In addition our company has ratified the “Guideline on sexual harassment prevention, complaint, and discipline.” We have also installed a hotline and email address to take complaints. We strictly forbid any sexual harassment, gender discrimination or violence, threatening behavior, or blackmail. Our goal is the creation of a workplace with full gender equality.

Category	2011			2012		
	Male	Female	Total	Male	Female	Total
People qualified for child care leaves (Note)	123	347	470	179	458	637
Number of people who have already applied for child care leave	8	107	115	17	124	141
People who have returned to their jobs	4	50	54	12	62	74
Number of people who have returned to their jobs for more than 12 months	—			3	28	31

Note: To comply with laws such as the Personal Information Protection Act, the basis of calculation is company employee dependent information of our Labor Insurance data.

(3) Creating a smooth employer-employee communication channel

- A. In order to keep employees clearly informed of all their rights and obligations, information on these important issues is posted on the internal employee website.
- B. Our company has also established a dedicated administrative unit that posts important news to the website platform to enable the employees to remain in touch with industry trends and major corporate events. We also notify our employees on a real-time basis via e-mail or the website, about any significant changes in our company operations, such as mergers and acquisitions, changes of top management, the addition of closure of branches, office moves, changes in the Law, adjustments of internal control regulations, so that employees can always be up to date with the changes that might be taking place within the company.
- C. Subsidiaries of the company have built a communications platform between the employer and employee by holding regular meetings. We hope that by this means employees can better participate in and identify with company philosophy.

Details on the rights of the employees of Polaris Group acquired by our company

On October 3, 2011, our company acquired the Polaris Securities Group (including its financial operations in securities, futures, and investment trust) as a wholly-owned subsidiary in an all-stock deal. Later, in April and May 2012, the company completed the business combination processes for its subsidiaries in securities, futures, and investment trust.

The stock exchange agreement our company entered into with Polaris Securities Group in 2011 specifically stated the rights and obligations of employees, including incentives such as retaining all employees of the acquired company at the same salary and benefit level, cash incentives for employees staying with the new company based on seniority, and guaranteeing jobs for three years.

Our company has demonstrated our utmost goodwill and sincerity in employment-related areas in the acquisitions. We hope we can attract talent by acquisition and enhance the synergy of business combination. We have offered special guarantees that are better than the market in human rights issues in 100% of the major investments in which we have been involved over the past two years.

Details of employee rights, education, and training

To make the transition of new employees to our workplace easy and ensure that they are informed of their rights, we require that new employees complete the “new employee introduction course” within one month of reporting for duty. The content of the course includes: corporate vision, corporate culture and organization, management teams, work rules, employee benefit, training and development. In addition we also arrange law and regulation courses such as money laundering prevention, insider trading detection, information security education, and labor health and safety training for new employees. Within three months of reporting to the job, management of the business unit taking in the new recruit should arrange pre-employment/on-the-job training to improve their familiarity with their duties and remind them of their rights. The “mentor/mentee mechanism” is a method for delivering such training.

Our group’s new employee training in 2012 included 359 courses given to 754 persons with a total of 19,715 training hours. New employees were given an average of 26 hours of training (not including on-the-job training and individualized instruction from mentors).

➔ ***Our group is committed to building a friendly and safe working environment. Our statement on human rights for all employees is as follows:***

- All of our operations are in compliance with the Law and the human rights regulations in the business jurisdictions.
- All human resources management mechanisms are in compliance with the labor laws and regulations of internal control to protect the rights of employees.
- We do not tolerate discrimination, coercion, or forced labor.
- Since the finance industry requires professional knowledge and assumes professional risks, our company does not hire child labor.
- No violation of the rights of aboriginals has ever taken place.
- The formal company channel for complaints has not received issues related to human rights, and we expect this harmonious employer-employee relationship to be maintained in the future.
- 100% of our employees are covered by the employer-employee agreement.
- Our company respects the right of association amongst employees.

4. Government agencies

Our group analyzes and assesses the impact of all significant changes in government policies and laws both at home and abroad in every business segment and adjusts our operating strategy and procedures accordingly. In addition, our company performs a regular operation audit at least once a year and project operation audits on our company and all subsidiaries are carried out every six months. We also perform normal scheduled as well as irregular audits with the regulators to ensure all our operations are in compliance with the law.

By participating in public hearings held by industrial associations and regulators, we offer suggestions and opinions that can help with legal proposals. We do so to engage in the formulation and development of public policies in an appropriate manner. We hope that, by assuming critical roles in the associations, we can improve future prospects and professionalism in the industry. The industrial associations related to securities and banking that we participate in are as follows:

Securities Operations	
<ul style="list-style-type: none"> ※As chair of underwriting, discipline, new financial products, bond, and taxation committees, and as vice-chair of international affairs, foreign securities, wealth management, and audit committees of the Taiwan Securities Association. ※As a member of trading, international affairs, and audit and compliance committee of the Chinese National Futures Association. 	<ul style="list-style-type: none"> ※The R.O.C. Bills Finance Association ※Trust Association of R.O.C. ※Securities Investment Trust and Consulting Association of the R.O.C. ※Financial Planning Association of Taiwan ※Public Company Transfer Agency Association of the R.O.C. ※Taiwan Contact Center Development Association ※Accounting Research and Development Foundation ※Taiwan Corporate Governance Association
Banks Operations	
<ul style="list-style-type: none"> ※Participated in custody bank, cash and securities, joint and common trust fund, securitized and real estate trust teams in the Trust Association of the R.O.C. Participated in legal committee, personal information act and financial institution merger act amendment team, and liquidity risk management teams of the Bankers Association of the Republic of China. ※Financial research, training, development fund management committee of the Bankers Association of the Republic of China. 	<ul style="list-style-type: none"> ※As appointed by regulators, we assumed the duty of forming a task force on Basel III “First Pillar Team.” ※As appointed by the Bankers Association, we served as the lead bank of “liquidity risk team” and were invited to chair the “Bankers Association Risk Management Committee Risk Regulation Team.”

I. Company Overview





I. Company Overview

(I) Profile

The Group was founded on February 4, 2002, and is based in Taipei City, Taiwan. Yuanta Financial Holdings is a comprehensive financial services firm with dominance in securities investment service. It carries out its business primarily in the territory of Taiwan, and is focused on expanding the business to the Greater China region including Hong Kong, Shanghai, Beijing and Shenzhen. It also aims at becoming the “best financial service provider in the Great-China region”. At present there are branches throughout the country and the group has 9,351 professional financial specialists dedicated to providing customers with comprehensive financial services.

Leadership in the securities business was even more firmly established by the merger between the Fuhwa Financial Holding Company and Yuanta Core Pacific Securities (already the largest securities broker in Taiwan) in 2007. By the integration and interoperation of its subsidiaries, the group has been able to form a financial group dedicated to providing products and services in securities, banking, securities finance, futures, investment trust, investment consulting, venture capital and asset management.

The Company consolidated Polaris Securities as a wholly owned subsidiary in October, 2011. After this consolidation, the Company remains the leader in the market in terms of securities operation bases, brokerage, shorting and margin financing, e-trading, sub-brokerage trading, scale of investment assets, futures brokerage and options, and is far ahead of all of its competitors.

Over the past 11 years, one of the Company’s subsidiaries, Yuanta Securities, has earned 61 financial industry awards and honors, including Taiwan’s Best Securities Broker, Taiwan’s Best Brand, Taiwan’s Best Investment Bank, and Most Admired Securities Company in Taiwan. *Asiamoney* also named the company “Best Domestic Broker in Taiwan” for the sixth consecutive year, while *FinanceAsia* awarded the company “Best Broker in Taiwan” for the ninth year in a row. The finance magazine, *The Asset*, picked the company as the best bond issuer in the secondary market and the best lead arranger in corporate bond issuance for the second year. In October 2010, *The Asset*, picked the company as “Best Warrants House in Taiwan” as part of its Triple A Awards, the highest recognition of industry excellence. In 2009, the company was voted “Best Brokerage in Taiwan of the Past 20 Years” by *Asiamoney*. These awards show that the Company’s long-time engagement in the

securities business has won approval from external professional agencies and investors alike.

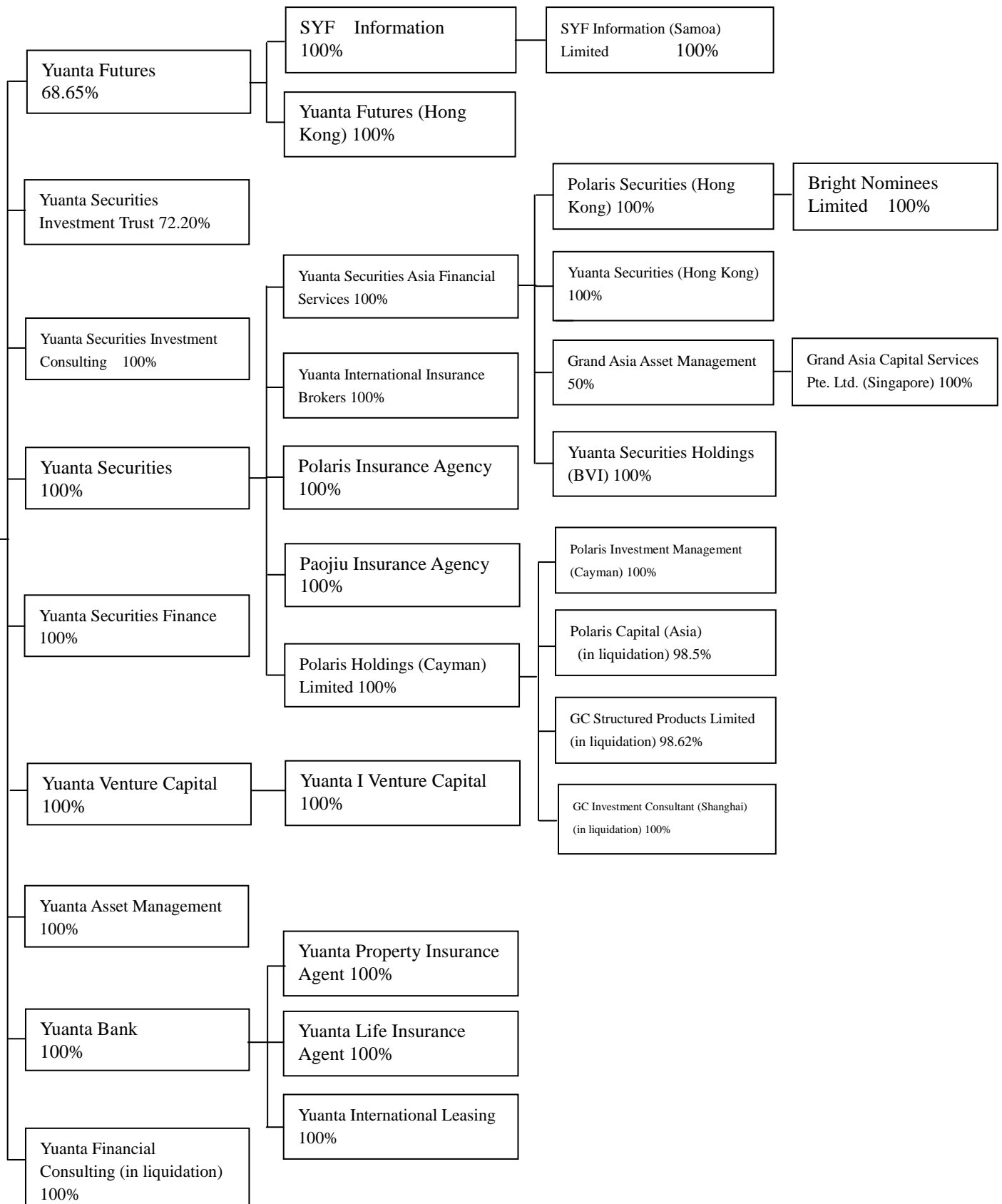
The Company's subsidiary, Yuanta Bank, has begun generating a profit since 2009, and has performed excellently year over year. One of its most admired achievements is its control over asset quality, including NPL ratio, NPL coverage ratio and loan loss coverage ratio, which appear to be superior to other banks in the same trade and will help its future business growth a lot. As of the end of December 2012, Yuanta Bank had a total of 86 branches, with assets worth NT\$554.6 billion. The Bank also posted good profit results with an annual profit after tax of NT\$2.087 billion, an increase of NT\$381 million from the NT\$1.706 billion profit after tax posted in 2011. Moreover, with EPS, NPL ratio and NPL coverage ratio of NT\$0.72, 0.19% and 673.60%, respectively, the Bank's overall asset quality was superior compared to industry standards. Also, in order to enhance the information security and personal information protection management system, Yuanta Bank was among the first to receive the "ISO27001 Information Security Management System" certification and "BS10012 Personal Information Management System" certification in 2012. Furthermore, Yuanta Bank was highly praised by the business community in a survey conducted by Business Today's "5th Best Brand Award" in 2012. It ranked 2nd in Service - Internet Banking category, and 3rd in Service - Conventional Banking category, both were great improvement from previous years. Meanwhile, Fitch Ratings raised Yuanta Bank's long-term and short-term credit ratings to "AA-(tw)" and "F1+(tw)" in 2012, which encouraged the management team of Yuanta Bank, which has always uphold the philosophy of stable management.

Company Profile			
Stock Code	TWSE 2885	Date of Incorporation	February 4, 2002
Chairman of the Board	Mr Ching-Chang Yen	Number of employees	9,351 persons
Chief Executive Officer	Mr Tony Shen	Independent Director	Mr Dah Hsian Seetoo
Capital	NT\$156 billion		Mr Cheng-Ji Lin
Total assets	NT\$788 billion		Mr Chao-Lin Yang
Total income	NT\$6.52 billion		Mr Ling-Long Shen
Tel	02-2781-1999		
Address	7F & 10F-13F, No. 66, Tunhua S. Road, Sec. 1, Taipei City, and 7F, No. 68, Tunhua S. Road, Sec. 1, Taipei City		
Website	http://yuanta.com		

(II) Relationship between the Company and its subsidiaries

Data baseline date: 01/31/13

Yuanta Financial Holdings



The Company adjusted the equity structures of Yuanta Futures and Yuanta Securities Investment Trusts in 2012 to enhance the management of subsidiaries in the following manners:

1. Yuanta Futures

Yuanta Securities transferred 15.18% and 9.99% of the equity of Yuanta Futures to the Company via the public market in October 2012. The transaction values were NT\$1,165,343,000 and NT\$756,557,393 for 35,260,000 shares and 23,207,282 shares respectively. Upon completion of the said transactions, the Company held 68.65% of the equity of Yuanta Futures directly.

2. Yuanta Securities Investment Trust

The Company's board of directors held a meeting on June 26, 2012 and resolved to acquire 72.18% of the equity of Yuanta Securities Investment Trust as held by the subsidiary, Yuanta Securities, for NT\$27.20 per share. The Company acquired 163,828,393 shares at the value of NT\$4,456,380,475. Yuanta Securities Investment Trust cancelled 46,231 shares that were repurchased from dissident shareholders of the consolidation program on July 16, 2012. The capital reduction ratio was 0.0204%. Therefore, upon settlement in September 2012, the Company held 72.20% of the equity of Yuanta Securities Investment Trust.

In addition, important changes in organizations and operations of Yuanta Securities, Yuanta Bank, Yuanta Futures and Yuanta Securities Investment Trust took place in 2012, which include:

1. Yuanta Securities

- (1) Yuanta Securities and Polaris Securities were merged on April 1, 2012, with Yuanta Securities being the surviving company. While the Chinese name of the merged company was renamed to reflect the merger, its English name remains to be Yuanta Securities.
- (2) The board of directors resolved on June 19, 2012 to succeed to the right to operate, assets and property of Team Pro Securities Co., Ltd. at the price of NT\$482.8 million. The record date of the assignment was set on November 11, 2012.
- (3) The board of directors resolved on behalf of a shareholders' meeting on July 26, 2012 that the margin trading and short sale initially handled by Team Pro Securities Co., Ltd. on behalf of Yuanta Securities Finance would be transferred to Yuanta Securities, at the price of NT\$728,323,681. The record date of the transfer was set on November 11, 2012.

2. Yuanta Bank

The board of directors resolved on July 19, 2012 to invest 100% in Yuanta International Leasing, at the price of NT\$600 million, and it was incorporated officially on November 15, 2012.

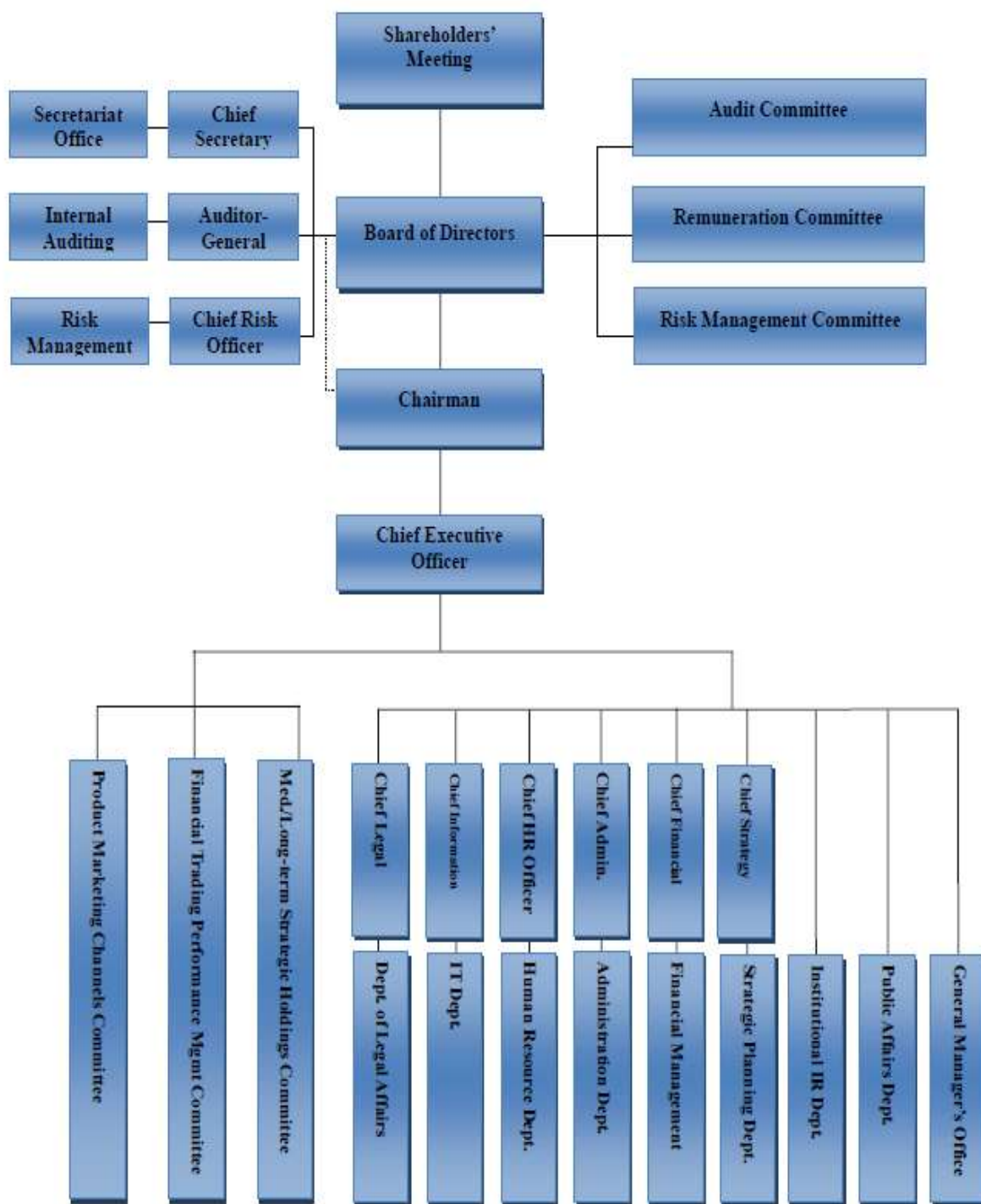
3. Yuanta Futures

Yuanta Futures and Polaris MF Global Futures were merged on April 1, 2012, with Polaris MF Global Futures being the surviving company. While the Chinese name of the merged company was renamed to reflect the merger, its English name remains to be Yuanta Futures.

4. Yuanta Securities Investment Trust

- (1) Yuanta Securities Investment Trust and Polaris International Securities Investment Trust were merged on May 6, 2012, with Yuanta Securities Investment Trusts being the surviving company. While the Chinese name of the merged company was renamed to reflect the merger, its English name remains to be Yuanta Securities Investment Trust.
- (2) Yuanta Securities Investment Trust and China Resources SZITIC Trust Co., Ltd. entered into a venture named "CR Yuanta Fund Management Co., Ltd." in Mainland China. Yuanta Securities Investment Trust held 49% of the equity thereof, and the investment amount was RMB 98 million. The Chinese Securities Regulatory Commission approved the application for incorporation of CR Yuanta Fund Management Co., Ltd. on December 26, 2012.

(III) Organizational Chart



Note 1 On June 18, 2010, the general shareholders' meeting passed resolutions to revise the company's Articles of Incorporation and establish a remuneration committee; on August 31, 2010, the 3rd meeting of the fifth board passed the committee's organizational rules.

Note 2: On March 29, 2011, 11th meeting of the fifth board passed a resolution to abolish the "institutional investor finance committee", and rename the "product development and marketing channel committee" as the "product marketing channel committee".

Note 3: On November 22, 2011, during the 21st meeting of the fifth board, the board of directors amended the company's "Organizational Rules" and established a Risk Management Committee under the board of directors. This committee was set up to help the board of directors supervise risk management practices within the Company.

(IV) Descriptions of critical impact, risk and opportunity

1. Future industrial development

Looking ahead to 2013, the global economy will remain mired in uncertainty. The developed economies are expected to implement a financial savings policy strictly to continue reducing their deficits and accordingly, the emerging economies' growth will be restricted. According to forecasts by Global Insight, global economic growth is estimated to be 2.6% in 2013.

Benefitting from the low-base period in 2012, the Directorate General of Budget, Accounting and Statistics estimates that domestic economic growth will be 3.59% in 2013. Particularly, private investment and foreign trade may serve to be the base for the growth. Accordingly, local banking business credit assets will be stable. The securities business recovery will be subject to turnover in the stock market. Notwithstanding, the insurance business shall prevent impairment in investment position from affecting the capital structure.

The gradually warming cross-strait relations and burgeoning financial interchange created new opportunities for cross-strait financial cooperation. The move into China is still the financial industry's best chance of breaking through the low-growth doldrums of recent years. For the time being, the banking business and insurance business appear to be more open, while the securities business is also expected to make some breakthrough in the framework of laws and regulations and business restrictions. In the near future, the cross-strait financial exchange is expected to drive business growth. Notwithstanding, whether it may reward the ROE depends on the long-term operating results.

2. Company development strategies

In light of the challenges in 2013, the Company will continue its active yet cautious management, and stay keenly attuned to international developments and cross-strait relations, and seize business opportunities to expand financial businesses.

Looking forward to the next three to five years, the Company will continue to uphold the above three business development strategies so that its operation can gradually be transformed from one that is based on securities market volume to a business model based on a balanced development of securities, banking and insurance businesses, thereby upgrading the Company's business scale and performance.

(1) Securities: Optimizing the securities business by continuing to deepen and expand its competitive strength in the securities-related field, developing diversified revenue

streams, and demonstrate synergies upon acquisition and merger.

- (2) **Banking**: Expanding the banking business by increasing the Bank's asset size and adjusting the asset portfolio and structure to increase profit;
- (3) **Insurance**: Entering the life insurance business so as to build the third pillar, which can control the movement trends of household asset in Taiwan.

We will also strengthen the integration of information systems across the group, optimize the control of risk, and enhance manpower training. This will allow us to boost our core competences, develop more diversified business platforms, and implement a business management system centered on the ethos "the customer is king", and do its utmost to further cultivate the domestic market. As for our much-watched deployment in China, we are entering the market of Greater China via our securities-related enterprises now. Meanwhile, we have also achieved specific cooperation for investment trust and futures operations. In the future, we will take the business reproductive capacity, funds use efficiency, China investment qualifications threshold and service ability restrictions into consideration and seek the opportunity to enter the market of Greater China accordingly.

(V) Business performance

1. Utility and profitability

Year		2011	2012
Utility (NTD thousand)	Net income	32,048,850	28,471,772
	Total assets	767,992,148	788,559,333
	Total liabilities	615,986,896	632,638,758
	Retained earnings	16,363,941	20,491,293
	Shareholders' equity	152,005,252	155,920,575
	Total income	13,577,668	6,516,802
	Employee average return	3,112	2,961
	Employee average profit	1,318	678
Profitability(%)	ROA (%)	1.93	0.84
	ROE(%)	10.10	4.23
	Net profit rate(%)	42.37	22.89
	EPS	1.47	0.61

Tax payment

Year	2011	2012
Income tax paid in current period	3,756,822	2,254,163

Net Income from Our subsidiaries in 2012

Subsidiaries	%	Subsidiaries	%
Securities	43.53	Investment Trust	6.64
Bank	24.62	Securities Finance	4.97
Asset Management	10.68	Venture Capital	2.36
Futures	6.88	Investment Consulting	0.32

2. Credit rating

The Company is committed to rigorous risk management and pragmatic business development with a focus on raising the level of asset quality, while continuing to pursue concrete implementation of good corporate governance practices. As of the end of 2012, the Company's debt to equity ratio was 15.18%, the double leverage ratio was 113.44%, and the capital adequacy ratio was 147.61%, all highlighting the Company's sound financial structure.

The Company's recent credit rating results are summarized below:

Rating category	Rating agency	Credit rating		Outlook	Effective date
		Long-term	Short- Term		
International rating	Fitch Ratings	BBB+	F2	Stable	2013/01/15
Domestic rating	Fitch Ratings	AA-(tw)	F1+(tw)	Stable	2013/01/15
	Taiwan Ratings	twA+	twA-1	Positive	2013/02/04

3. Shareholder structure

Data baseline date: 07/26/12

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions and individuals	Total
Persons	17	23	665	269,845	770	271,320
Shares held (shares)	359,429,921	862,437,565	2,817,324,688	2,833,181,432	3,143,836,900	10,016,210,506
Shareholding ratio (%)	3.59	8.61	28.13	28.28	31.39	100

Note 1: The company has a total of 10,016,210,506 shares outstanding.

Note 2: The data were based on the latest book closure date (07/26/12).

(VI) A List of the Awards We Received

Domestic Awards	
Securities Institute	
Yuanta Financial Holdings	Information disclosure assessment A++ grade
British Standards Institution	
Yuanta Financial Holdings	ISO27001 information security management certification
Yuanta Bank	ISO27001 information security management certification and BS10012 personal information management system certification
Department of Environmental Protection, Taipei City Government	
Yuanta Financial Holdings	Benchmark Corporation for Green Purchase among non-government corporations and groups
Common Wealth Magazine	
Yuanta Securities	Best reputation benchmark corporation in the Taiwan securities industry
Business Today Magazine	
Yuanta Securities	No. 1 amongst Integrated Securities Firms in the Service Category in the fifth annual Business Professional Ideal Brand Survey
Yuanta Bank	No. 2 amongst Internet Banks and No 3 in Physical Banks in Service Category in the fifth annual Business Professional Ideal Brand Survey
Taiwan Futures Exchange	
Yuanta Securities Yuanta Futures	Triple King in stock futures – Excellence Award (brokerage volume), Pinnacle Award (trading volume), Superiority Award (IB transaction volume)
Wealth Magazine	
Yuanta Securities	No. 1 Luxury brand securities firm amongst high income customers
China Credit Information Service, LTD	
Yuanta Securities	No. 1 in securities firms amongst the Top 5000 large corporations in Taiwan
Financial Information Service Co., Ltd.	
Yuanta Bank	Inter-branch service – Electronic Fund Transfer Promotion Excellence Award Mobile bank service – Electronic Fund Transfer Promotion Superiority Award
Joint Credit Information Center	
Yuanta Bank	Gold Award – Loan Data Category, outstanding institution
Taiwan Academy of Banking and Finance	
Yuanta Bank	Two years in a row, Best Risk Management Honorary Mention in Taiwan Outstanding Finance Elite Award
Small and Medium Enterprise Guarantee Fund of Taiwan	
Yuanta Bank	Two years in a row, Phoenix Loan Collection Growth Award, Small and Medium Enterprise Guarantee Fund of Taiwan

Overseas Awards

The Asset Magazine

Yuanta Financial Holdings Gold Award for Corporate Governance, Social Responsibility and Investor Relations

Yuanta Securities Best Investment Bank in Taiwan
 Best Broker in Taiwan
 Top Bank in the Secondary Market for Corporate Bonds, Taiwan
 Top Bank Arranger-Quality and Number of Primary Government Bond Deals, Taiwan
 Top Bank Arranger-Quality and Number of Primary Corporate Bond Deals, Taiwan

Yuanta Securities Investment Trust Best Asset Management Company

World Finance Magazine

Yuanta Securities Best Investment Management Company–Taiwan

Asiamoney Magazine

Yuanta Securities Best Local Brokerage in Taiwan
 Best Domestic Equity House in Taiwan
 Best Domestic Debt House in Taiwan

Euromoney Magazine

Yuanta Securities Best Investment Bank in Taiwan

FinanceAsia Magazine

Yuanta Securities Best Bond House in Taiwan
 Best Broker in Taiwan
 Best Investment Bank in Taiwan

Asian Investor Magazine

Yuanta Securities Investment Trust Fund House of the Year

II. Corporate Governance





II. Corporate Governance

Our company is devoted to the promotion of corporate governance and its inclusion into our company culture. Good corporate governance serves as a solid foundation for our ongoing management. This section explains our efforts and progress in optimizing corporate governance: the enhancement of Board function, internal controls, legal compliance, risk management, information transparency, the improvement of the quality of corporate governance and institution of corporate self-regulation.

(I) Enhancing the Functions of the Board of Directors

1. Board of Directors

Our company Board has ten members, these include three independent directors (30% of the Board seats) with professional backgrounds and ample experience in the financial industry and academia. The directors are appointed for terms of three years and there are one female member and nine male members amongst them. The average age of the Board members is 63 and a list of the members follows:


Directors	
Tsun Chue Investment Co., Ltd.	Mr. Yan Ching-chang, Mr. Fang Chun-lung, Mr. Lin Tien-fu
Hsien Tai Investment Co., Ltd.	Mr. Shen Ting-chien, Mr. Lin Wu-tien
Hsu Tung Investment Co., Ltd.	Mr. Chiou Hsien-tao, Ms. Ma Wei-hsin
Independent Directors	
Mr. Szeto Da-hsien, Mr. Lin Tzeng-chih, Mr. Yang Chao-lin, Mr. Shen Lin-lung (note)	

Note: Mr. Lee Yue-tsang, former representative of Hsien Tai Investment Co., Ltd., stepped down from the position on August 13, 2012; Mr Shen Lin-lung, former independent director, stepped down on July 5, 2012.

Age distribution of the directors

Age range	Number of people
31 - 50	1
Over 51	9
Total	10

Our company “Director Duty Guidelines” defines the principal missions and duties of directors as follows:

Determining the operating strategies		Reviewing financial targets and operation outcome
Supervising major operational events		Appointing external auditors
Internal control, risk management, and regulation compliance		Deciding on the appointment and termination of managers
Reviewing the performance evaluation and remuneration standards		Protecting the rights of the investors
Determining the operating strategies	Fulfilling social responsibilities	Other matters according to law or as authorized at a shareholders meeting

(1) Directors’ qualifications and specialty examination procedure

Name	More than 5 years of experience and the following professional qualifications		
	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities	Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities
Ching-Chang Yen			✓
Tony Shen			✓
Hsian-Dao Chiu			✓
Jin-Long Fan			✓
Teresa Ma			✓
Vincent Lin			✓
Tien-Fu Lin			✓
Dah-Hsian Seetoo	✓		✓
Cheng-Ji Lin			✓
Chao-Lin Yang			✓

Title	Name	Education and selected past positions	Concurrent positions at other companies
Chairman	Representative of Tsun Chueh Investment: Ching Chang Yen	LL.M., University of Michigan, USA; M.A. in Political Science, National Taiwan University ROC Permanent Representative to the WTO; Minister and Political Deputy Minister, Ministry of Finance	Chairman, Yuanta Bank; Managing Director; Director, Yuanta Foundation;
Director	Representative of Modern Investment: Tony Shen	Taipei High School of Commerce Executive Vice President, Yuanta Securities; Vice Chairman, Yuanta Securities Asia Financial Services; Chairman, Yuanta Securities (HK)	President, Yuanta Financial Holdings; Chairman, Yuanta Securities; Director, Yuanta Securities Asia Financial Services
Director	Representative of Hsu Tong Investment: Hsian Dao Chiu	B.A. in Business Administration, Georgia Southwestern State University Chairman, Taichung Securities; Managing Director, Asia-Pacific Bank; Director, Asia Pacific Securities Investment Trust; Chairman, Golden Asia Pacific Leasing; Chairman, Fu An Insurance Agent Co.	Director, Yuanta Bank
Director	Representative of Tsun Chueh Investment: Jin Long Fang	Provincial Chiayi Vocational High School Director, Yuanta Core Pacific Securities; Chairman, Li Ching Industry	Director, Yuanta Bank
Director	Representative of Hsu Tong Investment: Teresa Ma	University of California, Berkeley Chairman, President's Assistant, Junior Manager of Marketing Planning Department, Senior Specialist of Business Department Yuanta Securities Investment Trust	-

Title	Name	Education and selected past positions	Concurrent positions at other companies
Director	Representative of Modern Investment: Vincent Lin	Ph.D. in Business Administration, College of Administration, Macao University of Science and Technology Executive Vice President, Yuanta Securities; Chairman, Yuanta Financial Consulting; Chairman, Yao Chien Co., Ltd.; President, Yuanta Construction Development; Director, Yuanta Bank;	Executive Vice President, Yuanta Financial Holdings; Director, Yuanta Venture Capital; Chairman, Yuanta Asset Management; Director, Yuanta I Venture Capital; Director, Yuanta Foundation
Director	Representative of Tsun Chueh Investment: Tien Fu Lin	Yudah High School of Commerce; 52nd session of continued education class for general accounting and 57th session of continued education class for intermediate accounting, National Chengchi Univeristy Business Administration Center Vice Chairman, Yuanta Securities Finance; Supervisor, Prudence Venture Capital; Director and President, Yuanta Securities; Supervisor, Yuanta Futures	Executive Vice President, Yuanta Financial Holdings; Director and President, Yuanta Securities; Director, Yuanta Foundation; Director, Yuanta Securities (HK); Director, Yuanta Securities Asia Financial Services
Independent Director	Chao Lin Yang	B.A., Dept. of Statistics and Accounting, National Cheng Kung University Managing Director, Formosa Petrochemical; Clerk, First Bank; Manager, Financial Dept., Group Administration Office, Formosa Plastics Group	Independent Director, Yuanta Bank

Title	Name	Education and selected past positions	Concurrent positions at other companies
Independent Director	Dah Hsian Seetoo	Ph.D. in Business Administration, Northwestern University; MBA, University of Illinois Independent Director, Yuanta Core Pacific Securities; Director, Taiwan Stock Exchange; Deputy Director, Public Administration Center, National Chengchi University; Deputy Director, Civil Servant Education Center, National Chengchi University; Director, Business Administration Dept., National Chengchi University; Director, Graduate Institute of Business Administration, National Chengchi University; Vice President, National Chengchi University	Independent Director, Yuanta Bank
Independent Director	Cheng Ji Lin	B.S. in Economics, National Taiwan University Administrative Deputy Minister, Ministry of Finance; Head, Taiwan Central Disbursement Office; General Manager, Bureau of Labor Insurance; Commissioner, National Tax Administration of Northern Taiwan, Ministry of Finance; Commissioner, National Tax Administration of Taipei; Director, Department of Taxation, Ministry of Finance	Independent Director, Yuanta Securities

(2) Recusal of Director from motions in which they have a conflict of interest

The Company's Board of Directors held 12 meetings in 2012. Most of the directors and independent directors attended the meetings personally, and those who failed to attend the meetings personally entrusted other directors to attend the meetings on their behalf pursuant to the relevant requirements. Some directors recused themselves from motions in which they had a conflict of interest pursuant to the Company's "Parliamentary Rules for Directors' Meetings". The state thereof in 2012 is specified as following:

Term	Motion	Recused due to Conflict of Interest / Participation in Voting
23 rd meeting of the 5 th board of directors on January 31, 2012	For the motions about the procedural correction of the Company's and its subsidiaries' procurement of the SAP in April 2009 and installation of PeopleSoft HR system in December 2009.	<p>Apart from the interested party, who recused himself from the discussion and voting, the remaining directors present agreed to pass the motions.</p> <p>【 Because the ten directors were the subject of expense sharing, voting was conducted separately by case:</p> <p>A. Portion involving Yuanta Bank, Yuanta Securities and Yuanta Securities Asia Financial Services: All directors present agreed to pass the motions.</p> <p>B. For Yuanta Securities: Apart from Directors Tony Shen, Yueh Tsang Lee, Teresa Ma, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motions.</p> <p>C. For Yuanta Securities Asia Financial Services: Apart from Director Tony Shen, who had disassociated himself from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motions.</p> <p>D. For Yuanta Bank: Apart from Chairman Ching Chang Yen, Director Hsien Tao Chiu, Director Jin Long Fang, Independent Director Dah Hsian Seetoo and Independent Director Chao Lin Yang, who recused themselves (Independent Director Cheng Ji Lin acted as the chairperson at the time of the resolution), the remaining directors present agreed to pass the motion. 】</p>

Term	Motion	Recused due to Conflict of Interest / Participation in Voting
24 th meeting of the 5 th board of directors on February 29, 2012	For the motion about lease of the additional area at 7F of Yuanta Financial Holdings Building from related party Yuanta Securities.	Apart from Directors Tony Shen, Yueh Tsang Lee, Teresa Ma, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
28 th meeting of the 5 th board of directors on June 26, 2012	For the motion about the Company's reorganization and subscription for the whole equity of Yuanta Investment Trust held by the subsidiary, Yuanta Securities.	Apart from Directors Tony Shen, Yueh Tsang Lee, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
29 th meeting of the 5 th board of directors on July 24, 2012	For the motion about the joint invitation to tender for the idle assets and real estate owned by the Company's subsidiaries, Yuanta Securities and Yuanta Asset Management.	Apart from Directors Tony Shen, Yueh Tsang Lee, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
30 th meeting of the 5 th board of directors on August 28, 2012	For the motion about application for investment in 25.17% of the equity of Yuanta Futures with the Banking Bureau of Financial Supervisory Commission.	Apart from Directors Tony Shen, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
30 th meeting of the 5 th board of directors on August 28, 2012	In order to meet the actual need, the Company proposed to adjust the lease agreement for Yuanta Financial Holdings Building to change the location and quantity of parking lots.	Apart from Directors Tony Shen, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
31 st meeting of the 5 th board of directors on September 25, 2012	In order to integrate the Group's resources and centralize the management of the venture capital business, the Company proposed to transfer and sell the eight venture capital companies including Huei Yang Venture Capital reinvested by Yuanta Securities to Yuanta Venture Capital.	Apart from Directors Tony Shen, Vincent Lin, Tien Fu Lin, and Independent Director Cheng Ji Lin, who had disassociated themselves from any involvement to avoid conflict of interest, all remaining directors present agreed to pass the motion.
31 st meeting of the 5 th board of directors on September 25, 2012	The Company's subsidiary, Yuanta Asset Management, proposed to adjust the selling price of the property located at No. 145, Jianguo N. Road, Sec. 2, Zhongshan District, Taipei City (hereinafter referred to as the "Jianguo N. Road Building") for the sale of Jianguo No. Road Building.	Apart from Director Vincent Lin, who recused himself from the discussion and voting, the remaining directors present agreed to pass the motions.

(3) Directors' liability insurance

To allow our directors to discharge their duties without concern in an increasingly complicated operational and regulatory environment, our company continues to provide liability insurance for the directors and independent directors to transfer company operational risks and maintain integrated corporate governance regulations.

(4) Professional development of directors

The "Professional Development Guidelines" for Directors that have been codified by our Subsidiaries are based on "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and "Director Duty Guidelines". Professional development courses are held on a regular basis so that directors (including independent directors) can continue to update their knowledge.

The scope of these professional development classes for the directors include: "corporate governance," "corporate social responsibility," "mergers and the acquisition of corporations," the "Companies Act," the "Fair Trade Act," the "Personal Information Protection Act," "financial accounting," and so on. We supervise and report the progress of our professional development program to the government authorities on a regular basis as required.

In 2012, the directors of our group (including the independent directors) and supervisors took 28 classes in professional development courses approved by the regulators, a total of 62 person-courses and 287 hours of classroom time. Each director earned an average of 4.6 hours of professional development time, which was sufficient to satisfy the number of hours required by the regulators.

The hours of professional education among our Financial Holding's Board members are in compliance with regulatory requirements.

Title	Name	Organizing agency	Course name	Course hours
Chairman	Ching Chang Yen	Taiwan Securities Association	Response to Risk of Corporate Governance and Fair Trade Act	3
Independent Director	Dah Hsian Seetoo			
Independent Director	Cheng Ji Lin			
Independent Director	Chao Lin Yang			
Director	Tony Shen			
Director	Hsian Dao Chiu			
Director	Tien Fu Lin			
Director	Jin Long Fang	Taiwan Securities Association	Compliance with Securities Laws and Regulations Related to Business Merger and Acquisition	3
Director	Teresa Ma			
Director	Vincent Lin			
Director	Vincent Lin	Taiwan Securities Association	Response to Risk of Corporate Governance and Fair Trade Act	3
Director	Vincent Lin	Taiwan Securities Association	Importance of World - Changing Corporate Social Responsibility for Corporate Governance	3

2. Audit Committee

On June 18, 2010, our company appointed four independent directors in accordance with the Securities and Exchange Act and our company Articles of Incorporation, each for a term of three years. They are: Mr. Lin Tzeng-chih, Mr. Szeto Da-hsien, Mr. Yang Chao-lin, and Mr. Shen Lin-lung. Independent director Shen Lin-lung resigned from his position on July 5, 2012. In 2012, the audit committee convened seventeen times with an average attendance of 98%.

Since their appointment, the independent directors have not only participated in regular audit committee and Board meetings, but have also exchanged ideas on corporate governance and operations with the management, heads of various departments, and front-line staff, and they, and the management, have given much support to each other. To fully understand the operational efficiency and the decision making process, and to discharge their management duties in good faith, our independent directors spend time on company premises every week to read the minutes of meetings and examine data to keep up to date with the progress of all the financial, accounting, internal auditing, and risk management affairs.

The Audit Committee also maintains a good and amicable working relationship and interaction with our internal company audit staff, risk management department, and external auditors in accordance with the provisions of the “Audit Committee Communication Processes with the Internal Audit Department,” the “Audit Committee Communication Processes with Risk Management Committee Members and the Risk Management Department,” and the “Audit Committee Communication Processes with the External Auditors.” By so doing, the audit committee can gain an insight into any operational deficiency of the company and ensure the departments make the necessary improvements.

In 2007, our company ratified the “Guidelines for Stakeholders to Submit Suggestions and Complaints to the Audit Committee” and set up the “Contact Us Page for Employees and Stakeholders to Submit Suggestions and Complaints to the Audit Committee.” Using these measures, we can empower the oversight functions of the Board and the Audit Committee and ensure open and direct communication between the Board and stakeholders such as the employees, customers, and investors.

3. Remuneration Committee

The purpose of the Remuneration Committee is to assist the Board in the transparent formulation and management of an evaluation standard and compensation level for managers and the compensation structure for directors. It also reviews overall human resources strategy.

The Remuneration Committee convenes at least twice a year but may hold meetings whenever needed. In 2012, the Remuneration Committee met a total of nine times with a 96% attendance rate. Specifics of the meeting include:

- (1) Review of the Company Articles of Incorporation.
- (2) Review of the Articles of Organization of the Remuneration Committee.
- (3) Review of the company compensation distribution method for the directors and supervisors of our subsidiaries.
- (4) Approval of director compensation and contract pay distribution principles for 2011.
- (5) Approval of employee bonus distribution for 2011.
- (6) Approval of salary adjustments for 2012.
- (7) Approval of special incentives.

(II) Improving Internal Control

Our company has established an effective corporate governance and internal control system according to the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.” An independent internal audit department executes internal audits. To improve corporate governance, the internal audit department focuses on any issues that are critical to corporate governance, such as Board functions, transactions with related parties, financial consumer protection, personal data protection, and information disclosure. It also oversees internal control of the group and the self-audit of legal compliance. By reviewing these self-audit reports and uncovering any deficiencies in internal control and suggesting improvements, the internal audit department provides the basis for the assessment of its effectiveness and the issue of the statement of internal control by the Board, the General Manager, the Chief Internal Auditor and the legal compliance managers.

In addition, the internal audit department acquires a full understanding of the policies and operation goals by consultations with members of the Board. It also reports on audit engagement to the Board and Audit Committee to ensure continued and effective implementation of internal control, and on this basis, ensures the fulfillment of CSR.

(III) Implementation of Legal Compliance

The main functions of the Legal Department of our company is the planning, execution, management, and evaluation of legal compliance. Tasks of the department include:

- The establishment of a clear and appropriate system for the transmission, consultation, coordination, and communication of laws and regulations.
- Ensuring all operational procedures and internal regulations are updated and comply with the corresponding laws and regulations.
- Setting up self-audit legal compliance programs and procedures. Supervising business units in reviews of their own implementation.
- Performing the appropriate legal training for all units.

(IV) Risk management**1. Organizational framework**

The Company's risk management organization includes the Board of Directors, the Audit Committee, the Risk Management Committee, High-rank management, the Risk Management Dept, the legal and compliance units, and various business units.

Functions	
Board of Directors	Liabile for the risk management ultimately towards various operations, promote and fulfill the entire risk management of the Company as a first priority.
Audit Committee	Assist the Board of Directors in supervision of control over existing and potential Company risk.
Risk Management Committee	Assist the Board of Directors in the supervision and implementation of the risk management system to facilitate integration and execution of risk management related matters in the Company and its subsidiaries.
High-rank management	Review the risk involved by the Company's operating activities, supervise the fulfillment of risk management procedures, and ensure complete and effective implementation of the Company's risk management system
Risk Management Dept.	The Company Risk Management Dept is an independent department subordinate to the Board of Directors. Each Company subsidiary also has established a risk management unit and has dedicated personnel directed by the Chief Risk Officer. Through integrated planning and compliance with Group business strategy, it shall establish a risk management mechanism and system, and also fulfill the execution of the overall risk management system of the Group to maintain a well-founded and effective risk management environment and upgrade the maximum profit upon risk adjustment under a risk appetite set by the Company.
Legal and compliance units	Dedicated to executing legal risk control, ensuring compliance of the business and risk management system with the law, and to help evaluate potential legal involvement in connection with different operations, verify the responsibilities of legal instruments and contracts, and process legal affairs.
Business units	Liabile for first line risk management; the business units and supervisors are responsible for controlling the risk related to them, and taking countermeasures to ensure the effective execution of their risk control mechanism and procedures to comply with the law and Company risk management policy.

2. Execution of risk management policies

To establish a properly functioning risk management system, grow our business, and solidify a business model that emphasizes appropriate risk management, the Board has ratified risk management policies and various risk management doctrines to achieve our business goals and increase shareholder value. The policies and doctrines serve as guiding principles for the risk management system. We have also instituted various risk management mechanisms at the subsidiaries based on the size and level of risk. We have defined risk management policies for monitoring and controlling risks at all levels and prepare several kinds of risk reports.

An “Integrated Risk Management Platform” has been constructed to quantify risks more broadly and serves as a systemic structure that allows more flexible risk management for the group. It provides risk evaluation that spans markets and financial products, as well as risk types. It can calculate risk with multiple dimensions and provide flexible and customized risk reports and analyses. The application is well-rounded and provides extensive value and risk management.

3. Disclosure of risk management information

We not only disclose information pertaining to risk management on our group website, but have in addition set up a “Risk Management e-Academy.” This is a risk management webpage that serves as an open platform for risk management information. By making these disclosures we hope to improve the practice of risk management for the group as a whole, and use the webpages as a communications platform on risk management matters with external parties. The homepage and content of the “Risk Management e-Academy” is shown in the following graphs:



4. Crisis management

The company has established policy and procedural rules for crisis management within relevant risk management mechanisms. Based on the said policy and procedural rules, a crisis emergency response task force is set up with the president or a vice president appointed by the president as its convener. Departmental supervisors then form a crisis management task force depending on the extent and nature of the incident, which analyzes and evaluates proposed response measures. Keeping abreast of the latest developments, the task force proposes or submits revised response plans to meet actual needs. In line with the policy and procedural rules, each subsidiary has also established a set of disaster emergency response measures for effective management.

Severe revenue shrinkage or poor use of funds, likely to cause bankruptcy or restructuring.	Significant changes in laws and regulations, causing major negative impact to operation, finance, or sales.
The outcome of litigation that may severely impact the reputation of the company	Catastrophic natural disasters or accidents
Massive retirements or resignations, the poaching of employees by competitors	Damage to IT equipment causing day-to-day operations to stop
False news	A significant breach of the law by high-level employees
Other accidents that may cause damage and threaten company survival	Similar situations occurring at major subsidiaries

(V) Emphasis on information transparency

Good corporate governance is the essence of CSR fulfilment. One of the components of good corporate governance is “information transparency.” Since 1993, the Taiwan Stock Exchange and GreTai Securities Market have contracted with the Securities and Futures Institute to “rank transparency of disclosure of corporate information by publicly” traded companies in the annual reports or the Market Observation Post System, (both major sources of information for investors). The ranking has seven levels: A++, A+, A, A-, B, C, and C-. In 2012, our company earned the A++ ranking in the ninth ranking of publicly traded company information disclosure system and became the only financial holdings company to do so. Amongst 1,228 ranked companies, our company is one of only 17 (about 1.38%) that ranked as an A++ corporation.

(VI) Continue strengthening the corporate governance

The Company continually promoted the corporate governance system to ensure the interested parties' interests and rights. In 2011, it passed certification by the "CG6006 advanced corporate governance system assessment" of the Taiwan Corporate Governance Association, as it had in 2008. Above all, it was awarded full marks by the Association in the three indicators: "Enhancement of Information Transparency", "Exertion of Functions of the Audit Committee" and "Respect of Interested Parties' Right and Social Responsibility".

The Company will continue to pursue the fulfillment of the corporate governance doctrine and try its best to be the most admired enterprise dedicated to promoting the highest level of quality corporate governance.



(VII) Instituting corporate self-discipline

All employees of our company abide by corporate self-discipline regulations. Supported with education and training, we ensure proper business conduct at all levels of our operation, thereby creating a highly trustworthy and self-regulated business environment.

Year Regulation Drafted	2006	2007	2011
Relevant regulations	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Board of directors meeting procedures <input checked="" type="checkbox"/> Regulations on the selection and service of directors and supervisors at our investees 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Articles of organization of the Audit Committee <input checked="" type="checkbox"/> Ethical code of conduct guidelines 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Guideline on charitable contributions to external parties <input checked="" type="checkbox"/> Ethical business best practice procedures, and behavior guidelines
Implementation	<p>※Our groups hold regular training courses each year and support them with actual case studies. Tests after the courses are required to ensure that employees maintain legal and ethical concepts such as “money laundering prevention” and “anti-bribery” action in day-to-day operations. In 2012, the supervisors reported that all company employees (100%) took part in the training and tests.</p>		
	<p>※Our group hosts all types of legal compliance training and education on a regular annual basis. The training includes announcements and letters from regulators, case studies from competitors, and the latest revisions of the Law. Our group offered 1,988 physical and online courses in legal compliance in 2012. A total of 14,034 persons were trained for 162,292 hours. On average, each person received 17.4 hours of training, which is 2.9 times that achieved in 2011 and the total number of courses and training hours offered was 4.5 times more.</p>		
	<p>※All employees in our group are bound by the laws of the financial sector and HR regulations. Any infraction of the laws and regulations would result in discipline which is appropriate for the extent of the breach. In any case of significant infraction the company will seek civil and criminal action against the person(s) responsible for the infraction to protect the rights of the company and stakeholders.</p>		
	<p>※Our company operations have been standardized and defined with a proper segregation of duties, strict internal control, risk management, and self-audit by all business units. This makes the prevention of internal fraud or corruption possible. We have not discovered discrepancies during the self-audit and internal audits of any of the business units in 2012.</p>		

III. Customer First





III. Customer First

Customers are the life of our business. Financial products have grown robustly in recent years. Our group has introduced “Customer First” practices in all our products, channels, platforms, process design, and evaluations. We aim to provide diversified financial products and services and cater to a very wide spectrum of client needs. This section will explain our efforts to fine-tune service quality: maintaining an excellent relationship with customers, providing customers with detailed information about financial products, ensuring customer satisfaction, developing products and services that focus on sustainability, and developing business system capabilities. We are sure “Yuanta” is a partner that our customers can depend upon for their wealth management needs.

(I) Maintaining the relationship with customers

The securities division of our company has 189 business locations and the bank division 86, we also maintain 350 ATMs throughout Taiwan. Customers can obtain timely information on our products and services for wealth management needs in the following ways: directly from our staff, from websites, trading platforms, the web-bank, by using touchtone or smartphones, from trading statements, ATMs, signboards and video displays in business locations, at lectures, and from our prospectuses. There are also windows at our locations that are staffed by dedicated employees ready to help with debt restructuring, SME financing, and project loans for stimulus programs.

All our business lines are backed by “customer service phone lines” and “a dedicated e-mail service”. Specialized customer service staffs provide prompt replies and solutions for customer inquiries or questions.

Business Type	Customer Service Line	Dedicated e-mail	Service Hour
Securities	0800-037-888 (02)2718-5886	webmaster@yuanta.com	7:30 AM to 10 PM, each business day
Banking	0800-688-168 (02)2182-1968	Service@yuanta.com	24 hours
Futures	0800-333-338 (02)2545-9898	futures@yuanta.com	24hours
Investment trust	0800-009-968 (02)8770-7703	cs@yuanta.com	9AM to 6 PM, each business day

(II) Improving customer knowledge of financial products

Subsidiaries of our group provide customers with detailed information about our operation and trading systems through websites, business locations, ATMs, notifications to customers, and publications. The contents of this educational information includes definitions of financial terminology, trading rules and processes, operation methods and flow of trading systems, as well as policies, regulations, and risk warnings issued by regulators. In addition, we pass on the newest information to customers in “e-newsletters” to give them better control over their investments, “wealth and credit management”. We are certain that our customers can make informed decisions every step of the way.

Channels	Explanation
Websites	Yuanta Securities: http://yuanta.com.tw Yuanta Bank: http://yuantabank.com.tw Yuanta Futures: http://yuantafutures.com.tw Yuanta Securities Investment Trust: http://yuantafunds.com.tw Yuanta Securities Finance: http://yuantafinance.com.tw Yuanta Venture Capital: http://yuanta.com/chinese/VC/ Yuanta Asset Management: http://yuanta.com/chinese/AM/ Yuanta Investment Consulting: http://yuanta-consulting.com.tw
Business locations	Bulletin boards, multi-media displays, prospectuses, etc.
ATM commercial films	Information on debt negotiation, avoiding loan brokers, etc.
Notifications to customers	Statements, trust asset registry, and revenue-expenditure details
Publications	Yuanta Investment Consulting – Yuanta Investment Monthly Yuanta Bank – Funds on the Frontline Monthly Yuanta Futures – Future Quarterly Yuanta Securities Investment Trust – PA (Pension&Asset) Bimonthly

(III) Customer satisfaction surveys

To gauge customer satisfaction with the services from our group, we look for results from lectures, telephone interviews, and over-the-counter surveys. The survey on lectures includes location, speaker, and content. Phone and over-the-counter surveys include satisfaction with the service staff, automated service equipment, products, and activities. To make our surveys more well-rounded and closer to the viewpoint of customers, we adjust target interviewees and content to enhance the effectiveness of customer management.

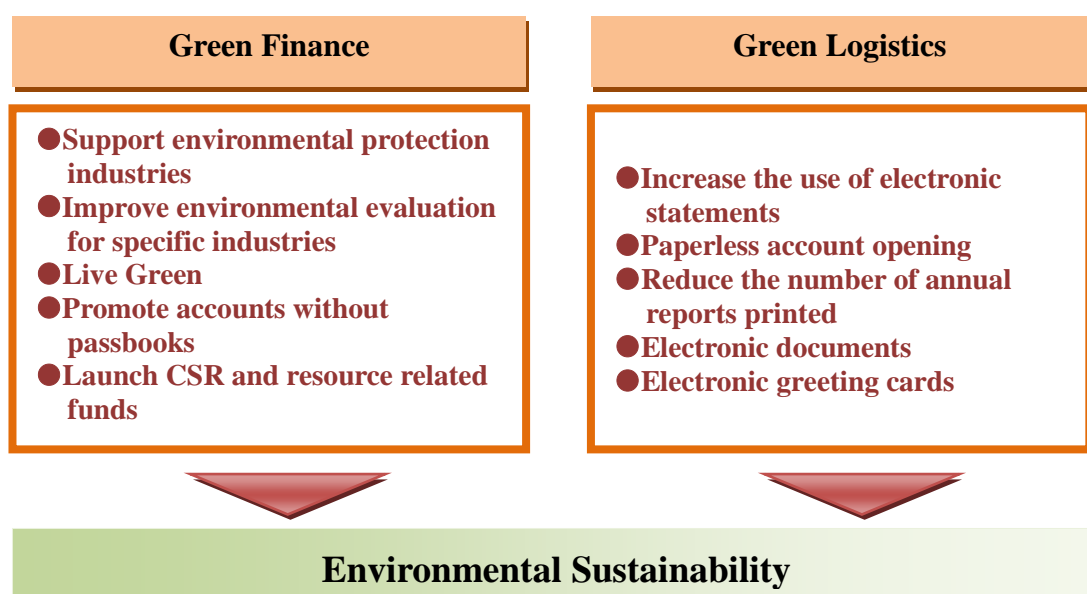
Service	Content of Survey	Customer Satisfaction
Options and warrants	Location	95%
	Speaker	98%
	Content of lecture	95%
Stock transfer agency	On our stock transfer agency for the 183 publicly traded companies that our securities subsidiary serve	86%
Bank services	Overall customer satisfaction	89%
Car loans	Overall customer satisfaction and those who are willing to recommend our service to their friends and family	99%



(IV) Products and services with a focus on sustainability

1. Environmental sustainability

The impact of climate change on the global economic environment continues to expand and accelerate. Adjustments to industrial structure and policies and fluctuation of financial markets continue and both present major challenges to the ongoing management of businesses. Our group is greatly concerned about the influence of “climate change” on economics, the financial environment, and regulations. We continue to explore related business opportunities in existing niches with our diversified management and adjust our operating processes, business strategies, and investment decisions to lower the impact on corporate earnings and show our efforts towards environmental sustainability.



(1) Green Finance

A. Support for environmental protection industries

The Bank subsidiary of our group made over \$2.8 billion in loans to solar power and industries concerned with pollution control in 2012. Our venture capital subsidiary also invested \$142 million in solar power and LED industry start-up enterprises. This clearly demonstrates our support for industries concerned with environmental protection.

B. Improve environmental evaluation for specific industries

One of the approval criteria at our bank subsidiary for construction loans is environmental impact assessment and compliance. Also, our bank subsidiary “Real estate collateral management guidelines” also mandates projects listed as polluting by the Environmental Protection Bureaus of county and city government cannot be used

as collateral unless they have been remedied within the stipulated time limit.

Our group looks very closely at the impact of our customer loans and investee business on the environment. We take these factors seriously to avoid any bad debt or loss of investment when such businesses shut down or have large fines imposed upon them for contravention of the environmental regulations.

C.Live Green

In 2012, our Bank subsidiary launched the “Green Action Card Usage Rewards” promotion campaign. Cardholders enjoy monthly bonus point benefits and gifts from our environmentally-conscious hotel partners as long as they use their cards for the designated environmentally-conscious lodging locations, pay their bills, use their own toilet supplies and do not use room service for extended stays. This promotion sends a live green message to our customers.

D.Promotion of accounts without passbooks

Our Bank subsidiary is committed to the goal of “paperless transaction means tree conservation and love for mother earth,” launched the “New Generation Deposit,” an omnibus demand deposit service that does not use passbooks. We encourage customers to apply for these accounts and to use electronic statements. By combining electronic transactions and e-bills, we can reduce paper usage in passbooks, transaction slips, teller number slips, and statements.

E.Launching CSR and resources related funds

Our investment trust subsidiary is committed to the promotion of mutual funds with CSR and natural resource concerns to provide more sustainable investment opportunities.

a. Yuanta Global Agricultural Opportunity Fund

This fund invests in up-, mid- and down-stream agricultural industries spanning the Americas, Europe, Asia, and other regions. It focuses on Agriculture and invests in:

Non-food agricultural products, such as alternative energy, furniture, paper, textiles; banks that make loans to agribusiness and climate consultants, water related businesses (waste-water treatment, purification, water use efficiency, water infrastructure providers, water service providers, and irrigation construction firms).

b. Yuanta Emerging Market ESG Fund

This fund uses ESG (Environmental, Social Equity, and Corporate Governance) as its major criterion for investment. The investment targets are corporations in emerging markets that offer ongoing ESG solutions and are in compliance with ESG standards.

c. The size and numbers of shareholders in the two funds mentioned above:

Fund Name	Yuanta Global Agricultural Opportunity Fund	Yuanta Emerging Market ESG Fund
Launch Date	2008/9/9	2011/9/15
Fund Size	\$717,572,242	\$124,478,700
Number of Shareholders	2,862	284

(2) Green Logistics

In order to reduce paper usage, our group has been promoting a series of projects. The details are as follows:

A. Increased use of electronic statements

We lead the pack in the securities industry in the use of paperless statements for joint services and promote the benefits of electronic statements to our customers through the web pages of subsidiaries, trading systems, documents with customers, and face-to-face contact with our staff. We develop new systems and sponsor sales campaigns to increase the use of electronic statements. The result as follows:

Unit: Number of accounts

Subsidiaries	2011	2012	Increase(decrease)%
Securities	107,955	208,198	92.86%
Bank	156,183	199,209	27.54%
Futures	86,665	156,230	80.27%
Investment trust	106,777	133,115	24.67%

B. Paperless account opening

Our securities subsidiary has planned a “Channel service system project” to enhance transaction safety and efficiency. The project has been divided into three stages and the first and second have already been completed. Paperless account opening has been implemented and the third stage is in progress.

Progress	Project details	Progress
Stage 1	Updating equipment. Completing the updates of the main servers for front and back office at the brokerage unit, server room integration, and transmission line upgrades	Completed in 2010
Stage 2	Integrating the account opening process and introducing electronic seals and identification	Online since 2011
Stage 3	Restructuring the accounting system for back office bookkeeping	Will complete the core design for transactions in 2013 and the system will go online in 2015

C. Reducing the number of annual reports printed

Since 2011, our company has been printing smaller-sized annual reports using environmentally-friendly paper and ink. We also use QR Code scans on our corporate website, allowing stakeholders to read them online at any time.

We printed 743 Chinese and 247 English annual reports in 2012, a decrease of 23 and 20 copies, respectively, compared to 2011

D. Electronic documents

Our group has been using an electronic document management system since 2009 and 953,000 e-documents have been processed since then. This represents a significant reduction in the use of paper.

E. Electronic greeting cards

Our electronic card center offers many greeting cards for major holidays, allowing employees to send greetings to the appropriate recipients as tokens of our appreciation.



2. Economic sustainability

Our securities subsidiary arranged a series of promotion campaigns to help the Taiwan Securities Association and Securities and Futures Institute in the promotion of financial education programs on options and warrants. These campaigns included radio programming, outdoor advertisement (buses, taxis, painted railway cars), the cnYes.com website games, and TV spots. We sponsored the third Taiwan Option King competition with the Commercial Times, and the third Million Dollar Option Investor competition with the Economics Times. The goal being to boost the development and transaction volume of the options market and educate professionals and investors in the nature of options.

In 2012 Yuanta Securities offered “the most options” and “handled the greatest transaction volume” to make it the industry leader. We were recognized by awards from the Taiwan Stock Exchange.

3. Social sustainability

Our group benefits from the development of society and wishes to give something back. Our subsidiaries use various transaction platforms – the Internet, ATMs, or credit cards – to collaborate with various charitable organizations in a way that customers are able to donate the bonus points earned from transactions or spending to the charitable groups for support for the disadvantaged.

Our diversified operations span investment, wealth management, and credit management and our subsidiaries spread their expertise and influence using lectures, forums, seminars, training camps, and co-ops to help customers of all ages develop financial literacy and responsible behavior. We also teach financial literacy to children to avoid future social problems that stem from a lack of financial knowledge.

Service	Seminar topic	Locations	Number of participants
Securities	Bull and bear options: Intro on options and warrants	Taipei, Taichung, Kaohsiung	about 419 persons
	Stock transfer training seminar	Taipei, Hsinchu, Taichung, Kaohsiung	about 592 persons
	OTC forum: overseas corporations	Taipei	different level of participation, about 60 to 120 persons per event
Banking	Top rich seminar	Taipei (twice), Taoyuan, Hsinchu, Taichung, Yunlin,	about 890 persons

Service	Seminar topic	Locations	Number of participants
		Tainan, and Kaohsiung – total of 8 seminars	
	Fifth and sixth “Strong baby” financial literacy camp for children (summer and winter vacation)	North, central, south	North: 132 persons Central: 107 persons South: 38 persons
Futures	Option seminars, island-wide	Over 1000 seminars in Taiwan	about 1000 persons
	”Coping with the European debt crises,” “Seaching for a new map for investment”	North, central, south	about 500 persons
	“Money wars – final showdowns” – island-wide seminar	North, central, south	about 1000 persons
Investment trust	Year of the Dragon project	North	about 300 persons
	“Real estate investment strategy” project	North, central, south	North: about 500 persons Central: about 400 persons South: 300 persons
	Global REITs market outlook	North	about 70 persons
	Yuanta securities seminar	North, central, south	about 1,100 persons
	“Personal finance seminar,” “Meet your fund manager,” “Financial literacy for the whole family,” “Financial camp for college students,” etc.	Central	about 25 to 30 persons each event
	Co-op programs	Central	about 50-100 persons each event
	San-di Elementary School financial literacy camp, Pingtung County	South	about 65 persons
	Savings Co-op association, Financial literacy camp for teenagers,	North, central, east	about 80 persons per event
“Value investment in the Taiwan stock market and identifying risk,” “Financial literacy simplified,” “Apple and its supply chain,” “ETF at one fell swoop,” “Emerging market watch,” etc.	North	about 50-80 persons per event	

(V) Developing business system capabilities

1. Securities wealth management trust system

We have built a cross-selling platform to provide superior products for all subsidiaries to increase group-wide profit and customer satisfaction. The first phase of the securities wealth management system, based on “trust operations”, came online in August 2010. The second phase of the project, which involved construction of a website for electronic trading, was completed in October 2011. In the future we will develop a platform for securities lending from our trust. In terms of financial products, we have completed development of a module for demand deposit in NTD and foreign currencies, domestic and overseas fund transactions and structured notes. Modules will later be introduced for NTD and foreign currency time deposits, bonds, and sub-brokerage and stock products that will provide a one-stop transaction shopping platform.

2. New corporate web-bank system

To provide a wider spectrum of service for our corporate customers and integrate transaction trails, we have built a second generation web-bank system with improved functions.

In thousands of New Taiwan Dollars

Items	Expected expenditure	Expected time of completion
Securities wealth management trust system	30,000	November 2009 – December 2013 (4 years)
New corporate web-bank system	40,000	January 2013 – June 2014 (1.5 years)

【 Yuanta wealth management trust system 】



IV. Caring for Employees





IV. Caring for Employees

Our talent pool is the basis on which our group creates profit, remains competitive in the market, and maintains ongoing operations. In this segment, we will explain the efforts we make to create an outstanding workplace: the hiring process; HR structure; the analysis of recruits and terminating employees; staff training and development; salaries, incentives, and benefits; and employee safety and care. We ensure that all our employees can use their talent to the fullest, create their own value, and grow with the group.

(I) The hiring process

Our employees need to pass tests or a credential review process before they can be hired, and this is subject to management approval.

(II) HR structure

The subject of this report is our company and its eight subsidiaries, all of which are located in Taiwan. The full-time and contract employee headcount was 9,349 plus 2 on December 31, 2012 to give a total of 9,351.

Employee gender, age, education, and job type distribution are as follows:

Employee gender distribution			
Gender	Full-time employee	Contract employee	Percentage
Male	3,340	2	36%
Female	6,009	0	64%
Total	9,349	2	100%

Employee age distribution			
Age	Full-time employee	Contract employee	Percentage
20~29	1,034	2	11%
30~39	3,775	0	40%
40~49	3,521	0	38%
50 and above	1,019	0	11%
Total	9,349	2	100%

Employee education distribution			
Education level	Full-time employee	Contract employee	Percentage
Doctor's	10	0	0%
Master's	1,209	0	13%
Bachelor's	4,320	0	46%
Two-year college equivalent	2,653	0	29%
High school and under	1,157	2	12%
Total	9,349	2	100%

Employee job distribution			
Job type	Full-time employee	Contract employee	Percentage
Operation and management	485	0	5%
Finance sales	4,306	0	46%
Customer service	2,486	0	27%
Administration technology	2,072	2	22%
Total	9,349	2	100%

Note: Management position means high level management at department supervisor and vice general manager levels (including operations supervisors, financial supervisors, company and branch

(III) Analysis of recruits and terminated employees

In 2012, we recruited 754 new employees, making up 8.1% of the total headcount of the group. The gender and age distribution of the recruits were as follows:

Recruit gender distribution			
Gender	Full-time employee	Contract employee	Percentage
Male	378	5	51%
Female	370	1	49%
Total	748	6	100%

Recruit age distribution			
Age	Full-time employee	Contract employee	Percentage
20~29	358	6	48%
30~39	234	0	31%
40~49	129	0	17%
50 and above	27	0	4%
Total	748	6	100%

The termination rate in 2012 was 13.8% and the gender and age distribution of terminated employees was as follows:

Terminating employee gender distribution			
Gender	Full-time employee	Contract employee	Percentage
Male	649	5	51%
Female	638	1	49%
Total	1,287	6	100%

Terminating employee age distribution			
Age	Full-time employee	Contract employee	Percentage
20~29	350	6	28%
30~39	598	0	46%
40~49	260	0	20%
50 and above	79	0	6%
Total	1,287	6	100%



(IV) Staff training and development

1. Diversified training courses

In the light of such factors as group development strategy, annual operation targets, training, and talent development needs, our group drafts annual training programs. In 2012, the training targets for all employees included “management training at all levels,” “professional proficiency for employees in all business lines,” “legal education,” “legally required training,” “common sense training,” and “health lectures”. Employees at all levels are able to upgrade their professional knowledge and familiarity with operation rules and skills by participating in professional job training to expand their career horizon. These training programs help improve work results and prepare employees for a workplace of the future.

In 2012, our group held 2,689 classes for a total of 258,188 hours and 27,121 persons were trained. Given the total headcount of 9,351 at the end of 2012, each employee received an average of 3.0 training courses of 27.6 hours in total. Thanks to digital learning for some of the courses, the total training expenses amounted to NT\$25.02 million, or 2,676 per employee.

2012 Employee training statistics					
Course type	Total number of courses	Total hours	Total persons	Average training hour per person (Note 1)	Average training count per person (Note 2)
In-person course	1,768	163,523	10,912	17.5	1.2
Online course	921	94,665	16,209	10.1	1.8
Total	2,689	258,188	27,121	27.6	3.0

Note 1: Average training hour per person = Total hour/total headcount

Note 2: Average training count per person = Total training count/total headcount

Our group places high value on diversity and any type of preferential treatment is strictly forbidden. Training opportunities are the same irrespective of gender. In 2012, female and male employees received similar average training hours, at 28.1 and 26.7 hours, respectively.

2012 Employee gender training statistics			
Gender	Total hours	Year-end total	Average hour
Female	168,868	6,009	28.1
Male	89,320	3,342	26.7
Total	258,188	9,351	27.6

According to our professional and management classification system the management headcount of the group in 2012 amounted to 485 persons, who received 89,314 hours of training in total, an average of 184.2 hours per person. The professional employees numbered 8,866 and they received 168,874 hours of training, an average of 19.0 hours per person.

2012 Employee job class training statistics			
Job type	Total hours	Year-end total	Average hour
Professional	168,874	8,866	19.0
Management	89,314	485	184.2
Total	258,188	9,351	27.6

To ensure that the content of employee training meets the needs of group corporate culture and actual management practice, our group relies on experienced employees as “internal lecturers.” In 2012, we launched a series of courses, including: bank operation case studies, financial service courtesy, briefing skills, briefing production, Excel applications, etc. We turn the inherent knowledge of our outstanding staff members into training courses that can be duplicated and used to hand down company knowledge and experience. In this way we continue to improve our employee’s financial common sense.



2. Thorough new employee training

To help recruits understand their rights and become familiar with their duties without delay, an orientation course is provided which has to be completed within a month of their reporting for duty. This course includes: company vision, corporate culture, introduction to the management team and organization, work rules, employee benefits, training and development, and other things. We also arrange for new employees to participate in courses about the prevention of money laundering and insider trading and an introduction to information safety, labor safety and sanitation education, etc. The business unit manager will arrange preliminary and on-the-job training within three months and assign a mentor for the guidance of a new staff member. The goal being to streamline the assimilation of recruits to the workplace and reduce staff turnover.

In 2012, we offered 359 courses, both physical and virtual (online), to new employees for a total of 19,715 hours and 754 persons were trained. Each participant received an average of 26.1 hours of training (not including on-the-job training and individual mentoring).

3. Sustainable promotion of digital learning

Our group has been promoting a “digital learning industry expansion and development project” since 2003 and an e-learning platform named the “Yuanta e-academy” was launched. This platform has been continuously upgraded and revised over the years and extended to all subsidiaries. It continues to drive all the digital learning programs of the group. In 2011, the project was adopted and implemented by our Hong Kong subsidiary during overseas expansion and provides an around the clock resource and service for “learning on demand.”

The courses available through the e-learning platform are classified into four main academies: “management,” “professional,” “license” and “general education”. All together there are 921 online courses. In 2012, 16,209 persons clicked through the online courses for a total of 94,665 training hours. On the average, each visitor participated in 10.1 hours of online training. After completing their course reading assignments and tests, participants are requested to complete a satisfaction survey that gives feedback about the integration between “theory and practice,” “depth and breadth,” “structural integrity,” and “time allocation” among the units.

4. Building diversified channels of development

In response to the intense competition in the financial industry and the needs of our business, we have created a multi-track development mechanism that includes: a management, professional, and operational career path development mechanism. We encourage our employees to develop various job capabilities, fulfill themselves, and seek personal excellence through on-the-job training, reserve talent development, job rotation, case assignment, and digital learning.

We use our advantages in a broad range of financial industries served by our subsidiaries and we also encourage the employees to apply for internal job rotation, or rotation between subsidiaries as needed. This practice effectively promotes the circulation of talent in the group and diversifies employee development. It also induces the reproduction of successful experience within the group and diffuses the benefits of our success.

5. Career development linked to result management

To implement corporate strategy, set annual targets, and to boost the effectiveness of the organization, all our employees are evaluated on a regular basis. By the “setting of targets at the beginning of a period,” “interim tracking and improvement,” and “assessment and evaluation at the end of the period,” we evaluate the work results of an employee over the span of a year and set future development targets. The result of the evaluation is used by Human Resources as a basis for decisions with respect to performance incentives and promotion and pay raises, as well as the development of talent.

Performance management is an ongoing process that is decided by the management and employee on the work target of the current year, key work items, and evaluation indicators. This ensures the development goal of the company is implemented as the personal work objective in the department and also for the employee. During the year, we review the execution of the plan and its outcome on a regular basis. We also review job proficiency and future training issues and urge employees to maintain their superior competitiveness in the job market. We also couple the evaluations with professional job training that comes with annual training projects, management career training, financial license training (as required by regulations), and training for overseas posting. We provide a full range of resources that are sufficient to support the career development of the employee as well as individual learning and growth. We can satisfy the development of individual ability, improve the overall effectiveness and productivity of the department, meet operational targets and accomplish corporate profit.

At the end of the year, supervisors and employees are expected to discuss and set the work targets for the employee for the new year based on the results of the year-end evaluation. All employees are expected to exert their own specific strength and influence. Also, the supervisors must decide on the main content and issues for employee training for the coming year to improve job proficiency or prepare for a necessary future job requirement. The supervisor then begins the result management cycle for the next year. Our group uses a multi-pronged approach that includes a result management and employee training development plan to achieve gains in both corporate results and employee development.

(V) Salary, incentives, and benefits

1. Salary and incentives

A corporation pays salaries to its employees as a consideration for their work and these salaries provide the money the employees need for their own and their dependants' day-to-day living. The goal of adequate compensation is the attraction of outstanding talent and the encouragement of existing talent, with development potential, to stay with the company. The formation of a talented company operation team always results in the achievement of a good outcome for the company and the reward will be better salaries for the employees.

To align the personal objectives of the employee with those of the company and shareholders, as well as to attract talent, our salary and incentive structure is both result-oriented and competitive. Salary and incentives are also tied to company results and personal achievement to create a win-win-win situation for the individual, the company, and the shareholders.

The compensation standard for our top management is also designed according to these same principles. We take both competitiveness and motivation into consideration. We encourage the management team to exert their full potential and create results. Overall, the payment of compensation is a combination of various components. The main ones being base pay, subsidies, and incentives. In support of this there are benefits such as vacation days and insurance. We have created a solid salary and incentive structure to keep costs at a reasonable level.

Based on the company articles of incorporation, if there are earnings after the final year-end accounting has been done, the company must first pay taxes and offset any retained losses. The remainder is

appropriated as legal and special reserve. Then the company should appropriate 0.5% of the remainder as remuneration for the directors and 0.01% to 0.5% as employee bonuses. The Board then proposes this distribution to a general meeting of shareholders for approval and the bonuses are distributed.

Our company assesses employee salaries based on objective factors such as experience, capability, and the position. Our base pay is better than that called for by Taiwan labor law. Gender does not count in any way and there is no difference between the base salary of male and female employees which is in a ratio of 1:1.

2. Employee benefits

In March 2003 we created an “Employee Benefit Committee” and fund and the company contributes to the fund on a monthly basis. The fund is run independently by the committee which has codified an employee club subsidy system that encourages employees to form clubs that engage in socially beneficial activities. Also, our company Employee Benefit Committee arranges many discounts and benefits with selected business partners. From time to time, the latest discount information is circulated to all the employees through internal network channels to make life more convenient and rewarding.

The clubs that have been established include: sports clubs – “badminton,” “basketball,” “ping pong,” “Tai-chi,” “cycling,” and “dance”; artistic clubs – “culinary art,” “flower art,” “wine tasting,” and “photography”. In 2012, the clubs held 160 events both active and static and 3,600 employees took part on a budget of \$3 million. Employees are able to relieve stress, keep fit and enjoy all these leisure activities and also make many new friends while they do.

In September 2003, the company formed the “Employee Shareholder Association” to encourage employees to save money for the long term. Employees contribute a defined sum of money on a monthly basis, and the company makes a matching contribution to encourage them to hold company stock as shareholders. Stock ownership not only increases the protection for employees after retirement or work termination, but also gives employees a stake in the game and their work becomes a contribution to their future.

In March 2003, an “Employee Retirement Reserve Oversight Committee,” has also been created and has received approval from the regulators. Employee retirement management guidelines have been drafted and a defined sum is contributed as a labor retirement

reserve. Also, since the Labor Pension Act came into effect in July 1, 2005, we have contributed to the retirement reserve on a monthly basis, under the new regulations, to ensure the provision of retirement benefits for the employees.

(VI)Employee safety and care

1.Employee safety

Our group has codified emergency response plans and reporting measures based on government labor safety and sanitation regulations. Additionally, we also pay attention to the safety and sanitation of our facilities and equipment. For example, we inspect and maintain the building management system on a regular basis; we also maintain and clean all public facilities. We have posted security personnel in all major office buildings to ensure the safety of the workplace. Regular and ad hoc external and internal training of new recruits and existing employees is done to raise awareness to risk and reduce occupational hazards and prevent accidents. Our goal is a “zero occupational hazard” work environment and there were no records of employee occupational injury, absence, accident, disease or death in 2012.

Security in our major company buildings is handled by professional personnel from contracted security companies. All have been trained in human rights issues as covered by both criminal and civil law.

All our group subsidiaries have established “Labor health and safety committees” as required by law to protect the safety and health of employees. To further prevent accidents, our group will also codify “Labor safety and sanitation guidelines” to promulgate work safety and sanitation standards.

2.Employee care

Our company not only provides labor and health insurance for employees as required by law, but also provides group health insurance and employee health exams. To further raise employee health awareness and prevent disease, our company holds health consultations and seminars. We have extended the scope of health seminars to “care for the bodies and minds of our employees.” Aside from personal health management and fitness, we also cover family and parent-child relationship issues. In 2012, 883 persons participated in our group employee health seminars for a total of 915 hours.

V. Environmental Protection





V.Environmental Protection

As global warming continues to become increasingly damaging, our group emphasizes every energy-saving measure in our daily lives. We stress the importance of “treasuring the earth and saving energy.” This section will explain our environment protection efforts in the following areas: emission of substances that affect the ozone layer, saving electricity, water resources, conservation and recycling, waste water treatment, petroleum conservation, waste treatment, recycling, and green purchase. We hope that our efforts will spread and influence the people and things around us, and we shall continue to strive towards the goal of a low carbon society.

In 2012, our company has sent 32 e-mail messages to remind our staff to “save energy, reduce the carbon footprint, and save costs,” in the hope of attaining a proper balance between corporate growth and the natural environment.



(I) Comfortable office environment

Our company provides a fresh, comfortable and healthy office environment for all our employees. Good surroundings ensure the best performance.

1. A unit dedicated to environmental management

The maintenance of the function, appearance and environment of our buildings is the responsibility of the management committee. Our group has never been found in breach of any environmental law. The land we occupy and the locations are not in areas of biological diversity, or protected habitats, and the presence of our facilities has no unlawful impact on the ecosystem.

2. Creating a fresh, comfortable, and healthy work place

Smoking is prohibited in our buildings and there are designated smoking areas outdoors. Maintenance, cleaning and disinfection of all our facilities and surroundings is regularly done and relevant expenditure for this purpose amounted to about \$8,858,000 in 2012. The Financial Holdings Building is also equipped with treadmills and breast feeding rooms.

Environmental protection expenditure (NT thousand) in 2011 and 2012

Item		2011	2012
1	Environmental cleaning	6,994	7,870
2	Floor crystalline treatment	292	295
3	Garbage collection	294	294
4	Outer wall cleaning	273	273
5	Building sterilization	47	47
6	Water tower washing	24	24
7	Carpet washing	10	55
Total		7,934	8,858

3. No emission of substances that affect the ozone layer

The financial holdings building has 275 fire extinguisher of the ABC powder design and the server rooms are equipped with five FM 200 fire extinguishers. There are 106 air conditioning units in the building that use R22 and R410 refrigerant. None of the equipment mentioned here emits any substances that are harmful to the ozone layer.

(II) Power saving

1. Management measures

According to the statistics, the electricity consumed by air conditioners accounts 60% of the total power consumption, while that consumed by lamps and sockets for 40%. The following power consumption management measures have been implemented:

Item	Management measures
Air conditioner	<ul style="list-style-type: none"> ☞ The room temperature must be preferably 26°C. The power saved per 1°C decrease is 6%. ☞ Personnel who work overtime must turn on the unit for their own workplace and avoid turning on the air conditioners for the whole area. ☞ The units in meeting rooms and storerooms must be turned off when the rooms are not in use. ☞ The doors and windows must be kept closed to prevent movement of air through them when the air conditioner is in use.
Lamps and sockets	<ul style="list-style-type: none"> ☞ If personnel need to leave their desks for a long time, they must turn off the lighting in the area where they work. When all the personnel leave after work the lighting in the entire area must be turned off. ☞ The power to personal devices, such as computers and monitors, must be turned off after work to avoid long-time standby and to save power. ☞ The lighting in pantries and toilets must be turned off after use during overtime hours to save power.
OA equipment	<ul style="list-style-type: none"> ☞ Terminal: If the computer is not to be used for a long time, the main power must be turned off to save power and avoid long standby times. ☞ Copy machines and fax machines: <ul style="list-style-type: none"> ➢ It is important to set the size and number of document copies before starting to avoid invalid copies and save paper and power. ➢ Set the mode so the machine will go to standby automatically in 5-15 minutes after you have finished. ➢ The main power, and the power of peripheral devices, of any electronic appliance or equipment which is not in use for a long time must be turned off.
Elevator	<ul style="list-style-type: none"> ☞ Are categorized into those for odd-numbered floors and even-number floors. Only elevator is available during off-peak hours and non-working days. Employees are encouraged to use the stairs to walk more and take the elevators less.

2. Outcome

Statistics on power usage, carbon emission, and heat in the past two years
(2011 and 2012)

Item	2011	2012	Increase (decrease) in the most recent two years
Total power consumption (cubic meters)	5,014,800	5,595,000	11.57%
Persons in the building	856	1,232	42.93%
Average power consumption per person per month (cubic meters)	488	378	-22.54%
Full year CO2 emission(kg)	3,069,058	3,424,140	11.57%
Full year gross heating value (MJ)	18,053,280	20,142,000	11.57%

Note: One kilowatt of power creates 0.612kg of carbon emission / 1 kilowatt of power creates 3.6 million joules of heat

Source of information: Taiwan Power Company

(III) Water conservation

1. Water source and waste water treatment

- (1) The water used in the financial holdings building, except for a small amount of collected rainwater, comes from the Taipei Water Department. The building does not use any groundwater nor does it rely on any other method of water supply. The water is used only by employees and visitors and there is no negative impact on the ecosystem or water resources. Waste water is all drained into the sewer system.
- (2) The water treatment facility at the financial holdings building includes a water treatment tank and an exclusive sewer system. Sources of waste water include the restrooms and garbage holding yard. Pipes from these locations lead to the water treatment facility five floors below ground and an exclusive sewer system on the first floor, in full compliance with green building rules and the environmental laws.

2. Management measures

Item	Management measures
Toilet bowls	☛ All the toilet bowls in the Building have two-step flushing valves and the urinals have flow sensors. The valves and sensors are both green mark products.
The faucets	☛ The faucets in the restroom have flow timers with the water-conservation mark. The faucets in the pantries are all

	of low-capacity and signs depicting water conservation are posted nearby to remind all personnel to save water.
Rain cycling system	☛The Building is equipped with a rain cycling system. The collected rainwater is used for toilet and urinal flushing and watering the plants in the open areas of the Building.

3. Outcome

Water usage statistics at the financial holdings building over the past two years (2011 and 2012)

Item	2011	2012	Increase (decrease) in the most recent two years
Total water usage (cubic meters)	10,593	17,216	62.52%
Persons in the building	856	1,232	43.93%
Average water usage per person per month (cubic meters)	1.00	1.16	16%
Full year CO2 emission(kg)	921.59	1,497.79	62.52%

Note: one cubic meter of water creates 0.087kg of carbon emission

Source: Taipei Water Department

The water usage per person per month difference analysis for the years 2011 and 2012 is as follows:

- (1) The number of building users increased and there were 30% more visitors and students attending classes.
- (2) To maintain our green environment the plant sprinkler system has been adjusted from a daily 3 to 5 minutes, to between 5 and 10 minutes.
- (3) To save power, the building waterfall, which used to run 24 hours per day, with hardly any loss of water. Now runs from 07:00 to 21:00. Water depletion has increased, but power usage has declined sharply by 22.54%.

(IV) Petroleum conservation

1. Management measures:

- ☛A shuttle bus service that runs between the main company buildings has been introduced. Busses depart six times per day and staff needing to travel between offices on official business or to meetings can use the shuttle to reduce the use of company vehicles and the related negative impact on the environment.
- ☛In addition to the digital learning platform “Yuanta e-academy” that promotes group-wide digital learning, the financial holdings building and other major buildings are

equipped with video conferencing equipment. Meetings can be held between people in several different buildings without the need for them to gather in one place. This saves travel time and all the other related expenses, as well as the carbon emission from vehicles.

➤ To improve energy efficiency, we have made corporate vehicle fuel savings one of the priorities for 2013.

2. Outcome

Statistical data on the gasoline and diesel consumption of corporate vehicles, as well as fuel consumption by our generators, is being prepared. This will be available to stakeholders in the near future.

(V) Waste treatment and recycling

1. Management measures

The coffee and refreshment rooms on each floor of the financial holdings building have recycling bins. A waste concentration yard, with ample space, is located on the fifth level below ground. The yard is a hub for the dumpsters from the entire building and is also where secondary waste sorting is done. Waste is removed and the yard is cleaned on a daily basis. We also promote waste reduction measures, including:

Item	Management measures
Paper	<ul style="list-style-type: none"> ➤ The use of glass or ceramic cups to replace paper ones to reduce the consumption of paper; ➤ Set double-sided printing to save paper; ➤ Print non-official documents on used paper as far as possible, and waste paper can cut into pieces to serve as notepaper; ➤ Make good use of emails, e-DM or e-bulletin to replace paper documents; ➤ Reuse envelopes and envelope bags; ➤ Use napkins less and handkerchiefs more.
Chemical solvent	<ul style="list-style-type: none"> ➤ Apply solution products, such as glue or correction fluid, less; ➤ Use refillable ballpoint pens or fountain pens more.
Used batteries	<ul style="list-style-type: none"> ➤ Used batteries, which will poison the environment, must not be placed with general garbage, but must be recycled by convenience stores or malls.
Environmental protection chopsticks	<ul style="list-style-type: none"> ➤ Use environmental protection chopsticks when dining outside.

2. Outcome

(1) Waste treatment method

Building waste is classified as general waste, recyclable waste, and food waste. The process methods used are: general waste is classified as class B waste and sent to the incinerator. In 2012, general waste totaled roughly 102 metric tons. Recyclable waste and food waste is collected by recycling processors for reuse.

(2) Results of recycling

Statistics on resource recycling in the financial holdings building between the years 2011 and 2012

Statistics for Recycling (kg)					
Year \ Item	Aluminum	Iron	PET bottles	Paper	Waste food
2011	30	385	595	11,680	1,895
2012	12	241	529	14,636	2,095
Increase (decrease) in the most recent two years	-18	-144	+66	-2,956	+200

(VI) Green purchase

1. Management measures

Our purchases of supplies and equipment are made using fair and transparent bidding processes. To avoid transactions with vendors who might have questionable ethics the “purchase contract process review forms,” have been introduced and we have added best practice clauses on ethical conduct to all contracts. We also require vendors to sign ethical conduct statements to reduce any risks in purchases. Most of our company purchases are made with local firms in Taiwan. The ratio of purchase expenditure in local to foreign currencies is about 95:5.

Our group also promotes “green purchase” in emails sent to our staff. The ideas expressed include the definition of green purchase and the purchase of certified green products as the goods of choice. We combine these messages with interactive training for the purchasing department staff.

2. Outcome

In 2012, our group made green purchases amounting to \$33.67 million, an increase of 39.48% over the 2011 level. For two years in a row, Taipei City Government has honored us as the “Benchmark Business for Green Purchase.”



VI. Social Participation





VI. Social Participation

Yuanta Financial Holdings believes we should “give back to society as we benefit from its progress.” Our subsidiaries donate funds and work with the Yuanta Foundation to help us fulfill our full corporate social responsibility in four areas: “public interest and social education,” “the promotion of scholarships and the development of talent,” “promotion of the arts and cultural education,” “social safety, and legal education”. Education is the core that underlies all four areas of our mission.

The Yuanta Foundation uses its monthly publication to announce its contributions in the following areas: care for the disadvantaged, concern for health, concern for society, concern for the environment, the development of talent, interaction between industry and academia, sponsorship of the arts, and legal education. 2012 is the first year we have published an “annual report” and we are sharing our achievements with all the members of our group and hope our efforts will become a major force that will bring changes that lead to the betterment of society

The Yuanta Foundation

Wings of hope lift up the dreams

We believe that “education” is the best way the lives of disadvantaged children can be improved to help them realize their dreams. To this end the Yuanta Foundation, under the leadership of Chairwoman Tu Li-Chuang, has embraced a mission to care for them and has invested resources in public interest and for education. The mission is to help disadvantaged groups to learn and grow and gain the confidence that will allow them to go after their dreams on a really level playing field. Society can be much more harmonious, equal, and just in this process.

Our society needs more input for public interest causes. The Yuanta foundation intends to bring more participants into the process and help more people take off on the wings of hope and the power of love.

2012 activity overview

In 2012, the Yuanta Foundation held 172 events, at a rate of 3.3 per week, an increase of 45 events or 35.4%, compared to the 127 in 2011. The rate of increase was 0.87 events per week.

Rated as Excellent by the Ministry of Education for Two Years in a Row

The efforts made by the Yuanta Foundation towards the promotion of social education for disadvantaged groups have been recognized. In both 2011 and 2012 the foundation was rated as “excellent” in the education foundation category by the Ministry of Education. We believe education can plant the seeds of virtue and beauty in the hearts of the people and create a better society. We have therefore devoted ourselves to education. Since the “Yuanta Dream Take-off Project” was launched in 2011, we have started the following projects: After-school supervision for disadvantaged school children in marginal metropolitan areas and rural areas, care services and learning support, subsidies for teachers at schools for disadvantaged children, homework assistance and diversified learning projects, and the Yuanta public interest art fest. We hope to give the children the wings that will enable them to soar through the sky in pursuit of their dreams.

In the realm of social education, our goal is to “adapt the social environment and enable personal growth. We use publications, essay contests and competitions, in an agenda to promote public interest. We serve as press liaison chair at the National Education Foundation Annual Meetings. We wish to raise the awareness of public interest activities among the general public and increase the willingness of participation.



The Yuanta Foundation also supports various public interest lectures to attract attention to social justice. We support disadvantaged groups and former prison inmates and encourage them to rekindle their dreams. We pay attention to teenager drug abuse and bullying issues and launched the “Saving Faust Project” with the Paperwindmill Foundation. We plan to use interactive stage plays and tour 932 junior high schools in Taiwan over a period of 5 to 7 years to combat drug abuse. We hope we can improve the lives of everyone in our country.

Chairwoman Tu of the Yuanta Foundation said that recognition from the Ministry of Education showed their acknowledgement and expectation in ranking us as a foundation of excellence. The Foundation will make more effort to help the disadvantaged groups grow, gain confidence and power and follow their dreams over a level playing field.

Public interest and social education

➔ 【Caring for the Disadvantaged】

To give school children in marginal metropolitan rural areas the chance to learn, grow and thrive, the Yuanta foundation runs programs of Saturday homework supervision, lunch service, and behavior guidance to thirty school children from disadvantaged families in the Wugu District and New Taipei City. It also provides winter and summer schooling at the Jieshou Junior High School in Taoyuan County.

St Anne's Roman Catholic Church, Wugu District, New Taipei City

The margin of New Taipei City, Wugu, has a scattering of small, dilapidated factories that are interspersed with public housing high-rises. In section one, Minyi Road, in an alley in the Lukuang Public Housing Project, stands the St Anne's Roman Catholic Church with a row of classrooms and a courtyard.

In mid-summer 2011, Yuanta's wings carried them into this decaying community to summon nearby children to the church. Father Kong Wei-Ren said. "The children are back. The courtyard is filled with laughing and playing youngsters. This is such a blessing." Teacher Quaymay said, "It is a very difficult task to look after these children. We need teachers, funds, and equipment... and the will to keep going and not give up."

There is an old saying "each blade of grass is spotted with a drop of morning dew". However harsh the fate, every child comes to the world bearing a supply of rations. Yuanta brings more of the "dewdrops" and "rations" mentioned in this old proverb. Yuanta has recruited students from Fu Jen Catholic University to join the rural education teams that were sent to the Wugu community to provide homework assistance to the children.

The children now have places to go during the winter and summer breaks. They have a community. The parents of these children are all in distress, on the very margins of the metropolis. For example, most aboriginal parents have a really hard time taking care of their children and dealing with the day to day difficulties of a big city at the same time. Many new immigrant mothers struggle to talk to teachers in broken Chinese and can hardly get by on part time piece work. "Hardship" barely describes their plight.

Now, thanks to the afterschool program in Wugu, the children have food and snacks. They are also looked after by student volunteers from Fu Jen Catholic University. These children completely understand their care. Ah-hsiung, who is entering the eighth grade, became the secretary of the class and started helping the guidance volunteers with the care of young children from different families. Teacher Lu Tzu-Han promised Ah-hsiung

a watch in the hope that he would learn proper time management, but An-hsiung bought a very cheap digital watch saying, “This watch will do. Once I get into high school, I’ll get a new one... when this one stops working.” Hsiao-ru, who is an older-sister figure to the kids, began to have ideas about her own future. She became less talkative and wanted guidance about the difference between regular and vocational high schools. She wanted to know if she could get into a regular high school, and how much she was lacking in her academic credentials. Hsiao-ru was confronting questions she had earlier been trying to avoid. She had begun to make progress and was catching up with school work, despite her disadvantages.

Jieshou Junior High School

The Jieshou Junior High School, surrounded by mountains in the Fuhshing Township, is the highest academic institution in the district. Most of the students here are of aboriginal heritage and are used to struggling with the environment. There are many touching human stories about their fights with nature and great fortitude. Ah-ping, a seventh grade student who is less than 130cm tall, had been boarding at the school with his siblings since the first grade. Sometimes he wandered off into the parks at Daxi, and the teachers had to appeal to government agencies to search for him and his siblings. He saw his brother drop out of junior high school. One day, the skinny Ah-ping announced to a female student volunteers from Fu Jen Catholic University that he wanted to return to the classroom. He wanted to join the twice weekly video conference academic guidance sessions and participate in winter and summer activities. The idea being that he would then be able to bring his brother back after his grades had improved.

Ah-jay with his spiky hair and fast dance moves was a big boy who was hard to get along with. He lived alone in the mountains. He asserted his dominance by getting others into trouble and sometimes smashed classroom furniture to get his message across to teachers. Because everyone was afraid of his physical strength Ah-jay had become a loner. However, Principal Su knew Ah-jay had a sad and empty heart. He designed a series of diversified activities using Yuanta resources, so that Ah-jay could dance to his heart’s content. Principal Su also put a group of kids who were not interested in books into Ah-jay’s care and asked him to act like a real boss and look after them. Ah-jay stopped being rough after that, and the classroom furniture remained intact. When he graduated, Ah-jay wrote “I want to study and hope that mother will appear soon” on his Yuanta Dream Take-off scholarship application. Ah-jay is now in a hairstylist co-op program and maintains contact with Yuanta and Fu Jen Catholic University. The scholarship, and attention he was given, made Ahjay realize that people cared for him and he will carry on with his journey no matter what.

➡ 【Caring for Health】

Statistics from the Ministry of Health and Welfare, Executive Yuan, show that liver cancer has always been amongst the top three causes of death from cancer in the general population, and in this respect hepatitis B and C are the main culprits. Currently, there are over three million carriers of hepatitis B in Taiwan, giving the country the highest concentration of carriers in the world. Many thousands of people die from hepatitis and liver cancer. In the remote mountain regions, hepatitis awareness is not widespread and chances for medical help are often missed. To eradicate hepatitis and provide a healthier future for us and our offspring, Yuanta has partnered with the Liver Disease Prevention and Treatment Research Foundation to support ongoing “Free hepatitis and liver cancer screening” and education programs.

In 2012, the Yuanta Foundation sponsored and assisted the Liver Disease Prevention and Treatment Research Foundation in holding “Free hepatitis and liver cancer screening.” We dispatched 120 volunteers and screened almost 6,000 people. The first screening was held in Sung-lin Elementary School in Hsinfeng Township. Employees of Yuanta Securities and Yuanta Bank served as volunteers. Because many people brought their parents, and even their illiterate grandparents to be screened, the door was opened at 07:30 in the morning. The Yuanta volunteers helped people fill in and verify the data with amazing efficiency.

The second event was held at both the Tungshih Elementary School and the Budai Tourist Service Center. A survey showed that Chiayi County has the highest rate of hepatitis infection in Taiwan and this illustrates just how important these events are. The volunteers who participated in this event were Yuanta Securities employees and their families. The volunteers all had to travel for more than an hour and some came from as far away as Yuanlin, a two hour journey for them and their families, some of whom were only in the fourth grade. A third event was held in Kanding, in the Fuan Temple, Guanziling, Baihe District, Tainan City. The volunteers from Yuanta Securities worked with patience and amazing efficiency, starting as early as 05:00 in the morning and all showing amazing enthusiasm for the task.

The Mayor of Tainan City, Lai Ching-The, was especially grateful to the Yuanta Foundation for making the hepatitis screening available to the citizens of the remote Baihe and Tungshan areas. He asked the people to show their appreciation by taking the greatest care of their own health and that of their family members. The famous opera Diva, Miss Hsu Hsiou-Nien, shared her personal experiences with the people and asked them to pay particular attention to hepatitis and liver cancer screening. Mr Jian,

whose own liver issue was revealed by the screening, thanked Yuanta for the opportunity that had led to the discovery and treatment of his problem very early.



【Volunteers' Comments】



Chang Hsue-Li Yuanta Securities, Kaiyuan Branch, Associate Manager

Kaiyuan Branch has always been blessed by the Kanding Fuan Temple in Guantzung. We are very happy that the Foundation holds “free hepatitis and liver cancer screening” to care for local residents. We are also very happy to receive the gratitude of the local residents.



Chiu Ling-shu Yuanta Securities, Minhsiung Branch, Assistant Manager

We are very happy to allow our children to be volunteers. Aside from giving back to the community, we can also expose our children to society, so that they can be content with what they have.

➔ 【Caring for Society】

The Yuanta Foundation collaborates with the Eslite Bookstore and Global Views Education Foundation to hold the “Yuanta Dream Take-off Public Interest Lectures,” per month, where opinion leaders in all fields of public interest are invited to share their dreams and concern for society as well as stories about overcoming adversity and allowing their dreams to fly. The lectures have received much attention and recognition from both the media and the general public. The lectures average an audience of about three hundred and it is worth noting that many staff members and people from nonprofit organizations also participate in these events.

In 2012, Yuanta Fudation continued to sponsor “Yuanta Dream Take-off Public Interest Lectures,” and hopes that by passing on positive vibes of emotion, learning, and growth, we can encourage everyone to dream, overcome adversity, and care for society. The lectures are meant to be a platform for spreading these messages.

➔ 【Care for the Environment】

To combine music and care for the environment into a positive force, the Yuanta Foundation sponsored the “Eslite Rooftop Music Festival 2012”. It was a musical festival with a strong environmental theme – For a Better Tomorrow. Performers who took part were: 1976, Easy, Hush!, Mary See the Future, Tizzy Bac, Tzuo Kuang-ping, Echo, Wu Chih-ning, Then I understand you, Chico, Chen Sheng, Huang Jie, Huang Lien-yu, Hsiung Bao-bey, and Chao Yi-hao. Yuanta made this environmental awareness summer event free to all music lovers, so they could both enjoy the music and share the expectations of all the performers for a “better tomorrow”. We call on everybody to show their care for the environment! Yuanta also introduced an “Earth” fundraising campaign by donating money to the Taiwan Environmental Protection Union, the Taiwan Farming Community Front, and the Taiwan Environ- mental Information Center as part of our contribution to a better tomorrow for Taiwan.

More than 1,600 music lovers took part in the event, and as the bands played music of many different genres, the fans twisted, screamed, and shouted in excitement. A real time webcast allowed nearly nine thousand of viewers all around the world to watch.



Promotion of scholarships and developing talent

➔ 【Talent Development】

The global financial crisis has shifted the center of world economy, and International management circles and academia subsequently developed a keener interest in Asian-style management. The Yuanta Foundation started, and exclusively sponsored, the “Yuanta Cup Intercollegiate Case Analysis Competition” to develop management talent. The competition involves case analyses of international and Greater China corporations and provides opportunities for students in the EMBA program to exchange ideas and experience and learn from one another. In 2007, NTU and the National Chengchi University jointly hosted the competition, after this NTU and the National Chengchi University took turns hosting the event and the National Sun Yat-sen and National Central universities played supporting roles to give the event the scale of a competition between four major players. In 2011, the competition was jointly hosted by the National Chengchi University and the EMBA Alliance, with the participation of the National Sun Yat-sen University, National Central University, National Tsing hua University, the Renmin University Of China, Shanghai Jiao Tung University, the Chinese University of Hong Kong, and the National University of Singapore. The event incorporated EMBA Alliance Case Analysis, Financial Holdings Consolidation, and a Corporate Governance Forum to become the EMBA Alliance Summit. It had not only become the premier venue for EMBA case study results presentations amongst high level managers in Taiwan, but was now also a badge of honor for EMBA students in Taiwan and China, and a status symbol of indisputable value.

The 6th Yuanta Cup Intercollegiate Case Analysis Competition 2012 was jointly hosted by the National Sun Yat-sen University and the EMBA Alliance. Nine universities with over three hundred EMBA students participated. They were: The National Chengchi University, National Sun Yat-sen University, National Chung Cheng University, National Chung Hsing University, National Taiwan University of Science and Technology, National Central University, National Chiao Tung University, National Cheng Kung University, and the National Tsing hua University. The National Chengchi University won the championship in the China section and the National Tsinghua University won the championship in the International section of the Yuanta Intercollegiate Case Analysis Competition, receiving the trophy from last year’s champion. The National Tsing hua University team, winning the championship for the first time, was extremely thrilled. They had spent a full year preparing for the competition and had even gone through a boot camp process to gain this victory!

It is worth noting that the Yuanta Cup Case Analysis Competition has been combined with public service. The winning teams donated all their prize money to public interest groups, demonstrating the Yuanta CSR spirit and serving as a “win-win-win” paradigm for the host institutions, participants, and public interest groups. This practice is also a first in the industry and creates a brand-new public interest platform. Also, EMBA students in various companies will bring their public interest concerns to different companies and industries, casting the seeds of care into many far corners of the world.

➔ **【Interaction between Industry and Academia】**

Sponsoring a Global Economic Elite Forum: the “Mr. Yen Eisuke Sasakibara Lecture”

We sponsored “Business Today Weekly” to invite Mr. Yen Eisuke Sasakibara to visit Taiwan and participate in “Searching for a new engine of growth in the global economy: 2012 Global Elite Forum.” This provided an opportunity for Taiwan industry, academia and government participants to interact with an international master to explore a path through the tumult of an unsteady global economy and improve Taiwan’s competitiveness.

Sponsoring the Masters’ Forum: Transformation and Strategies for Taiwanese Corporations

We sponsored the Global View and Common- Wealth Group Harvard Business Review to support the “International Management Master Forum: Transforming Taiwanese corporations” a place where participants could explore ways by which Taiwanese corporations can adapt in light of the rise of Apple, the depressed European and American economies and the rise of China. Professor Kao His-Chun chaired the meeting. The main speakers were management guru Chen Ming-Cheh and Chairman of the idSoftCapital Group, Stan Shih. The meeting was moderated by Professor Chou Hsing-Yi of the Chengchi National University.



Promoting the arts and cultural education

Giving compassion to society with art

~A win-win situation for art and public interest

To support art and cultural activity in Taiwan and to make it possible for people who live in remote regions, or those who are economically disadvantaged, to attend and enjoy exhibitions and performances, the Yuanta Foundation has established the “Yuanta Dream Art Festival.” For example, we sponsored “Western Mythology and Legends: Collections of the Louvre” with the National Palace Museum, the Louvre, and Mediasphere Communications Ltd. We invited beneficiaries of the Taipei Chapter of the Taiwan Fund for Children and Families, to the exhibition. We also arranged for TV host Chiang Yu-Feng and news anchorwoman Lee Ya-Chian to serve as public interest ambassadors and to accompany the children.

We sponsored the musical “Proof,” the tenth anniversary performance of Greenray Theater, and joined forces with the National Immigration Agency, Ministry of the Interior, to invite new immigrants from Vietnam, Indonesia, Cambodia, and China to the performance. Children of new immigrants and their parents could watch the show on family ties and bond even better. It is worth mentioning that the Yuanta Foundation purchased five hundred “Ju Percussion Group Winter Performance” tickets from the Percussion Music Foundation and gave them to Taichung City Government, the families of new immigrants. They can enjoy some quality family time and see refined culture and arts. Huang Bi-Ruay, Artistic Director of the National Theater and Concert Hall, expressed her gratitude for these efforts by the Yuanta Foundation that allow disadvantaged and welfare groups to appreciate art.

“Western Mythology and Legends: Collections of the Louvre”

We sponsored “Western Mythology and Legends: Collections of the Louvre” with the National Palace Museum, the Louvre, and Mediasphere Communications Ltd.

The Greenray Theater performance “Proof”

We sponsored the performance of “Proof”, on the tenth anniversary of the Greenray Theater, at the Taipei City Stage, Taichung Chungshan Hall, and the Tainan Cultural Center.



Social safety and legal education

Leading teenagers away from drugs

~Initiating and promoting “Saving Faust Project”

As teenage drug abuse continues to grow exponentially, Lee Yung-feng, CEO of the Paperwindmill Foundation, has planned to tour campuses and perform the stage play “Young Faust” which has a very strong anti-drug message that will help teenagers stay away from drugs. The Chairwoman of the Yuanta Foundation who is also a mother, is very concerned about the education of all children and also decided to make a contribution. The two of them have initiated and promoted the “Saving Faust Project,” which will go on a tour that will include 932 junior high schools around Taiwan over a span of five to seven years, this will spearhead the effort of anti-drug education on school campuses.

The show premieres in Da-an Park in Taipei and the first stop of the tour is Kaohsiung Municipal Ying-Ming Junior High School. The play portrays a junior high school student Hsiao-de, who is neglected by teachers and bullied by his peers, making him afraid to go to school. Then, devils lure Hsiao-de with money and drugs, asserting that if he wants respect from other people, he needs to be stronger than they. Hsiao-de begins to bully his classmates and offend his teachers, becoming a devil in doing so. The play is adapted from Goethe’s Faust, demonstrating Hsiao-de’s struggle and confusion with pertinent dialogue.

A student said, after watching the play: “I see the consequences of drug abuse in this play, and death is a possible consequence. I have learnt to refuse drugs and live my own life.” It’s worth mentioning that Legislator Chao Tien-Lin has also shown his support after hearing about the tour. He has invited government agencies to support the anti-drug campaign, so that teenagers in Kaohsiung can be made to understand the evil of drugs. He also hopes the Yuanta effort will lead to more contributions to the cause from other people.

Chairwoman Tu says that the “Saving Faust Project” will be a long and arduous one, but will help save teenagers from the temptation to sell their souls and bury their futures. In the course of growth, teenagers are bound to run into setbacks and temptations, and even lose themselves for a moment’s pleasure. Selling one’s soul to the devil of drugs can destroy both a life and a family. “We should make a really concerted effort for the kids!” Ms. Tu emphasizes that the Yuanta Foundation is more than willing to ignite the first lamp of love for the teenagers in hope that more kind people will join the effort to make society healthier for future generations.

Redefining the values of life

~ Supporting the Taiwan After-Care Association

To promote social education and support former convicts, the Yuanta Foundation supports both inmates and former inmates and encourages them to rekindle their dreams and continue the difficult journey towards rehabilitation. Yuanta also encourages society to show compassion and support former inmates by giving them a second chance.

Imagine a person turned from a convicted felon to the owner of several companies, from an inmate to a successful entrepreneur who is filled with gratitude. This story is not a movie script, but a true one of the real life of a former inmate.

Over the past few years, the Taipei chapter of the Taiwan After-Care Association has been encouraging former inmates to strive towards a brighter life and has offered support in the process of drug withdrawal. Its mission, the guidance of those who have deviated from normal, without causing any damage to society, is a very meaningful task indeed.

The Yuanta Foundation knows how difficult it is for inmates to return to society and that they need much tolerance, care and encouragement from everyone. The Foundation has been supporting the After-Care Association of the Taipei Chapter since 2010 in an effort to encourage thousands of former inmates and to give direct help to thousands of families. In turn, this effort also helps to secure public safety. To further encourage inmates, the Yuanta Foundation has sponsored publication of the autobiography of Tsai Yung-Fu, Chairman of the Sinte Paint Corporation, entitled “Return to Zero to Turn Around: A felon turns into a paint business owner.” The autobiography is published by the After-Care Association Taipei Chapter. The new book signing event was held at the Ministry of Justice and Justice Minister Tseng Yung-Fu expressed his thanks for the help from the Yuanta Foundation that made publication of this touching autobiography possible.

It is worth noting that all the profit from the sale of the book will be donated to a fund designated by the After-Care Association. The fund is earmarked for job training of former inmates – “Former inmate painting training.” This training will help them find jobs and indirectly help numerous families regain their happiness and also make society safer. The publication of this book demonstrates the care Yuanta is giving to society and its effort to give something back. To encourage the general public to read this book, the Yuanta Foundation, the After-Care Association, the Ministry of Justice, and Chiuko Publishing Company jointly held an essay contest, entitled “Painting at heart – painting a life.” Yuanta also held a public lecture by Tsai Yung-Fu, the author of “Return to Zero to Turn Around.”

Blood Donation Drive

The Yuanta Foundation has been holding a “Blood Donation Drive” since 2011, and asks their employees to donate blood and make their contribution to society. The blood donation drive will be ongoing to pass on the Yuanta “compassion, gratitude, and eagerness to contribute” to society and the entire nation.



Appendix

GRI(Global Reporting Initiative)G3.1 Guidelines

●Full ■Partial ○Not disclosure NA Not Applicable

GRI Indicator		Section	Page(s)	Extend of reporting
1	Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	Letter from the Chairman	2	●
1.2	Description of key impacts, risks, and opportunities.	Company Overview	26	●
2	Organizational Profile			
2.1	Name of the organization.	Current CSR Condition	5	●
2.2	Primary brands, products, and/or services.	Current CSR Condition Company Overview	5、21	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Company Overview	23~25	●
2.4	Location of organization's headquarters.	Company Overview	21	●
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Company Overview	21	●
2.6	Nature of ownership and legal form.	Company Overview	21	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Company Overview	21	●
2.8	Scale of the reporting organization.	Company Overview	21、22	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Company Overview	24	●
2.10	Awards received in the reporting period.	Company Overview	29	●
3	Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Overview of the CSR Report	-	●
3.2	Date of most recent previous report (if any).	Overview of the CSR Report	-	●
3.3	Reporting cycle (annual, biennial, etc.)	Overview of the CSR Report	-	●
3.4	Contact point for questions regarding the report or its contents.	Overview of the CSR Report	-	●

GRI Indicator		Section	Page(s)	Extend of reporting
3.5	Process for defining report content including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.	Identification of Stakeholders	7	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Overview of the CSR Report	-	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Overview of the CSR Report	-	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Overview of the CSR Report	-	●
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Overview of the CSR Report	-	●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Yuanta acquired Polaris Group. in 2011, but this did not result in the need to restate information provided in earlier reports.	-	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Overview of the CSR Report	-	●
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3.1 Guidelines	98	●
3.13	Policy and current practice with regard to seeking external assurance for the report.	None	-	●

GRI Indicator		Section	Page(s)	Extend of reporting
4	Governance, Commitments, and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporation Government	33	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Corporation Government	35	●
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporation Government	33、35	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporation Government	41	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Corporation Government	41	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporation Government	38	●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Corporation Government	33	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Current CSR Condition、Corporation Government	6、48	●
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Current CSR Condition、Corporation Government	6、48	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Current CSR Condition、Corporation Government	6、42	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Corporation Government	44、45	●

GRI Indicator		Section	Page(s)	Extend of reporting
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Current CSR Condition、Corporation Government	6、48	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Identification of Stakeholders	18	●
4.14	List of stakeholder groups engaged by the organization.	Identification of Stakeholders	7	●
4.15	Basis for identification and selection of stakeholders with whom to engage.	Identification of Stakeholders	7	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Identification of Stakeholders	8	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Identification of Stakeholders	8	●

GRI Indicator		Section	Page(s)	Extend of reporting
Economic				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Company Overview 、 Identification of Stakeholders 、 Care for Employee 、 Social Participation	11 、 27 、 70 、 85	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Customer First 、 Environmental Protection	54 、 73~81	●
EC3	Coverage of the organization's defined benefit plan obligations.	Care for Employee	71	●
EC4	Significant financial assistance received from government.	None	-	●
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Care for Employee	71	●
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Environmental Protection	81	●
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Care for Employee	63	●
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Customer First	54	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Customer First	54	●
Environmental				
EN1	Materials used by weight or volume.	Footnote	109	NA
EN2	Percentage of materials used that are recycled input materials.	Footnote	109	NA
EN3	Direct energy consumption by primary energy source.	Environmental Protection	76 、 80	●
EN4	Indirect energy consumption by primary source.	Environmental Protection	78 、 79	●
EN5	Energy saved due to conservation and efficiency improvements.	Environmental Protection	77~80	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Protection	79	●

GRI Indicator		Section	Page(s)	Extend of reporting
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Environmental Protection	77、78	●
EN8	Total water withdrawal by source.	Environmental Protection	78	●
EN9	Water sources significantly affected by withdrawal of water.	Environmental Protection	78	●
EN10	Percentage and total volume of water recycled and reused.	Footnote	109	●
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Environmental Protection	76	●
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Footnote	109	●
EN13	Habitats protected or restored.	None	-	●
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	None	-	●
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	None	-	●
EN16	Total direct and indirect greenhouse gas emissions by weight.	Environmental Protection	76、78、79	●
EN17	Other relevant indirect greenhouse gas emissions by weight.	Footnote	109	●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental Protection	76~79	●
EN19	Emissions of ozone-depleting substances by weight.	Environmental Protection	76	●
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Footnote	109	NA
EN21	Total water discharge by quality and destination.	Environmental Protection	78	●
EN22	Total weight of waste by type and disposal method.	Environmental Protection	81	●
EN23	Total number and volume of significant spills.	None	-	●
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Footnote	109	●

GRI Indicator		Section	Page(s)	Extend of reporting
Environmental				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Footnote	109	NA
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Customer First	54	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Footnote	109	NA
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None	-	●
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Footnote	109	●
EN30	Total environmental protection expenditures and investments by type.	Customer First 、 Environmental Protection	54 、 76	●
Labor Practices and Decent Work				
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Care for Employee	63	●
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Care for Employee	64	●
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Care for Employee	71	●
LA4	Percentage of employees covered by collective bargaining agreements.	Identification of Stakeholders	17	●
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Identification of Stakeholders	17	●
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Care for Employee	72	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Care for Employee	72	●
LA8	Education, training, counseling, prevention, and risk-control programs	Care for Employee	72 、 89	●
LA9	Health and safety topics covered in formal agreements with trade unions	Footnote	109	●

GRI Indicator		Section	Page(s)	Extend of reporting
LA10	Average hours of training per year per employee by gender and by employee category.	Care for Employee	66	●
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Care for Employee	68、69	●
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Care for Employee	69	●
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Care for Employee	63	●
LA14	Ratio of basic salary of women to men by employee category, by significant locations of operation.	Care for Employee	71	●
LA15	Return to work and retention rates after parental leave, by gender.	Identification of Stakeholders	15	●
Social: Human Rights				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	Identification of Stakeholders	14~17	●
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	Footnote	110	●
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Identification of Stakeholders	14~17	●
HR4	Total number of incidents of discrimination and corrective actions taken.	None	-	●
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	None	-	●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Identification of Stakeholders	17	●
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Identification of Stakeholders	17	●

GRI Indicator		Section	Page(s)	Extend of reporting
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Care for Employee	68	●
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	None	-	●
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Footnote	110	●
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	None	-	●
Social: Society				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Social Participation	85	●
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Corporation Government	48	●
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Corporation Government	48	●
SO4	Actions taken in response to incidents of corruption.	Corporation Government	48	●
SO5	Public policy positions and participation in public policy development and lobbying.	Identification of Stakeholders	18	●
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	None	-	●
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None	-	●
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None	-	●
SO9	Operations with significant potential or actual negative impacts on local communities.	Footnote	110	●
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Footnote	110	●

GRI Indicator		Section	Page(s)	Extend of reporting
Social: Product Responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Footnote	110	NA
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Footnote	110	NA
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Identification of Stakeholders 、 Customer First	13~14、52	●
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	None	-	●
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer First	53	●
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Identification of Stakeholders	13	●
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	None	-	●
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Identification of Stakeholders	12	●
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None	-	●
Financial Service Sector Supplement				
FS1	Policies with specific environmental and social components applied to business lines	Current CSR Condition	5、6	●
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Corporation Government	44~46	●
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Customer First	54	●

GRI Indicator	Section	Page(s)	Extend of reporting	GRI Indicator
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Current CSR Condition	5、6	●
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Customer First	53	●
FS6	Percentage of the portfolio for business lines by specific region, size (e.g micro/SME/large) and by sector.	Company Overview	28	●
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Customer First	58	●
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Customer First	54	●
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Corporation Government	34、43~46	●
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Customer First	54~59	●
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Footnote	110	●
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Footnote	110	●
FS13	Access points in low-populated or economically disadvantaged areas by type.	Social Participation	87	●
FS14	Initiatives to improve access to financial services for is advantaged people.	Customer First	58	●
FS15	Policies for the fair design and sale of financial products and services	Identification of Stakeholders	13	●
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Corporation Government、Customer First、Care for Employee、Social Participation	41、58、66、92	●

GRI(Global Reporting Initiative)G3.1 Guidelines Footnote

GRI Indicator		Description
Environmental		
EN1	Materials used by weight or volume.	Yuanta is a financial services firm, not a manufacturer, so this indicator is not applicable.
EN2	Percentage of materials used that are recycled input materials.	Yuanta is a financial services firm, not a manufacturer, so this indicator is not applicable.
EN10	Percentage and total volume of water recycled and reused.	Since The Building does not have a water meter, the percentage and total volume of water recycled and reused can't calculate.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	No impacts on such areas.
EN17	Other relevant indirect greenhouse gas emissions by weight.	The company has not yet measured the amount of greenhouse gasses generated through employee commutes, business travel, or transportation of waste material.
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	The company is not a manufacturing firm and emits no air polluting chemicals.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	The company is not a manufacturing firm and emits no air polluting chemicals.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Because of the nature of our industry, liquid and solid waste created by the company do not cause significant impacts on biodiversity.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Because of the nature of the financial industry, we do not have products or packaging that require recycling.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Yuanta is part of the financial industry, so operations do not result in significant environmental impacts due to transporting goods or members of its workforce.
Labor Practices and Decent Work		
LA9	Health and safety topics covered in formal agreements with trade unions.	The company has not established trade unions.

GRI Indicator		Description
Social: Human Rights		
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	Currently, the company has not taken action, but has already developed a relevant mechanism to ensure human rights compliance. In the future, when selecting suppliers, contractors and other business partners, we will require them to sign documents ensuring that they follow relevant regulations.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Yuanta's operations are all conducted lawfully. Assessments have found the company meets local human rights regulations.
Social: Society		
SO9	Operations with significant potential or actual negative impacts on local communities.	Because the company is primarily located in offices, our operations do not result in significant impacts on local communities.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Because there are no significant or actual negative impacts, the company does not implement related prevention or mitigation measures.
Social: Product Responsibility		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not applicable due of the nature of the financial industry.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	
Financial Service Sector Supplement		
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Not applicable due of the nature of the financial industry.
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Currently, Yuanta does not implement such policies. In the future, the company will formulate appropriate policies.

United Nation Global Compact Comparison Table

Category	10Principles	Related Section	Page(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	Current CSR Condition	6
	Make sure that they are not complicit in human rights abuses	Current CSR Condition	6、48
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Current CSR Condition	6
	The elimination of all forms of forced and compulsory labor;	Identification of Stakeholders	14~17
	The effective abolition of child labor; and	Identification of Stakeholders	14~17
	The elimination of discrimination in respect of employment and occupation.	Identification of Stakeholders	14~17
Environment	Businesses should support a precautionary approach to environmental challenges;	Customer First、Environmental Protection	54、75
	Undertake initiatives to promote greater environmental responsibility; and	Customer First、Environmental Protection	54、75
	Encourage the development and diffusion of environmentally friendly technologies.	Customer First、Environmental Protection	54、75
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery. Corporate	Corporation Government	48

ISO26000 Index

	Core subjects and issues	Related Section	Page(s)
Organizational governance	Decision-making processes and structures	Company Overview	23、25
Human rights	Due diligence	Corporation Government	42~44
	Human rights risk situations	Identification of Stakeholders	14~17
	Avoidance of complicity	Corporation Government	48
	Resolving grievances	Corporation Government	41
	Discrimination and vulnerable groups	Identification of Stakeholders	14~17
	Civil and political rights	Company Overview	21
	Economic, social and cultural rights	Social Participation	83
	Fundamental principles and rights at work	Identification of Stakeholders	14~17
Labor practices	Employment and employment relationships	Identification of Stakeholders、Care for Employee	14~17、63
	Conditions of work and social protection	Care for Employee	14~17
	Social dialogue	Care for Employee	14
	Health and safety at work	Care for Employee	72
	Human development and training in the workplace	Care for Employee	66
The environment	Prevention of pollution	Environmental Protection	75~81
	Sustainable resource use	Environmental Protection	75~81
	Climate change mitigation and adaptation	Customer First、Environmental Protection	54、75~81
	Protection of the environment, biodiversity and restoration of natural habitats	Environmental Protection	75~81
Fair operating practices	Anti-corruption	Corporation Government	48
	Responsible political involvement	-	-
	Fair competition	Corporation Government	48
	Promoting social responsibility in the value chain	Customer First	54
	Respect for property rights	Corporation Government	43
	Fair marketing, factual and unbiased information and fair contractual practices	Identification of Stakeholders	13
Consumer issues	Protecting consumers' Health and safety	-	-
	Sustainable consumption	Customer First	54~59
	Consumer service, support, and complaint and dispute resolution	Identification of Stakeholders、Customer First	13、53
	Consumer data protection and privacy	Identification of Stakeholders	12
	Access to essential services	Customer First	52
	Education and awareness	Customer First	51、52
Community involvement and development	Community involvement	Social Participation	84
	Education and culture	Social Participation	85~97
	Employment creation and skills development	Social Participation	92
	Technology development and access	-	-
	Wealth and income creation	Company Overview	27
	Health	Social Participation	90
	Social investment	Social Participation	85

Yuanta Financial Holding Company Corporate Social Responsibility Guidelines

Sections	Related Section in the Report
Section One: General Provisions	Overview of the CSR Report 、 Identification of Stakeholders
Section Two: Implementation of Corporate Governance	Corporation Government
Section Three: Environmentally Sustainable Development	Customer First 、Environmental Protection
Section Four: Maintaining Social Welfare	Identification of Stakeholders 、 Corporation Government 、Care for Employee 、Environmental Protection 、 Social Participation
Section Five: Strengthening Transparency of CSR Information	Overview of the CSR Report
Section Six: Appendix (The company shall simultaneously pay heed to domestic and international CSR developments and change in corporate climate, and improve its established CSR system based on its review, in order to raise the effectiveness of its CSR.)	Overview of the CSR Report



Yuanta Financial Holding Co., Ltd

Tel : +886 2 2781-1999

Fax : +886 2 2772-1585

Address : 7F & 10F-13F, No. 66, Tunhua S. Road, Sec. 1, Taipei City, and
7F, No. 68, Tunhua S. Road, Sec. 1, Taipei City

Website : yuanta.com