

2015



*Yuanta  
Financial Holdings*



# Corporate Social Responsibility Report



We Create **Fortune**

# Yuanta Financial Holdings

Corporate Social Responsibility Report



# About this Report

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

## Report Publication G4-29 G4-30

Yuanta Financial Holdings issues annual reports on non-financial information, and published Yuanta Financial Holdings 2015 CSR Report in June 2016 (hereafter referred to as "this report"). This report covers the performance of the Group in three dimensions—financial, social, and environmental—as well as the management of the Group on and its response to material issues.

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

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

Previous report issued: June 2015  
 Next report to be issued: June 2017 (expected)

## Reporting Period G4-28

The information and implemented performance data disclosed in this report is for the year 2015 (1/1/2015-12/31/2015), with some content drawn from before 1/1/2015 or after 12/31/2015 where necessary to ensure complete information on projects and activities.

## Scope and Boundaries of this Report G4-22

This report sets organizational boundaries based on consolidated reporting principles, covering Yuanta Financial Holdings' nine subsidiary companies, while its disclosure scope is primarily focused on Taiwan-based operations and activities. For more detail on the particular scope of the data disclosed, please refer to the notes appended to each table. Environmental performance data currently takes as its primary disclosure location as the headquarters of Yuanta Financial Holdings, with some data drawn from Yuanta Securities' Datong Building and Yuanta Bank's Chengde Building operations. With regard

to social data, in addition to the information on the Group's community investments disclosed within this report, the primary scope of information disclosed is the performance of the Yuanta Cultural and Educational Foundation.

All financial figures within this report are calculated in New Taiwan Dollars (TWD). All aspect statistics are calculated in adherence to international standards, including indicating the adopted unit.

## Report Writing Principles G4-22

This report was compiled and structured in accordance with the Global Reporting Initiative's 2013 G4 Sustainability Reporting Guidelines (GRI G4), and incorporates content in line with the G4 Content Indexes (including the G4 Sector Disclosures—Financial Services), the United Nations Sustainable Development Goals (SDGs), ISO 26000 guidance on social responsibility, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Report by TWSE Listed Companies, and the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies. This reflects our commitment to actively keeping pace with international trends in sustainability.

## Report Assurance G4-32 G4-33

The data and information published in this report has been subjected to verification of inclusiveness, materiality, and responsiveness through the BSI Group's AA1000AS:2008 and GRI G4 guidelines. Having been through assurance, this report has been verified as being in accordance with the GRI G4 Core option and AA1000 Type I Moderate Assurance standards. The BSI Group's independent verification report is included in the appendix to this report for detailed reference.

## Contact Information G4-31

Yuanta Financial Holdings Corporate Social Responsibility Work Promotion Center  
 Address: No. 66, Dunhua South Rd. Sec. 1, Taipei City  
 CSR Website: <http://www.yuanta.com/tw/IR02/>  
 CSR E-mail: [CSR.fhc@yuanta.com](mailto:CSR.fhc@yuanta.com)  
 Telephone: +886-2-2781-1999  
 Fax: +886-2-2772-1585

## Company Profile G4-3 G4-5 G4-9

- Company Name: Yuanta Financial Holdings
- Stock Symbol: TWSE 2885
- Date Established: 4 February 2002
- Chairman: Mr. Wang Rong-Jou
- President: Mr. Tony Shen
- Total Employees: 10,038 people
- Independent Directors: Dr. William Seetoo, Mr. Lin Tseng-Chi, Mr. Chi Lai-Ping
- Capital: NT\$107.1 billion
- Total Assets (consolidated): NT\$1,551.1 billion
- Net income attributable to parent company: NT\$10.82 billion
- Company Address: 4F/10F/12F/13F, No. 66, Dunhua South Rd. Sec. 1, Taipei City; 2F-2/10F/12F-3/14F, No. 255, Nanjing East Rd. Sec. 3, Taipei City
- Company Website: <http://www.yuanta.com>

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# 1

## A Message from the Chairman

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The Yuanta Financial Holdings 2015 CSR Report is the product of the company's sixth year of efforts to compile and disclose CSR information, and is the second consecutive time the report has been verified by an international third-party agency. Every year, the compilation of these CSR reports facilitates the review of the Group's actions with regard to corporate social responsibility, as well as facilitating ongoing innovation and timely progress.

Although the global financial environment experiencing rapid change during 2015, thanks to the hard work of all of our staff, the Company has enjoyed stable, healthy, and outstanding performance in both our operations and our corporate governance. In terms of operating performance, the Company has long operated with an insistence in improving value for shareholders. In 2015, we created an after-tax net profit (attributable to owners of the parent company) of NT\$10.82 billion, with our business continuing to develop healthily through strong risk management, continually improving product quality, and an ongoing drive to implement the spirit of corporate governance.

Our performance as regards corporate governance and information transparency has received recognition from well-known organizations both in Taiwan and abroad. In 2015, the Company was honored with the Platinum Award for Excellence in Governance, CSR, and Investor Relations Benchmarking by the internationally renowned magazine *The Asset*. In April 2015 and April 2016 the Company was recognized by the Taiwan Stock Exchange as in the top 5% of listed companies according to their annual corporate governance assessments, with Yuanta Futures also ranking in the top 5% of companies listed on the Taipei Exchange two consecutive times. In May 2015, the Company also received the highest rating, A++, in the Taiwan Stock Exchange's 12th Information Disclosure Evaluation of TWSE/TPEx Listed Companies, becoming the only domestic financial holdings company to receive this rating four consecutive years. Finally, in January 2016, the Company received an Outstanding ranking in the Taiwan Corporate Governance Association's CG6010 (2015) Assessment, the first company in Taiwan to successfully receive this accreditation.

The Company strives to be the best provider of financial services in the Asia-Pacific region. To achieve this, we employ a two-pronged strategy. The first of these is taking a "customer first" approach to satisfying the needs of different customer groups,

providing them convenient financial products and services while working to protect customers' rights, familiarize them with financial products, and raise their overall satisfaction and the efficiency of our services. The second prong is our painstaking approach to corporate social responsibility. In 2015, we activated our CDP (formerly the Carbon Disclosure Project) Climate Change Survey Workgroup, as well as establishing project teams to work toward environmental management systems (ISO 14001), greenhouse gas inventory (ISO 14064-1), and energy management (ISO 50001) certification. In addition, the Group has invested in digital finance and green financial products & services, with some of our achievements laid out below:

With digital finance on the rise, the Company aims to become the most competitive financial holdings group in the digital age. As such, in July 2014 we established our Electronic Commerce Office, which is responsible for planning the overall digital blueprint of the Group. In 2015, with the digital finance tide rising, this office worked to provide all our subsidiaries with planning and assistance in regards to strengthening digital capabilities, developing mobile services, expanding online service, joint marketing efforts, and social media management.

As for the implementation of fintech, the subsidiary Yuanta Securities launched digitized over-the-counter password sheets, not only streamlining the process of setting one's password, but also saving paper and thus helping the environment. At the same time, our financial management subsidiaries began using the latest iPad technology to provide mobile financial services and provide another channel for our customers to purchase the financial products they need. We also launched the Yuanta Wanshitong and Action Point of Hope smartphone apps, which work together to provide electronic ordering and give customers a means to check their financial status daily and get instant feedback on transactions on their mobile devices. This also saves on paper consumption in the business process. The Action Point of Hope app is supported on smartphones, tablets, and wearable devices, and is the first electronic ordering system in the Taiwanese securities industry to be Apple Watch compatible. The Yuanta Securities official website and apps (Action Point of Hope and Yuanta Wanshitong) received great attention in *CommonWealth Magazine's* first Digital Lifestyle Survey in 2015, taking top place in both the online services and mobile services sections in a public recognition of Yuanta's work to provide strong digital finance options.



The Group is active in the promotion of a "Finance 3.0" digital finance environment. Not only have Yuanta Securities and Yuanta Futures both launched Taiwan's first 24-hour online services, Yuanta Bank has also launched "Electronic Tellers," leading the way in the industry by launching application services in 12 areas, including savings accounts, loans, financial management, and credit cards. In May 2015, this was joined by the mobile app, giving those on mobile devices or online elsewhere access to 24-hour banking services and providing personal service in a convenient package that eliminates the need to run to the nearest branch. Yuanta Life has additionally launched online services in three areas—policyholder services, electronic notifications, and electronic forms. The hope is that offering such portable services will help customers reduce energy usage and carbon impact, as well as effectively reducing paper usage, all helping the Company uphold its responsibility to the environment.

In green financial products and services, we have noticed not only a growing move to implement internal sustainable development policies and environmental protection measures in response to the recent growing focus on "green finance" in the finance industry, but also a need to combine these with core competencies in the financial services sector. Such efforts will not only promote economic, environmental, and social sustainability outside the Company, but also help direct resources to prevention of environmental pollution, development of energy-efficient technologies, and industries that support environmental protection. On top of that, the more the industry focuses on green business, the more customers will become aware and "greener" consumers themselves. As such, the Group and all its subsidiaries continue to promote environmentally beneficial products and services, working to optimize them and provide an effectively motivational force behind the development of environmentally

friendly industries while still pursuing financial benefit.

In terms of funding for Taiwan's "Six Major Emerging Industries," in 2015 Yuanta Bank invested NT\$13.4 billion into the green energy industry, accounting for 38.4% of its funding to these six industries. In line with the content of the Financial Supervisory Commission's "Encouragement to Banks to Adopt the Equator Principles," and particularly the provision relating to handling project financing reviews which indicates that where appropriate the borrower shall be assessed as to whether or not they have upheld their responsibility to protect the environment, uphold corporate ethics, and protect the best interests of society, in May 2015 Yuanta Bank's Board of Directors passed a motion to incorporate language to that effect into the review indicators. As a result, applications without social economic or philanthropic value nor those that may harm the environment, shall be rejected on principle.

Into the future, our long-term development goals remain focused on the three pillars of securities, banking, and insurance, and we are committed to developing these three in our efforts to become the best provider of financial services in Asia-Pacific area. Through this CSR Report, we hope to illustrate our efforts and achievements in regard to corporate social responsibility. We welcome input from all corners, and will continue to work side-by-side with our stakeholders to uphold our responsibilities as a corporate citizen.

Chairman, Yuanta Financial Holdings  
Wang Rong-Jou

*Rong-Jou Wang*

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# 2

# 2015 Performance and Targets

## Economic

### Performance

- Number 1 in Information Transparency

Taiwan's Securities and Futures Institute awarded us an A++ rating in the Information Disclosure Evaluation of Public and OTC Companies for the fourth consecutive year.

- Number 1 in Corporate Governance

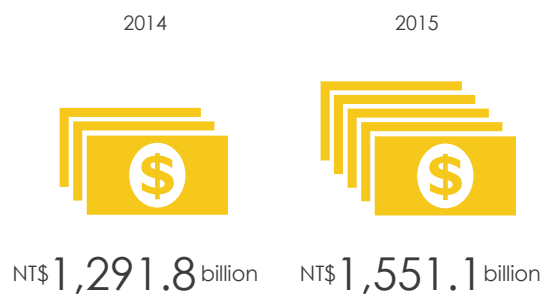
First company in Taiwan to receive an Outstanding ranking in the Taiwan Corporate Governance Association's CG6010 (2015) Assessment; ranked among top 5% of companies in first and second annual TWSE corporate governance assessments (Yuanta Futures as ranked among top 5% of companies listed on the Taipei Exchange for the second consecutive year).



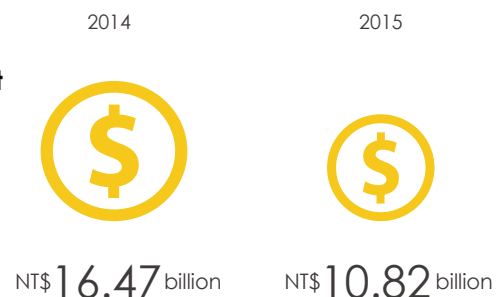
### Target

- Continue implementation and promotion of Corporate Social Responsibility (CSR) and strengthening of stakeholder communications. Promote and internalize CSR concepts.
- Continue refinement of corporate governance policies and actions for the maintenance of top 5% ranking among Taiwanese listed companies according to the Taiwan Stock Exchange's annual corporate governance assessments.

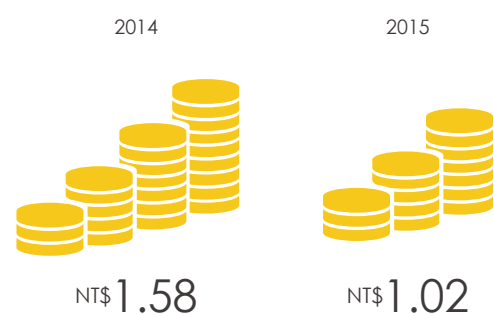
### Total Assets



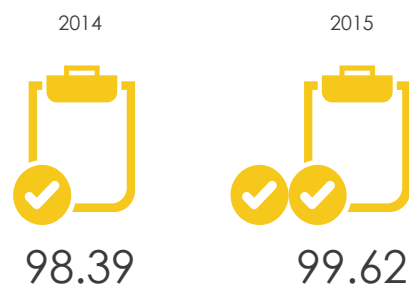
### Net Income Attributable to Owners of Parent Company



### Earnings per Share (EPS)



### First and Second Corporate Governance Evaluation Scores



## Social

### Performance

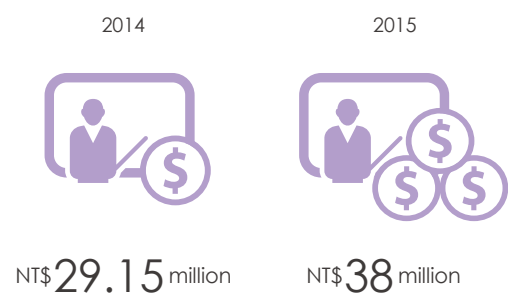
- Yuanta Financial Holdings selected for inclusion in Taiwan High Compensation 100 Index in 2015.
- By 2015, Yuanta Bank operated a network of 348 ATMs across Taiwan, with 155 having been replaced with "accessible ATMs." The total figure represented a growth of 108 machines over 2014, a 44.5% accomplishment rate on our goal.



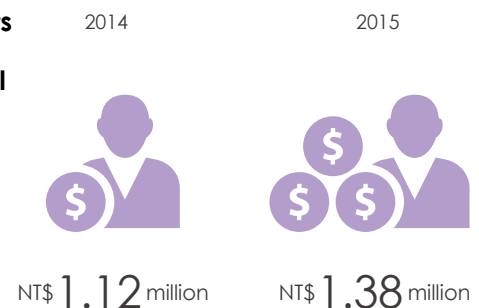
### Target

- Seize on the growing development of electronic commerce, becoming the most competitive financial holdings group in the digital age.
- Yuanta Bank expects to have completed its drive to have 348 "accessible ATMs" installed across Taiwan by the end of 2016, further upholding the rights of users of financial services who have physical disabilities.
- "Yuanta Life Injury Micro-Insurance" aims to achieve a sales target of NT\$500 thousand over five years, providing more members of underprivileged groups with micro-insurance services.
- To help the Company retain and train management staff, international operations personnel, and digital finance innovators, while also establishing a comprehensive talent pool, satisfying the personnel requirements of the Group for the realization of its plans for international expansion and Asian operations.
- Building from a foundation of "education," the Yuanta Cultural and Educational Foundation will continue cooperating with other social welfare organizations to keep holding various activities and volunteer events for the benefit of the community, effectively internalizing within the Group concepts of philanthropy.

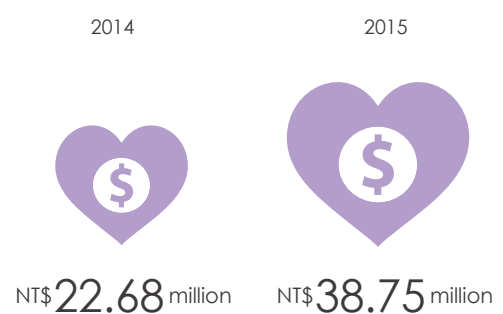
### Total Staff Training Expenses



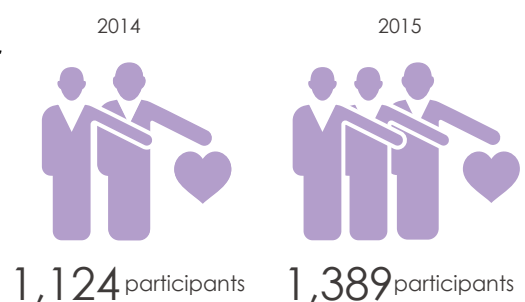
### Average Benefits Expenses Per Non-Managerial Employee



### Total Value of Charitable Activities Expenses



### Total Yuanta Staff Volunteer Participation



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# Environmental

## Performance

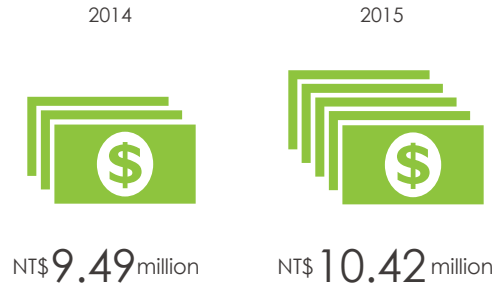
- Formally became signed financial industry supporter of CDP (formerly the Carbon Disclosure Project) in January 2016.
- Fulfilled the commitment made in our 2014 CSR Report to request all 589 major suppliers of all group subsidiaries sign an environmental sustainability and human rights commitment, with a completion rate of 92.2%.
- Recognized by the Taipei City Government as a Benchmark Business for Green Purchasing for five consecutive years.



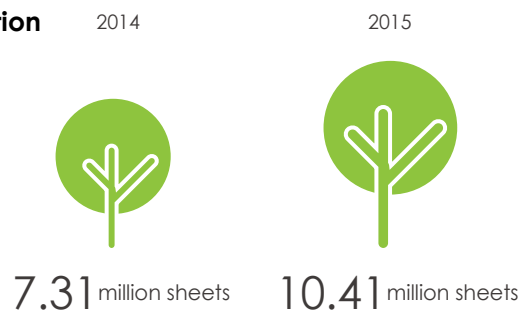
### Target

- Subsidiaries are gradually strengthening organizational environmental management, GHG inventory, and energy management capabilities through importing ISO 14001, ISO 14064-1, and ISO 50001 standards.
- In 2016, we made our first purchase offer for 50 ten thousand kWh of green electricity, demonstrating our determination to enhance our carbon reduction and energy savings.
- Continued encouragement of major suppliers to sign our environmental sustainability and human rights commitment, jointly working to uphold corporate Social Responsibility (CSR). In 2017, we expect to achieve a 100% completion rate.
- Continued response to and promotion of "green purchasing", along with strengthening of green purchasing management processes.

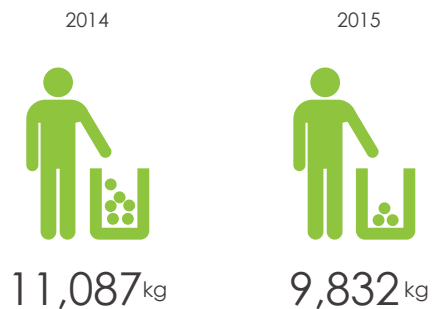
### Environmental Cleanup Expenses



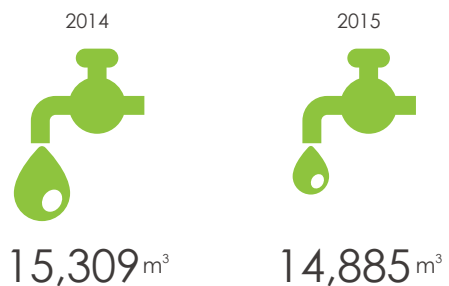
### Forecast Reduction in Usage of Electronic Statements



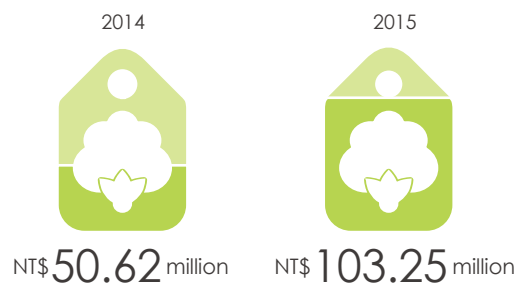
### Recycling and Waste Management



### Water Usage



### Green purchasing



## 2015 Awards and Recognition

In 2015, Yuanta Financial Holdings was honored with the Platinum Award for Excellence in Governance, CSR, and Investor Relations Benchmarking by the internationally renowned magazine *The Asset. Corporate Governance Asia* also awarded Yuanta Financial Holdings four titles: Asia's Best CEO (Investor Relations), Asia's Best CFO (Investor Relations), Best Investor Relations Company in Taiwan, and Best Investor Relations Professional in Taiwan. In April 2015 and April 2016 this company was also recognized by the Taiwan Stock Exchange as in the top 5% of listed companies according to their annual corporate governance assessments, with Yuanta Futures also ranking in the top 5% of companies listed on the Taipei Exchange. In May 2015, the Company also received the highest rating, A++, in the Taiwan Stock Exchange's 12th Information Disclosure Evaluation of TWSE/TPEX Listed Companies, becoming the only domestic financial holdings company to receive this rating for four consecutive years. Finally, in January 2016, the Company received an Outstanding ranking in the Taiwan Corporate Governance Association's CG6010 (2015) Assessment, the first company in Taiwan to successfully receive this accreditation.

Since the completion of the merger in 2014, Yuanta Life has experienced organizational restructuring, redefinition of market targets, and the need to accommodate and combine two companies' worth of staff. Moving forward, we hope to continue

to define ourselves as retirement planning experts, making Yuanta Life a company distinctive among life insurance industry peers. In 2015, Yuanta Life created a sensation with their micro-movie "Take Care of Your Love." The film placed first in the Taiwan YouTube Ads Leaderboard in Q1 2015, the only video from the life insurance industry to be nominated and win. Yuanta Life also received an award for "Best Channel Strategy," representing the success of its robust education, training, and product sales strategy.



• Watch Yuanta Life's first micro-film, "Take Care of Your Love"—YouTube



• Yuanta Financial Holdings and its futures subsidiary both ranked in the top 5% in the Taiwan Stock Exchange's corporate governance evaluations; here we see Yuanta Financial Holdings chairman Wang Rong-Jou (left) and Yuanta Futures chairman Lin Tien-Fu accepting awards on behalf of their respective companies.



• Yuanta Financial Holdings was honored with four awards from Corporate Governance Asia, with senior vice president Allen Wu (left) representing the Company at the ceremony.

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

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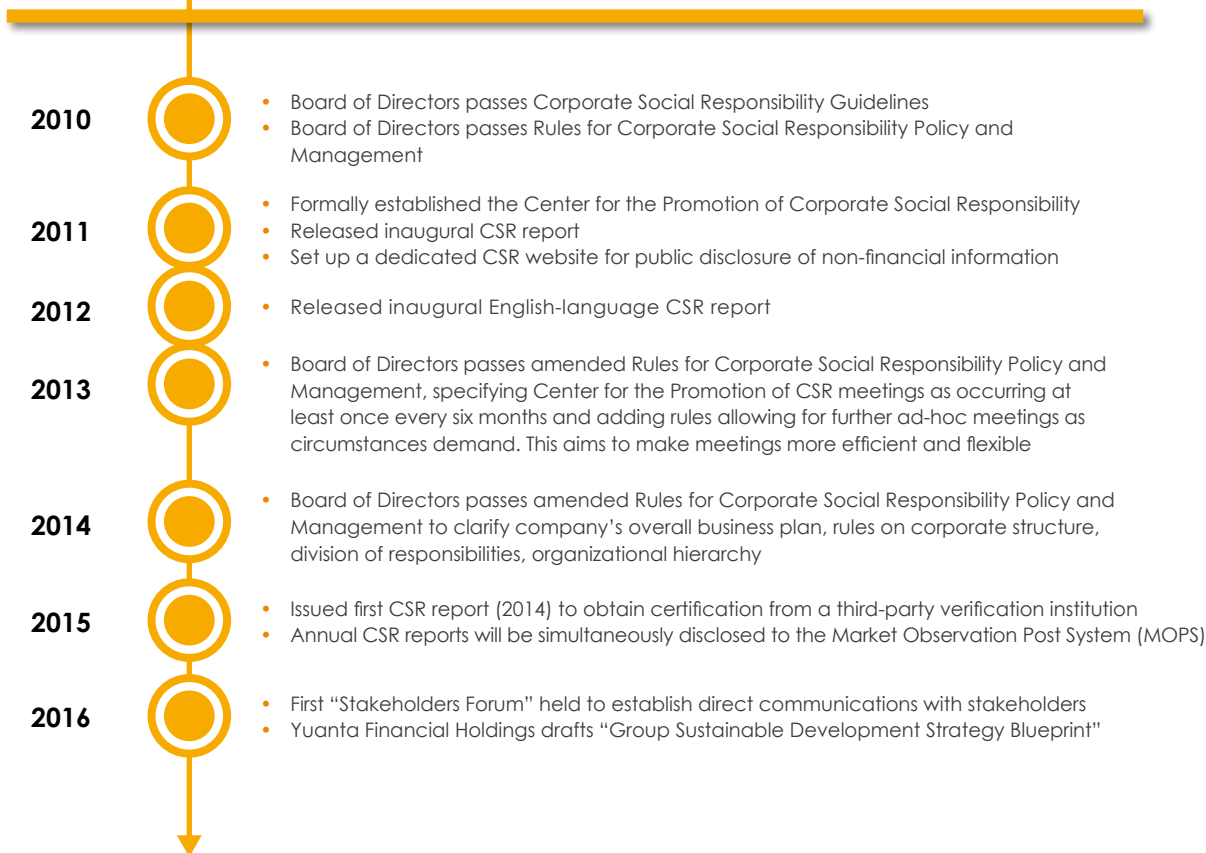
# 3

## Yuanta CSR

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Yuanta Financial Holdings has already made Corporate Social Responsibility (CSR) a part of its corporate governance framework. Using its many years of experience with CSR, the Group is working continually to propagate CSR concepts throughout its subsidiaries, working to develop CSR strategies and core values specific to the Group and beneficial as we work toward becoming truly sustainable.

### Timeline of Yuanta CSR Development

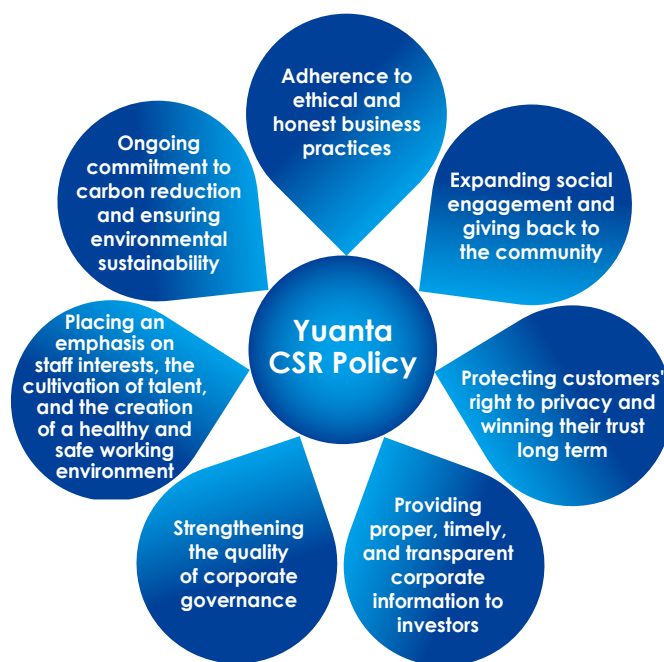


### 3.1 Promotion and Management of CSR FS4/DMA

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

#### Group sustainable development vision

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



Yuanta CSR Direction

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## Yuanta Financial Holdings' Group Sustainable Development Strategy Blueprint

### Yuanta Financial Holdings' Group Sustainable Development Vision

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

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

#### Planning Process



### Center for the Promotion of Corporate Social Responsibility

G4-33 · G4-35 · G4-36 · G4-47 · G4-48

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

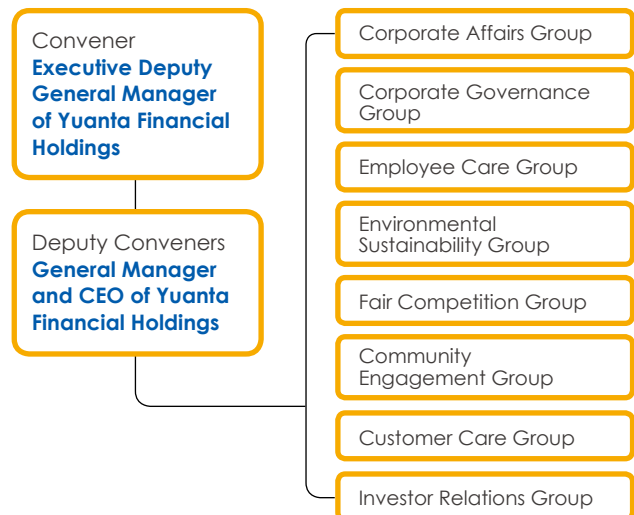
The center's head and deputy conveners are appointed by the chairman of Yuanta Financial Holdings, and are responsible for overseeing the progress of CSR-related projects. They convene working meetings at least once every six months, with additional meetings as needed, and conduct regular follow-up action and quality verification. The center also pushes for amendments to CSR-related regulations based on practical experience, reporting to general managers, as well as reporting to the Board of Directors on CSR systems and achievements each year. Any amendments to regulations or changes to organizational structure must be passed by the board. All these ensure that the management and implementation of our CSR policies are effective.

Each year, the center sets annual goals. In 2015, initial goals included ISO certification, environmental protection and energy savings, and staff work safety promotion among a total of 18 items. Regular follow-up action was conducted to ensure each functional workgroup was making progress, and 100% of these goals were achieved. A total of three working meetings were convened over 2015, with member attendance of 100%, in which appropriate units tasked with follow-up action after each meeting's minutes and conclusions were verified by the Board of Directors. The main focus of the center's working resolutions for 2015 included both

the holdings company and its subsidiaries introducing ISO systems, and the financial holdings company becoming a formally signed financial organization supporting the CDP.

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

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



## Record of Meetings of Center for the Promotion of Corporate Social Responsibility in 2015

Date	First Working Meeting	Date	Second Working Meeting	Date	Third Working Meeting
Tuesday, March 3, 2015		Wednesday, August 5, 2015		Wednesday, November 25, 2015	
Topic	Identifying material CSR issues facing Yuanta Financial Holdings and discussing their impacts, management, and evaluation	Topic	<ul style="list-style-type: none"> <li>Yuanta Financial Holdings' 2014 CSR report preparatory work undertaken</li> <li>Work Report, January-June 2015</li> <li>Report on recommendations regarding the CSR report</li> </ul>	Topic	<ul style="list-style-type: none"> <li>Work report for second half of 2015</li> <li>CSR and CDP work project reports for 2015 from Yuanta Financial Holdings</li> <li>Plan and report on CSR work for the Group over the coming three years (2016-2018)</li> </ul>
Main Conclusions	Complete identification of material CSR issues and content of related discussions	Main Conclusions	<ul style="list-style-type: none"> <li>Evaluate feasibility of the Comprehensive disclosure option of GRI G4</li> <li>Upon receiving notice of receipt of corporate governance awards or upon completing CSR report BSI verification, issue press release on the Group's website in both press and CSR sections</li> <li>Draft mid- and long-term CSR goals before end of November</li> </ul>	Main Conclusions	<p>Matters arising from previous meeting:</p> <ul style="list-style-type: none"> <li>Resolved to focus on GRI G4 Core option disclosure</li> <li>Simultaneously released information on CSR issues in both press and CSR sections of website</li> <li>Reported on mid- and long-term CSR goals from this meeting</li> </ul> <p>Conclusion of this meeting:</p> <ul style="list-style-type: none"> <li>Responsible staff are requested to verify implementation of CSR and CDP related projects</li> </ul>

### 3.2 Stakeholder Engagement

G4-25 · G4-PR6 · FS5/DMA · FS10

Yuanta Financial Holdings continues to work to maximize benefits simultaneously for the Group, our customers, and our shareholders, providing direction and support for all of the stakeholders of the Group. In order to more thoroughly understand the thoughts and needs of our stakeholders, Yuanta's Center for the Promotion of Corporate Social Responsibility works with the various departments in the Group and shares the experience of our counterparts in the financial industry. With a focus on the five core principles of the AA1000 Stakeholder Engagement Standard (dependency, responsibility, tension, influence, and diverse perspectives), we identified seven groups of stakeholders, namely shareholders/investors, customers, staff, governmental agencies, suppliers, the community (including NPOs and NGOs), and the media. Not only are these groups identified as important targets for communication from the Company, we have also worked to establish strong communication channels and continue to strengthen liaisons with stakeholders to learn about the issues they place particular value on.

The Center for the Promotion of Corporate Social Responsibility incorporates issues of stakeholder concern into our everyday CSR management and our annual plans, with regular meetings convened to follow up on progress and make any necessary corrections or adjustments. In 2015, the Company established an "Investor Services" subsection within the "Investor Relations" section of the website, along with a "Stakeholder Engagement" subsection under the "Corporate Social Responsibility" section. Together, these provide stakeholders with dedicated channels for information and service. The Company also hopes to make use of these communication channels to obtain feedback and opinions from stakeholders on the issues they are concerned with.

In 2007, in order to reinforce the supervisory function of the Board of Directors and the Audit Committee, as well as to promote communication between the board and stakeholders including staff, customers, and investors, the Company introduced the Rules of Comments and Complaints to the Audit Committee by Stakeholders, along with a mailbox for stakeholder and staff suggestions or complaints to the committee under the "Audit

Committee" section of the website, with persons designated to handle any complaints that may be filed.

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

#### Stakeholders Forum

G4-26

To collect the valued opinions of our stakeholders and establish direct channels of communication with them, Yuanta Financial Holdings organized a special Stakeholders Forum in January 2016, inviting representatives of three stakeholder groups to engage in communication and discussion in a face-to-face setting. During this forum, we first announced our CSR framework to the representatives, along with our process for identifying material issues and the conclusions therefrom. Then, we invited the representatives to share their ideas and opinions regarding sustainability issues and Yuanta's CSR efforts with us.

This forum was the Company's first CSR-specific sharing session with stakeholders, and we look forward to continuing to hear from our stakeholders in the future. The representatives with whom the Company met were selected by first identifying the three stakeholder groups that have the most obvious impact on the operations of Yuanta Financial Holdings and then inviting these groups (namely, shareholders/investors, customers, and staff) to appoint a representative. During the forum, the representatives struck up a lively discussion and provided a number of new ideas and suggestions for the Company. This has been a new experience for us in CSR, and we have gained valuable feedback that will be an excellent source of reference for the Center for the Promotion of Corporate Social Responsibility in its future work. We hope to continue communicating face-to-face with different stakeholders into the future, increasing our interactions, helping stakeholders better understand our efforts in the area of CSR, and effectively enabling us to respond to the issues of concern to our stakeholders.

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**Opinions Collected at Stakeholders Forum** G4-27

**Recommendations and Discussions**

From a shareholder perspective, the focus is on the legitimacy of our operations, our complaints mechanism, corporate governance, and equal treatment of shareholders, as well as our business performance and the creation and optimization of benefits for shareholders. Recommendation: Promotion and internalization of CSR concepts, making them a unifying force within the corporate culture and enabling our information to be more transparent and fairer.

**Response to Material Issue**

Operating Performance

**Response Section**

- 3. Yuanta CSR
- 4. Corporate Governance in Practice

**Recommendations and Discussions**

In addition to concerns regarding the focus on the Equator Principles, there is concern over foreign operations being defined in negative terms (i.e. what is forbidden by law) while Taiwanese operations are defined in positive terms (practices have to obtain governmental approval). Recommendation: How the management responds to such measures could be disclosed by Yuanta.

**Response to Material Issue**

Sustainable investment

**Response Section**

- 5. Strengthening Customer Service

**Recommendations and Discussions**

A focal point for customers in their selection of a bank is whether that bank provides a convenient service platform. With the trend toward digitalization, more comprehensive measures need to be put in place to address fairness of information retrieval, information protection, and information security.

**Response to Material Issue**

Customer privacy and data security management

**Response Section**

- 5. Strengthening Customer Service

**Recommendations and Discussions**

In terms of employees, the Company is recommended to focus more on the attraction and retention of talent through a variety of channels, facilitating expansion into overseas markets and operations in various countries.

**Response to Material Issue**

Human resource development

**Response Section**

- 6. Caring for Employees



**Recommendations and Discussions**

From the customer perspective, nothing is of higher priority than the security of their assets and the protection of their rights. They also pay attention to opportunities to benefit through investment.

**Response to Material Issue**

Protection of customer rights

**Response Section**

- 5. Strengthening Customer Service

**Recommendations and Discussions**

With regard to future product development, the Company is recommended to strengthen risk controls with reference to the risk management and product sales experience of overseas subsidiaries.

**Response to Material Issue**

Ability to plan products and services

**Response Section**

- 4. Corporate Governance in Practice
- 5. Strengthening Customer Service

**Recommendations and Discussions**

The Company is recommended to broaden the scope of its CSR activities and to incorporate plans for the direction of future events into reports, thus helping more subsidiaries and staff members gain a better understanding of such activities. This would provide them with more motivation to participation therein, making the events more appealing and effective.

**Response to Material Issue**

Charitable activities

**Response Section**

- 8. Supporting the Community

**Recommendations and Discussions**

With regard to investment products, should structural problems arise and lead to the absence of dividends in future years, customer concerns should be promptly and actively addressed while the bank should also ensure that customers retain their autonomy with regard to the application of their funds.

**Response to Material Issue**

Service quality and client satisfaction

**Response Section**

- 5. Strengthening Customer Service

**Recommendations and Discussions**

Recommendation: Provision of more detailed explanations and risk assessments for investment products, helping provide more comprehensive information to investors on our products. Additionally, the bank should clearly disclose product content and provide solutions to any questions or problems that arise.

**Response to Material Issue**





Service quality and client satisfaction

**Response Section**

- 5. Strengthening Customer Service

## Primary Targets, Methods, and Channels in Stakeholder Communication

G4-24 · G4-26 · G4-27 ·

Stakeholder Group	Primary Targets	Issues of Concern	Communication Methods and Channels
 <p><b>Shareholders and Investors</b></p>	<ul style="list-style-type: none"> <li>Top 10 shareholders and directors</li> <li>Ordinary shareholders</li> <li>Institutional shareholders</li> <li>Foreign shareholders</li> <li>Public shares</li> <li>Credit rating agencies</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance</li> <li>Shareholder equity</li> <li>Corporate governance</li> <li>Integrity management</li> <li>Brand image</li> <li>Transparency of information disclosure</li> <li>Legal compliance</li> </ul>	<ol style="list-style-type: none"> <li>Maintain English and Chinese websites with "Investor Relations" sections</li> <li>Convene annual shareholder meeting</li> <li>Hold annual bidirectional communication meetings with institutional investors</li> <li>Participate in annual domestic and foreign investor conferences</li> <li>Accept annual credit rating</li> <li>Issue annual corporate and CSR reports.</li> <li>Occasionally disclose latest information on company website and Market Observation Post System</li> </ol>
	<p><b>2015 Performance</b></p> <p>Domestic and international forums or roadshows in securities participated in: <b>6</b></p>	<p>Meetings with analysts and investors conducted: over <b>130</b></p>	<p>Participated in Bloomberg ESG Survey for first time in late January, 2016</p>
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Current customers (including underwriters, stock transfer agents, and agents of the four major government funds)</li> <li>High net worth customers</li> <li>Potential customers</li> <li>General public</li> <li>Financial Ombudsman Institution</li> </ul>	<ul style="list-style-type: none"> <li>Service quality</li> <li>Customer rights</li> <li>Risk management</li> <li>Brand image</li> <li>Secure information trading</li> <li>Protection of privacy</li> <li>Innovative financial products</li> </ul>	<ol style="list-style-type: none"> <li>Set up customer service and complaints line in "Investor Relations" section</li> <li>Set up customer service center and provide dedicated customer service hotline and online service mailbox</li> <li>Develop online service and mobile service app</li> <li>Hold annual investment and finance seminars, lectures, and forums</li> <li>Conduct annual customer satisfaction surveys</li> <li>Hold annual project activities</li> <li>Provide daily and monthly electronic newsletters and a variety of investment research reports</li> </ol>
	<p><b>2015 Performance</b></p> <p>Customer Service Center: Total of <b>203.2</b> ten thousand cases (including financial holdings, securities, banking, life insurance, and funds)</p>	<p>Online Banking Customer Satisfaction in 2015: <b>96%</b></p>	<p>Electronic Commerce Office: Yuanta Financial Holdings established <b>Electronic Commerce Office</b>, creating a designated team working to improve the Group's digital financial services</p>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Labor representatives from trade unions and labor-management meetings</li> <li>New employees</li> <li>Current employees</li> <li>Departed employees</li> <li>Retired employees</li> </ul>	<ul style="list-style-type: none"> <li>Training and development</li> <li>Cultivation of Talent</li> <li>Workplace health and safety</li> <li>Employee benefits</li> <li>Performance evaluation</li> <li>Corruption prevention</li> <li>Employee communication channels</li> </ul>	<ol style="list-style-type: none"> <li>Set up staff complaints mailbox in Investor Relations section, as well as establishing internal communication channels for employees.</li> <li>Create a "Yuanta e-Academy" learning platform</li> <li>Set up ESOP and retirement fund supervisory committee</li> <li>Hold annual summit</li> <li>Carry out annual performance evaluations</li> <li>Convene quarterly trade union meetings and labor-management meetings</li> <li>Hold quarterly or monthly club activities</li> <li>Send monthly electronic newsletters with important information</li> <li>Hold meetings of various frequencies, including weekly, monthly, and yearly business performance reviews and committee meetings</li> </ol>
	<p><b>2015 Performance</b></p> <p>Yuanta e-Academy Training: <b>153,857</b> students</p>	<p>Yuanta Employee Stock Ownership Plan (ESOP) Meeting: <b>8,056</b> participants</p>	<p>Taiwan High Compensation 100 Index: Yuanta Financial Holdings is named a member of the Taiwan High Compensation 100 Index, with costs for non-managerial staff average benefits reaching NT\$ <b>1.38</b> million</p>
 <p><b>Government agencies</b></p>	<ul style="list-style-type: none"> <li>Financial Supervisory Commission</li> <li>Ministry of Finance, Ministry of Economic Affairs, Ministry of Labor</li> <li>Securities and Futures Bureau, Banking Bureau, Insurance Bureau, Investigation Bureau, Department of Labor</li> <li>Taiwan Stock Exchange, Taipei Exchange</li> <li>Securities and Futures Institute, Fair Trade Commission</li> <li>Taipei City Government and related agencies</li> </ul>	<ul style="list-style-type: none"> <li>Saving energy and reducing carbon emissions</li> <li>Greenhouse gas inventory</li> <li>Green purchasing</li> <li>Transparency of information disclosure</li> <li>Credit monitoring mechanism</li> <li>Business auditing systems</li> <li>Legal compliance</li> </ul>	<ol style="list-style-type: none"> <li>Establish and maintain good interactions with relevant authorities through dedicated liaison channels</li> <li>Participate in governmental evaluations</li> <li>Issue annual CSR reports</li> <li>Conduct occasional supervision and inspection with the competent authorities</li> <li>Participate in occasional meetings and seminars with the competent authorities, providing timely advice and promoting financial literacy education</li> <li>Occasionally disclose latest information on company website and Market Observation Post System</li> <li>Occasionally carry out bidirectional communications through official documents</li> </ol>
	<p><b>2015 Performance</b></p> <p>Information Disclosure Evaluation: <b>The only</b> domestic financial holdings company to receive the highest honor in the Taiwan Stock Exchange's annual evaluation of information disclosure among listed companies, an <b>A++</b>, for four consecutive years</p>	<p>Corporate Governance Evaluation: Ranked in <b>top 5%</b> in first Corporate Governance Evaluations (subsidiary Yuanta Futures also ranked in <b>top 5%</b> among TPEX-listed companies)</p>	<p>Green Purchasing: Recognized by the Taipei City Government as a Benchmark Business for Green Purchasing for <b>five consecutive years</b></p>

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Stakeholder Group	Primary Targets	Issues of Concern	Communication Methods and Channels
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>Subcontractors</li> <li>Contract manufacturers</li> <li>Buyers</li> </ul>	<ul style="list-style-type: none"> <li>Integrity management</li> <li>Green purchasing</li> <li>Fair pricing and contracts</li> <li>Supplier management</li> <li>Human rights and equality</li> </ul>	<ol style="list-style-type: none"> <li>Draft procurement management approach</li> <li>Establish procedures for acquisition or disposal of assets</li> <li>Prioritize procurement of environmentally and socially friendly products</li> <li>Request the signing of integrity management commitment and incorporate CSR terms into contracts for further promotion of both integrity management and CSR</li> <li>Occasionally hold case communication &amp; negotiation meetings and contracting negotiation meetings</li> </ol>
	<b>2015 Performance</b> Request the signing of human rights and environmental sustainability commitment: A total of 542 suppliers have completed signing, which is over <b>92%</b> of main suppliers to the Group	Regular sharing with suppliers, with an annual total of 80 successful renegotiation sessions with <b>80</b> suppliers participating	Regular review of supplier compliance, including regular annual inspections, revealing an overall compliance of <b>100%</b>
 <b>Community</b>	<ul style="list-style-type: none"> <li>Residents of areas around operating areas</li> <li>Community residents</li> <li>NPOs and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Community care</li> <li>Charitable donations</li> <li>Promotion of the arts</li> <li>Conservation activities</li> </ul>	<ol style="list-style-type: none"> <li>Participate in public organizations and associations</li> <li>Make charitable donations</li> <li>Issue annual results and CSR reports</li> <li>Occasionally hold and support community, academic, artistic, and conservation activities</li> <li>Occasionally hold press conferences</li> <li>Occasionally hold investment and finance education seminars</li> </ol>
	<b>2015 Performance</b> Charitable, academic, cultural, and environmental events held by the Foundation: <b>404</b>	Volunteer participation by Yuanta: <b>1,389</b> volunteers	Yuanta Cultural and Educational Foundation annual reports: Each quarter, the Foundation discloses results of charitable activities, while social engagement and responsibility achievements are disclosed in <b>annual reports</b>
 <b>Media</b>	<ul style="list-style-type: none"> <li>Electronic, print, online media</li> <li>Specialist finance media</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance</li> <li>Innovative financial products</li> <li>Legal compliance</li> </ul>	<ol style="list-style-type: none"> <li>Publish press releases, hold press conferences, and engage in advertising</li> <li>Hold meetings on emergencies</li> </ol>
	<b>2015 Performance</b> Designated departments and spokespeople	Yuanta Financial Holdings held <b>25</b> press conferences	<b>Three</b> emergency briefings were held

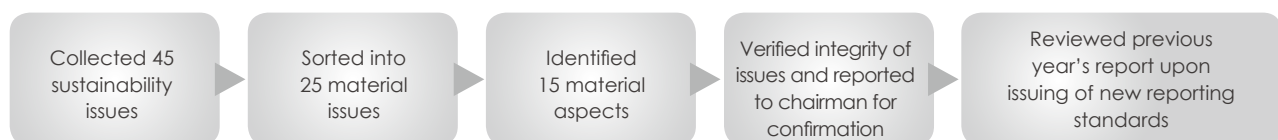
### 3.3 Reviewing Material Issues and Aspects G4-18 G4-23 G4-48

Since March 2015, Yuanta Financial Holdings has quoted the international AA1000 standard and GRI G4 guidelines as a reference of the Center for the Promotion of Corporate Social Responsibility's procedures for the identification of material issues, and as a reference to assist members in identifying important issues and material aspects that should be disclosed in CSR reports. The process by which the Company identifies such material aspects has, since March 2015, included collecting sustainability issues, sorting major issues, identifying major material aspects, verifying the completeness of the issues, and reviewing previous years' reports.

In January 2016, the Company held a special Stakeholders Forum, inviting stakeholders to discuss and provide suggestions regarding the material issues and aspects from the 2014 CSR report and Yuanta's overall CSR structure. Representatives indicated a high degree of agreement with the identified material issues and aspects, with no major adjustments proposed. A number of ideas were offered regarding the future promotion of CSR.

From the results of this forum, we found that the 25 material issues identified in March 2015 already cover the main issues of concern among stakeholders, and as such this report continues to follow these 25 issues. In addition, in February 2016 we looked at the material aspects and disclosure content of the 2014 CSR report from two perspectives, namely improving stakeholder inclusivity and comprehensive sustainability channels. Through these, we reevaluated the balance and integrity of the report content and material aspects. Some 17 aspects were adjusted, which primarily included adding "overall situation" and "equal pay by gender" to "raw materials procurement and use" and "labor conditions," as well as reinforcing and providing responsive content within this report. The above was then reviewed by the convener and deputy convener of the Center for the Promotion of Corporate Social Responsibility, before being passed to the chairman for verification.

#### Process for Identifying Important Material Aspects, March 2015



Note: For a detailed description and chart of the material aspects identification process used by the Company, please refer to the [Yuanta Financial Holdings 2014 CSR Report](#)

**Process for Identifying Important Material Aspects, February 2016** G4-18



**Identification of Material Aspects and Boundaries Corresponding to Material Issues** G4-19 G4-20 G4-21

Issue Category	Material Issue (Issues sorted in each category by identification score)	Corresponding Material Aspect	GRI G4 Indicator	Boundaries of Main Conflicts							
				Intraorganizational		Extraorganizational					
				Yuanta Financial Holdings	Subsidiaries and Foundations	Shareholders and Investors	Customers	Government agencies	Suppliers	Community	Media
ECONOMIC	Operational performance	Economic Performance	EC1, EC2, EC3, EC4	●	●	●	●				
	Sustainable investment	Product and Service Labeling Marketing Communications	PR4 PR6, PR7	●	●	●	●	●			
	Auditing of business systems	Audit*	FS9	●	●						
	Brand management	Product Portfolio*	FS1/DMA, FS6	●	●		●				●
	Policies and measures to prevent criminal activity	Anti-corruption	SO4, SO5	●	●			●			
	Active ownership	Active Ownership*	FS10, FS11, FS12/DMA	●	●						
ENVIRONMENTAL	Waste management	Effluents and Waste	EN22, EN23	●	●						
	Raw materials procurement and use	Products and Services Overall	EN27 EN31	●	●						
LABOR PRACTICES AND DECENT WORK	Talent attraction and retention	Employment	LA1, LA2, LA3	●	●						
	Human resources development	Training and Education	LA9, LA10, LA11	●	●						
	Labor/Management relations	Labor/Management relations	LA4	●	●						
	Labor conditions	Occupational Health and Safety Equal Remuneration for Women and Men	LA5, LA6, LA7 LA13	●	●						
HUMAN RIGHTS	Equal access to financial services	Local Communities Local Communities*	SO1, SO2 FS13, FS14		●		●				●
SOCIETY	Responsible lending and avoidance of bad debt	Product and Service Labeling	PR3		●		●	●			
	Improvement of financial literacy	Product and Service Labeling*	FS16/DMA		●		●			●	●
	Charitable activities	Economic Performance	EC1	●	●						●
	Debt management services	Product and Service Labeling	PR3		●		●				

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Issue Category	Material Issue (Issues sorted in each category by identification score)	Corresponding Material Aspect	GRI G4 Indicator	Boundaries of Main Conflicts							
				Intraorganizational		Extraorganizational					
				Yuanta Financial Holdings	Subsidiaries and Foundations	Shareholders and Investors	Customers	Government agencies	Suppliers	Community	Media
PRODUCT RESPONSIBILITY	Customer privacy and data security management	Customer Privacy	PR8	●	●		●	●	●		
	Service quality and customer satisfaction	Product and Service Labeling	PR5		●		●				
	Promotion of transparent and efficient capital market	Product and Service Labeling	PR3	●	●	●	●	●			
	Ability to plan products and services	Training and Education Product Portfolio*	LA9, LA10 FS4/DMA		●						
	Customer relations management and complaints mechanism	Product and Service Labeling	PR5	●	●		●				
	Protection of customer rights	Product and Service Labeling*	FS15/DMA	●	●		●				
	Products/services beneficial to the environment or society	Product Portfolio*	FS3/DMA, FS7, FS8		●		●	●			
	Environmental risks of collateral	Product Portfolio*	FS2/DMA, FS5/DMA		●						

\*Part of G4 Financial Service Sector Disclosures

### 3.4 Participation in Public Associations and Initiatives

G4-15 G4-16

Yuanta Financial Holdings has always been quite actively involved in the operations and affairs of industry organizations and in experience sharing among counterparts in the industry, working together to help strengthen the financial markets while also providing opinions to the authorities through these organizations. Where appropriate, we also participate in public policy drafting and development, offering many suggestions that have been accepted by the authorities and striving to contribute what we can to the ongoing development of Taiwan's financial markets.

In response to former Financial Supervisory Commission chairman Tseng Ming-Chung's early 2015 "stimulus plan" and its call for "a capital market with transparent operations, fairness, and effectiveness, that is also in line with those around the world, enabling a booming securities industry that can then enhance international competitiveness." In 2015 we proposed the following:

After lengthy internal interdepartmental deliberations and coordination with the competent authorities, Yuanta Securities offers a number of suggestions and memoranda to relevant organizations and associations to foster a vibrant active capital market. These include: (a) recommending that the authorities expand the scope of financing of securities firms conducting securities business money lending including domestic open-end funds, new stocks, and products of emerging stocks; (b) recommending the authorities permit securities companies use of money from lending business not to be applied to settlement purposes only; (c) recommending the authorities allow simplifying of the trading process for structured commodities, making it more

convenient for customers in response to growing digitalization; (d) the relaxation of regulations governing loaning of funds between overseas businesses and making of endorsements or guarantees by securities companies with less than a 100% stake either directly or indirectly, but with a controlling interest in foreign enterprises. The majority of the above recommendations were received positively by the Financial Supervisory Commission and entered into consideration for implementation.



**At the end of 2015, the Company made its first response to the advocacy work of the CDP (formerly Carbon Disclosure Project), becoming a financial industry signatory of the CDP's climate change, water, and forestry projects. We complimented the CDP on their efforts to promote sustainability worldwide, and the Company similarly places great emphasis on assessing the true value of the natural materials we use, as well as both the challenges and the opportunities presented by climate change. We hope that by working with the CDP, we will be able to help further popularize carbon reduction around the world.**

## Participation in Public Associations and Initiatives by Yuanta Financial Holdings and its Subsidiaries

Company Name	Participation in Public Associations and Initiatives
<b>Yuanta Financial Holdings</b>	<ul style="list-style-type: none"> <li>Bankers Association of Taipei: Member representative.</li> <li>Chinese National Association of Industry and Commerce, Taiwan: Member representative.</li> <li>American Chamber of Commerce: Member representative.</li> <li>CDP (formerly the Carbon Disclosure Project): Signed to become a supporter of CDP's Climate Change, Water, and Forests Projects</li> </ul>
<b>Yuanta Securities</b>	<ul style="list-style-type: none"> <li>Taiwan Securities Association: Serve as the underwriting committee convener and secretary; member of self-operated business committee, brokerage committee, research and development committee; convener of disciplinary committee; member of education and training committee, international affairs committee, public relations committee; deputy convener of new financial products committee, bond business committee; member of foreign investors' affairs committee; secretary of risk management committee; member of e-business committee, tax accounting committee, foreign securities business committee; convener and secretary of stock transfer agency operations committee; deputy convener of wealth management business committee; member of audit committee; deputy convener of offshore securities unit committee; member of legal affairs and compliance committee; member of fintech group.</li> <li>Trust Association of the ROC: Director; member representative; member, Business Development Committee; member, Finance and Taxation Committee.</li> <li>ROC Bills Finance Association: Member of Securities Business Committee</li> <li>Accounting Research and Development Foundation: Member, Valuation Standards Committee.</li> <li>Public Company Transfer Agency Association of the ROC: Member, Research Team.</li> </ul>
<b>Yuanta Bank</b>	<ul style="list-style-type: none"> <li>Taiwan Securities Association: Member representative.</li> <li>ROC Bills Finance Association: Member representative.</li> <li>Trust Association of the ROC: Participant in Custodian Bank Group, Cash and Securities Group, Common and Collective Trusts Group, and Securitized and Real Estate Trusts Group; member, Finance &amp; Taxation and Management Training Committees.</li> <li>Bankers Association of the Republic of China: Serve as the deputy chair of Finance Law and Discipline Committee and a member of Risk Management Committee.</li> <li>Bankers Association of Taipei: Member representative.</li> </ul>
<b>Yuanta Life</b>	<ul style="list-style-type: none"> <li>Insurance Anti-Fraud Institute of the ROC: Member representative.</li> <li>Chinese Insurance Services Association: Two member representatives.</li> <li>Life Insurance Association of the Republic of China: Three member representatives; member, Acquisition Group, Injury Group, Underwriting Group, Actuarial Group, Education Group, Group Insurance Group, Financial Accounting Group, Reinsurance Group, IT Group, Security Group, Legal Group, Investment Group, Claims Group, Medical Group, Pensions Group, Complaints Group, Manpower Group, Promotion Group, Internal Controls Group, Risk Management Research Group, and Cross-Strait Affairs Research Group.</li> <li>Life Insurance Management Institute of the Republic of China: Member representative.</li> <li>Insurance Institute of the Republic of China: Two member representatives.</li> <li>Actuarial Institute of the Republic of China: Full member.</li> <li>Taiwan Insurance Institute/Insurance Industry Death and Injury Rate Research Committee: Member representative.</li> </ul>
<b>Yuanta Securities Finance</b>	<ul style="list-style-type: none"> <li>Bankers Association of Taipei: Member representative.</li> <li>Taiwan Securities Association: Serve as the member representative and a council member.</li> <li>Corporate Organization Association: Member representative.</li> <li>Securities and Futures Investors Protection Center: Sponsor.</li> </ul>
<b>Yuanta Futures</b>	<ul style="list-style-type: none"> <li>Taiwan Futures Exchange: Serve as the director and as a member of Trading Committee.</li> <li>Chinese National Futures Association: Serve as the supervisor and as the deputy convener of Trust Trading Committee.</li> <li>Chinese National Futures Industry Association: Serve as a member of Business Advisory Committee, Cross-Strait Affairs Committee, International Affairs Committee, Brokerage Committee, Self-Operated Business Committee, Futures Brokerage Committee, Audit &amp; Legal Compliance Committee, Disciplinary Committee, Finance Committee, and Education and Training Committee.</li> </ul>
<b>Yuanta Funds</b>	<ul style="list-style-type: none"> <li>Securities Investment Trust &amp; Consulting Association of the ROC: Member, Investment Trust Development Committee; member, Offshore Fund Committee; member, Fund Advertising Group, Self-Regulatory Committee; member, Compliance and Fund Affairs Committee; member, Investment and Risk Management Committee; member, Cross-Strait and International Affairs Committee; member, Industry Promotion Committee.</li> <li>Chinese National Futures Association: Member, Trust Business Committee.</li> </ul>
<b>Yuanta Investment Consulting</b>	<ul style="list-style-type: none"> <li>Securities Investment Trust &amp; Consulting Association of the ROC: Member representative.</li> <li>Hong Kong Business Association in Taiwan: Member representative.</li> </ul>
<b>Yuanta Asset Management</b>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Yuanta Venture Capital</b>	<ul style="list-style-type: none"> <li>Taiwan Venture Capital Association: Member representative.</li> </ul>

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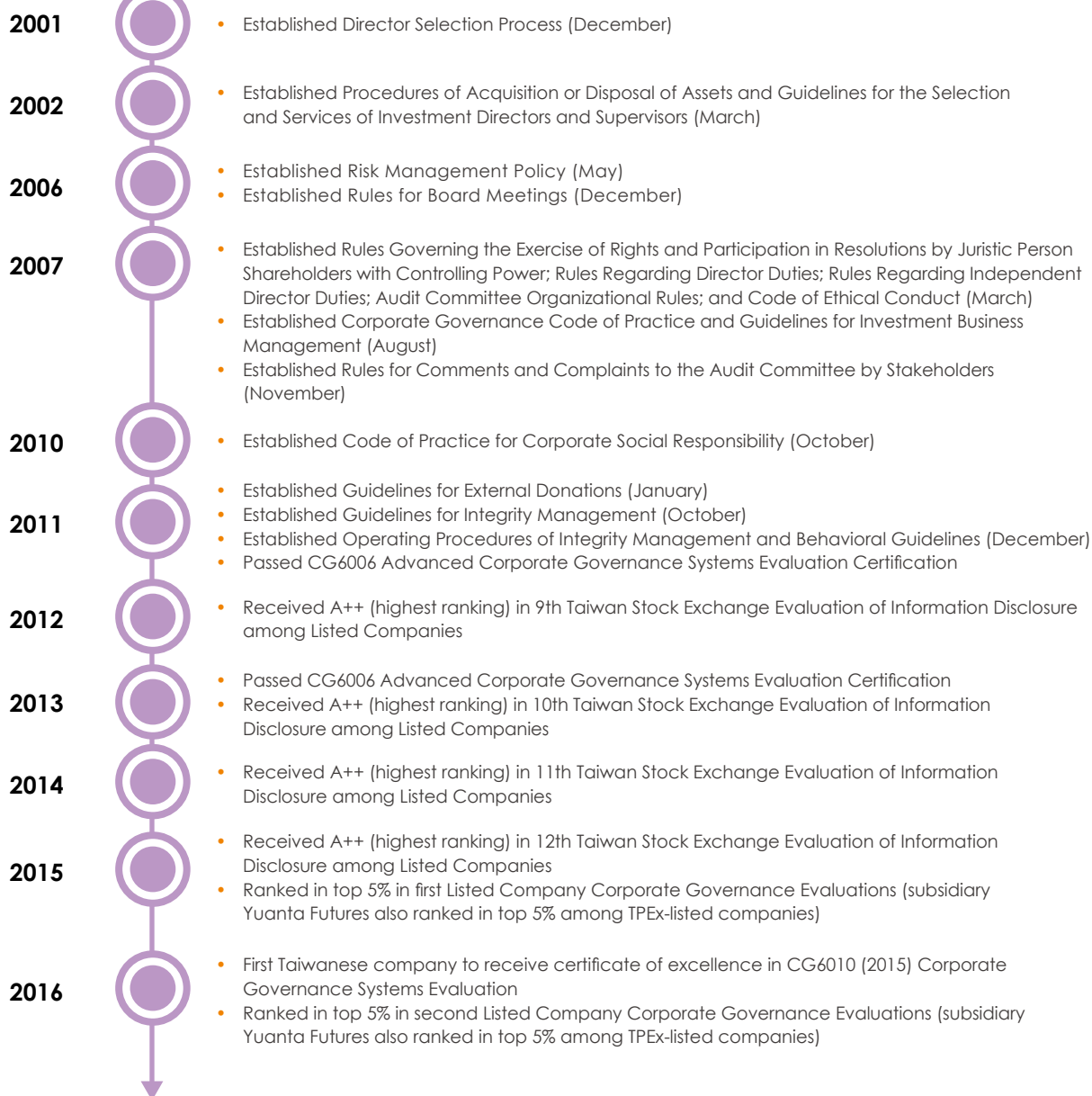
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## Corporate Governance in Practice

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The keys to Yuanta Financial Holdings' maintenance of its core values are close teamwork and strict discipline. In implementing mechanisms for corporate governance, risk management, and legal compliance, the Company has been able to stand strong in a turbulent financial environment, both protecting the assets of our customers and shareholders and pursuing stable ongoing growth.

## Timeline of Corporate Governance



## 4.1 About the Company

### Brand Spirit G4-4



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

Over the years, the Company has strived to build a corporate culture focused on serving as the best model of corporate governance and the pursuit of stakeholder interests. Working with stakeholders in establishing open and transparent channels of communication, and we look forward to positive interactions with those stakeholders to bring about positive economic, social, and environmental results.

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**Maintaining a Pragmatic Attitude to Overseas Expansion** G4-6 FS6

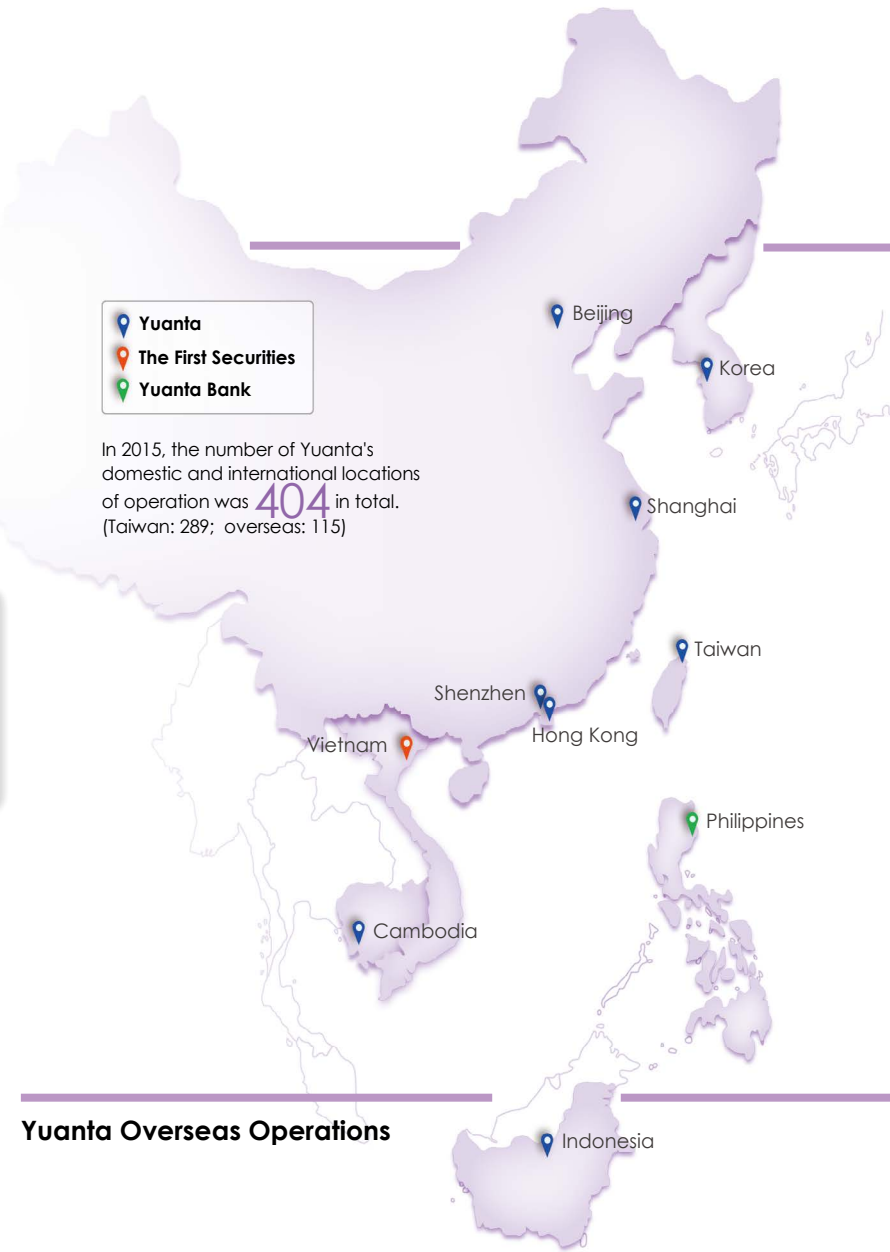
Yuanta Financial Holdings was established on February 4, 2002, is based in Taipei City, Taiwan, and is a comprehensive financial services firm with dominance in securities investment services. The Group carries out its business primarily in the Taiwan region, however in recent years it has gradually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

**Highlight**

As of the end of December 2015, the consolidated total assets (audited) were valued at NT\$ **1,551.1** billion, with staff totaling **10,038** people.

In 2007, the merger between Fuhwa Financial Holdings and Yuanta Core Pacific Securities cemented the position of the Group at the head of the securities business. Through the integration, mergers, and synergies of our subsidiaries, we have been able to create a financial group with operations in securities, banking, life insurance, securities finance, futures, investment trusts, investment consultancy, venture capital, and asset management. The Group has strong roots in Taiwan; as of the end of December 2015, in the Taiwan region we had a total of 161 securities branches and 88 bank branches, with operations across Taiwan and employing over 10,000 financial service professionals to provide our customers with a full range of financial services. In 2015, the Group's market share in the securities brokerage business exceeded 12%, and in the financing business, 20%, far surpassing the market shares of our industry peers. We are also a leader in the investment banking business, and have long been a trusted choice among both domestic and foreign investors.

Yuanta Securities serves as the core of Yuanta Financial Holdings' expansion of overseas operations, actively seeking out potential partners among nations involved in Asia-Pacific regional economic integration in an effort to establish a robust multinational and global distribution. For years, Yuanta Securities Hong Kong (YSHK) has strived to provide comprehensive, outstanding corporate finance, asset management, and brokerage services to institutional, corporate, and individual customers in Hong Kong and around the world. Leveraging YSHK's professionalism and experience while adhering to its principles of financial innovation, YSHK has made continuous efforts to improve and enhance its existing trading platforms as well as introduce new financial products and trading systems. With the fast development of the global financial market, YSHK strives to provide rapid and pinpoint transaction services for its clients to help them better seize market opportunities. Yuanta Finance Hong Kong and Yuanta International Hong Kong were both founded in 2015, providing investors with a more diverse range of investment options through an integrated wealth management platform and the introduction for more diverse financial products.



**Yuanta Overseas Operations**

Additionally, in early 2015 Yuanta Securities successfully purchased 99% of shares in PT AmCapital Indonesia through YSHK, extending the business' reach into Indonesia with the newly renamed PT Yuanta Securities Indonesia and creating a milestone in the Southeast Asian market.

In 2014, Yuanta Securities acquired the 6th-ranked securities firm in Korea, Tongyang Securities Inc., (renamed as Yuanta Securities Korea Co., Ltd. on October 1st 2014, "YSKR") through its subsidiary, Yuanta Securities Asia Financial Services (YSAF). It is listed on the Korea Stock Exchange and has 78 branches across Korea as of the end of December 2015, and is known for its brokerage, underwriting, wealth management, proprietary trading, wealth management, and other services. Outside of Korea, YSKR's operations also span from Northeast Asia to the ASEAN market, including a securities subsidiary in Cambodia. In August 2015, Yuanta Bank and YSKR completed a deal to acquire in full Tong Yang Savings Bank in the Philippines, making it the first overseas banking subsidiary. Into the future, we intend to continue evaluating potential overseas operations and accelerating our move into the international market.

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

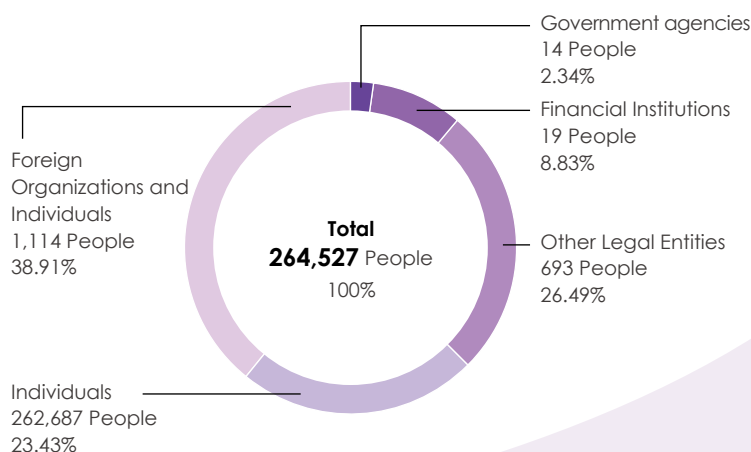
## Markets and Locations Where the Group Provides Services

G4-4 · G4-8 · G4-9 · G4-17 · FS10

Company Name	Main Businesses	Distribution of Operating Locations	Number of Operating Locations	
			Taiwan	Overseas
<b>Yuanta Securities</b>	Brokerage, investment banking, financial derivatives, credit trading, fixed income instruments, wealth management, stock transfer agency, electronic commerce	Taiwan, Hong Kong, Beijing, Shanghai, Shenzhen, Vietnam, South Korea, Cambodia, United Kingdom	161	113
<b>Yuanta Bank</b>	Consumer finance, corporate finance, wealth management, trusts, financial products, online banking, mobile finance	Taiwan, the Philippines	88	1
<b>Yuanta Life</b>	Life insurance, injury insurance, health insurance, products for the aged, investment oriented products, micro-insurance products, disability insurance products	Taiwan	26	--
<b>Yuanta Securities Finance</b>	Margin Trading and Short Selling, etc.	Taiwan	3	--
<b>Yuanta Futures</b>	Futures brokerage, international/domestic futures and options, new financial products	Taiwan, Hong Kong	5	1
<b>Yuanta Funds</b>	Issuing domestic and international equity, bond, balanced, combination, real estate securitization, asset securitization, index, exchange trade, high-yield bond, and futures trusts funds; private equity funds; discretionary investment business; offshore fund master agency	Taiwan	3	--
<b>Yuanta Investment Consulting</b>	Strategic, industrial, and case analysis, and quantitative research products; provision of detailed analytical models of all stocks studied; handling of discretionary accounts	Taiwan	1	--
<b>Yuanta Venture Capital</b>	Primarily companies in startup and expansion phase; secondarily mature companies	Taiwan	1	--
<b>Yuanta Asset Management</b>	Sale of non-performing loans of financial institutions, disposition, integration, consulting, foreclosures	Taiwan	1	--

## Shareholding Structure G4-7 · G4-13

As of September 14, 2015 (final date of stopping stock transfer), the Company had issued a total of 10,712,960,508 shares, with governmental agencies, financial institutions, other juristic persons, and overseas organizations (including foreign investors) accounting for 76.57% and general shareholders 23.43%.



## Changes in Capital Structure in 2015

### 2014.09

**Paid-up capital:** 10,141,067 Stocks (1,000s)  
**Value:** 101,410,666 (NT\$ thousand)  
**Share Capital Sources:** Share Capital Sources 247,343,000

### 2015.08

**Paid-up capital:** 10,439,152 Stocks (1,000s)  
**Value:** 104,391,517 (NT\$ thousand)  
**Share Capital Sources:** First domestic unsecured convertible bonds converted into common stock 298,085,000

### 2015.09

**Paid-up capital:** 10,712,961 Stocks (1,000s)  
**Value:** 107,129,605 (NT\$ thousand)  
**Share Capital Sources:** Capitalization of retained earnings 273,809,000

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## 4.2 Operating Status

### Transitioning to a Focus on Securities and Banking G4-13

In order to expand our operating scale and improve the synergy and competitiveness of our operations, in October 2015 Yuanta Financial Holdings' extraordinary shareholders meeting provisionally approved a stock swap with Ta Chong Bank. This was later approved on January 29, 2016 by the Financial Supervisory Commission. After the inclusion of Ta Chong Bank, the Company will have transitioned from a financial holdings company primarily focused on securities to one simultaneously focused on securities and banking. After Ta Chong Bank and Yuanta Bank completed their merger, the number of banks grew from 88 branches to 155. Into the future, the Company will use its leading position in securities and its strong banking channel to provide customers with a broader range of financial products and more convenient service.

Over the past three years, the Company has undergone a total of six stock investments and mergers, laid out in summary below:

#### 1. Yuanta Life

After obtaining a 100% stake in Yuanta Life (formerly New York Life (Taiwan)) in January 2014, Yuanta Financial Holdings has now been in this business for nearly two years. The operational focuses are expanding business operations and strengthening middle and back office capabilities. Yuanta Life has enjoyed skyrocketing year-on-year growth, growing from first year premiums (FYP) of NT\$0.7 billion in 2013, pre-merger, to NT\$4.38 in 2014 and NT\$17.8 billion by December 2015. This growth exceeded the preceding year's total FYP.

#### 2. Yuanta Securities Korea (YSKR)

In June 2014, Yuanta Financial Holdings acquired a 53.10% controlling stake in Korea's Tongyang Securities (now Yuanta Securities Korea (YSKR)) As of December 31, 2015, the shareholding ratio of the Group is 54.20% of YSKR. Since Yuanta took over the business, YSKR has had its capital structure strengthened, while Yuanta actively looks for expansion opportunities to rebuild customer trust and provide more broad-ranged business development in Korea. As part of Yuanta Securities' comprehensive international services, we positively participate in Shanghai-Hong Kong Stock Connect trading, invest in Chinese yuan products, and have established a pan-Asian trading platform. Thus we provide investment portfolios with diverse global asset allocations and more convenient services.

As of December 2015, YSKR showed consolidated net income after auditing of KRW58.14 billion (approx. NT\$1.64 billion), with brokerage and investment banking seeing significant growth and reinvestment injecting a surplus. In addition, YSKR sold a 3% stake in Tongyang Life, a 100% stake in Tong Yang Savings Bank (Philippines), and a 100% stake in YT F&I Corporation in 2015. This not only brought in KRW27.3 billion (approx. NT\$0.78 billion) in revenues, but also injected much needed capital into YSKR.

#### 3. PT Yuanta Securities Indonesia

Setting our sights on Indonesia, a rising Muslim market with a wealth of resources, a sizable population, strong economic momentum, and a promising securities and finance market, Yuanta Securities completed acquisition of a 99% shareholding in PT AmCapital Indonesia (now PT Yuanta Securities Indonesia) and a 99.996% shareholding in PT AMCI Manajemen Investasi Indonesia (now PT Yuanta Asset Management) through YSHK in April 2015, marking

the expansion of the Group into the securities and investment trust markets in Indonesia. In order to strengthen its financial structure and enhance its working capital, YSHK provided a capital increase to Yuanta Securities Indonesia of US\$14.85 million, with this investment expected to be used in the hardware and facilities required for business expansion.

Along with this injection of capital into PT Yuanta Securities Indonesia, YSHK then introduced an outstanding management team charged with importing Yuanta's operational experience to strengthen the foundation needed for business expansion, including upgrading trading and back-office systems. Such efforts will help PT Yuanta Securities Indonesia occupy a pivotal position in the Indonesian securities market.

#### 4. Tong Yang Savings Bank (Philippines)

In November 2014, the Board of Directors of Yuanta Bank passed a KRW12.2 billion purchase of a 100% shareholding of YSKR subsidiary Tong Yang Savings Bank (Philippines). Payment was successfully settled on August 5, 2015, and a capital increase by cash for Tong Yang Savings Bank was completed in Q4 2015. The process is expected to be completed in 2016, including a name change to Yuanta Savings Bank.

#### 5. Hanshin Savings Bank Korea

On August 21, 2015, the Board of Directors of Yuanta Bank approved the purchase of a 100% shareholding in AON Holdings subsidiary Hanshin Savings Bank for KRW135.1 billion. The Board of Directors, representing their shareholders, approved this on January 14, 2016. The merger is expected to be complete in Q2 2016, and will be the second merger of an overseas banking subsidiary of Yuanta following the acquisition of Tong Yang Savings Bank in the Philippines.

#### 6. Yuanta Financial Holdings and Ta Chong Bank Stock Swap

Through the decisions made in the August 21, 2015 board meeting and the October 13, 2015 extraordinary shareholders meeting, it was resolved to undertake a stock swap and stock swap contract, through issuing new shares and cash payment in order to obtain a 100% shareholding of Ta Chong Bank, making it a wholly-owned subsidiary of the Company. This case was approved by the Fair Trade Commission on November 25, 2015, giving approval to Yuanta Financial Holdings and Ta Chong Commercial Bank merging. The Financial Supervisory Commission approved the deal on January 29, 2016, and the Board of Directors of the Company named March 22, 2016 as the trade date for the stock swap.

In order to link the management of the various investment businesses, the Company established the Guidelines for Investment Business Management based on the principle of maintaining the independence of the subsidiaries while also focusing on their key management. The Guidelines laid out key elements of financial holdings review processes for subsidiaries in the areas of corporate governance, the Board of Directors, the Audit Committee, rules and regulations, operational and strategy management, business management, human resource management, financial accounting management, administrative information management, legal compliance, risk management, auditing, and staff operations and management. In this way, the Company aims to facilitate the management of its subsidiaries while also ensuring their operational performance.

## Business Outlook

Despite the volatility of the financial environment, the Company has maintained its long-term commitment to the protection of its shareholders' interests, including reviewing our profits for financial year 2015.

### Highlight

Net income attributable to owners of the parent company totaled NT\$ **10.82** billion, with basic earnings per share (EPS) of NT\$ **1.02**.

The revenues of Yuanta Financial Holdings are stable. In 2015, the net income from insurance saw a significant rise due to the skyrocketing growth of Yuanta Life, while provisions to insurance policy reserves increased by a similar amount. In addition, financial year 2015 net income fell slightly compared with the previous period, primarily due to last year's acquisition of YSKR. This was a bargain purchase that paid off, however there were no such situations during this period. In 2013-2015, the Company had no incidents of dividend non-distribution with regard to staff compensation or directorial remuneration.

## Operating Performance

G4-9 · G4-EC1 · G4-EC4

Unit: NT\$ thousand

	Item	2013	2014 (2)	2015
Operating Ability	Net Revenue	28,697,569	54,609,933	69,788,032
	Total Assets	865,094,056	1,291,764,563	1,551,145,202
	Total Liabilities	703,461,593	1,106,726,165	1,353,781,152
	Retained Earnings	22,685,193	30,120,290	31,461,740
	Shareholder equity	161,632,463	185,038,398	197,364,050
	Consolidated Net Profit	8,077,321	16,427,373	11,997,475
	Net Income Attributable to Owners of Parent Company	7,709,994	16,474,314	10,814,545
	Average Employee Return	3,208	4,643	6,032
Profitability	Average Employee Profit	903	1,397	1,037
	Return on Assets	0.96%	1.52%	0.84%
	Return on Common Shareholders' Equity (ROE)	5.01%	9.48%	6.27%
	Net Profit Rate	28.15%	30.08%	17.19%
Distribution of Economic Value	Basic Earnings Per Share (EPS; \$)	0.76	1.58	1.02
	Employee Remuneration and Welfare	10,882,041	14,454,638	17,843,112
	Dividends and Interest	5,441,548	8,904,351	9,187,806
	Donations to Government Agencies*	--	5,000	34,856
	Academic Donation Fund**	3,000	103,000	3,271
	Other Social Philanthropic Donations***	35,000	44,450	91,331
	Social Philanthropic Donations as Percentage of Overall Revenue	0.12%	0.08%	0.13%
	Political Contributions	--	--	--
	Taxes Paid to the Government****	501,674	295,168	493,570
	Taxes Paid as Percentage of Overall Revenue	1.75%	0.54%	0.71%

Note 1: Operating performance information sourced from the annual consolidated statements.

Note 2: The 2014 annual financial information to the financial report has been edited to be in accordance with the International Financial Reporting Standards (IFRSs), 2013 Edition.

\* Included Yuanta Bank donations to the Taiwanese government's Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

\*\* Contains donations to Chengchi University, Jiaotong University, Beinan Elementary, and other school funds.

\*\*\* Donations for charitable purposes, including support and assistance to non-profit organizations and other social welfare activities.

\*\*\*\* Taxes paid to the government of the Republic of China (Taiwan) in 2015 were those due for financial year 2014.

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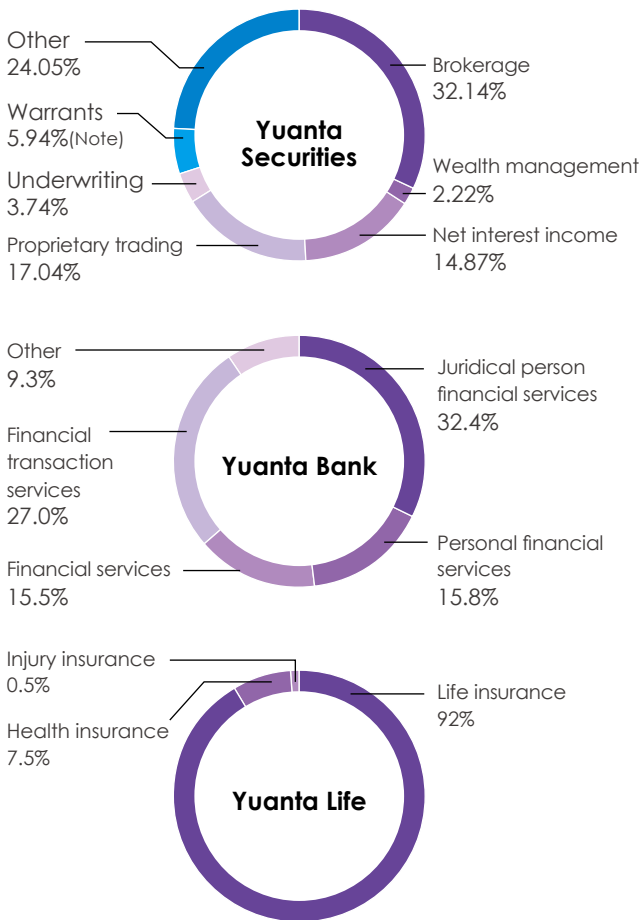
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Percentage of Profit and Loss for each Subsidiary in 2015 G4-17 FS10

Subsidiary	Securities	Banking	Life Insurance*	Securities Finance	Futures	Investment Trusts	Investment Consultancy	Venture Capital	Asset Management
2015(%)	66.24	33.51	(15.33)	2.65	5.26	3.65	0.01	1.95	2.06

\*Life Insurance Note: Yuanta Life suffered an after-tax net loss of NT\$2.2 billion 63.41 million in 2015, with after-tax net revenue down NT\$2 billion 11.81 million compared with after-tax net loss of NT\$251.6 million in 2014. The primary factor behind this was a substantial increase in new contract premiums and the corresponding growth in reserves and commissions.

Main Sources and Percentages of Revenue for Subsidiaries in 2015 FS6



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

The remuneration of the directors and supervisors includes director/supervisor returns, business expenses, and earnings distribution. In 2013, the remuneration percentage of directors and supervisors increased much more than that of net profits after tax primarily due to transitioning International Financial Reporting Standards in financial year 2013. The previous limitation on the provision of special earned surplus was lifted, and so, in accordance with the new standards and our own regulations, the provision of special earned surplus in the previous year was reversed and the directorial and supervisory remuneration was appropriated at a

fixed rate (0.5%). This reversal of the special earned surplus led to an increase of allocatable surplus, in turn causing the amount of earnings distributed in directorial and supervisory remuneration to be higher that year. Beyond the aforementioned exceptions, the percentage of growth in such remuneration did not exceed after-tax net profits.

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

Unit: NT\$ thousand

Item	2013	2014	2015
Remuneration of directors and supervisors	75,618	81,083	80,411
Growth in remuneration of directors and supervisors	51.4%	7.23%	(0.83%)
Growth in net income attributable to parent company	25.78%	113.67%	(34.36%)

Credit Rating

After Yuanta Financial Holdings announced its acquisition of Ta Chong Bank on August 13, 2015, Taiwan Ratings stated that should Yuanta Financial Holdings acquire Ta Chong Bank (twA/positive/twA-1), the capital standard of the Group may weaken slightly. On August 15, 2015, it was announced that the long-term outlook Yuanta Financial Holdings (twAA-/stable/twA-1+) and its subsidiaries was revised from "stable" to "negative." On February 18, 2016, Taiwan Ratings announced that their outlook for the Yuanta Financial Holdings group would remain at "negative" (twAA-/negative/twA-1+). The main reason given was the planned acquisition of Ta Chong Bank causing a contraction in its capital buffer, and an expected potential weakening in the capital standard in the coming two years to a level not congruent with the current rating. Although the acquisition greatly expands Yuanta Financial Holdings presence in the banking market, the Group will, over the next two years, remain primarily focused on the securities business. Yuanta Financial Holdings will remain committed to rigorous risk management and pragmatic business development. We are focused on improving the quality of our assets, while also continuing to pursue concrete implementation of the spirit of corporate governance.

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

## Encouraging Shareholder Participation and Protecting Shareholder Rights through Electronic Voting FS12/DMA

Since 2012, Yuanta Financial Holdings has provided an electronic voting mechanism to encourage shareholders who cannot attend shareholder meetings to participate. At the same time, when discussing proposals in the shareholders meeting agenda handbook, all the information shareholders need, along with detailed explanations, are also provided. This is a demonstration of how the Company actively encourages shareholders to get involved in corporate governance.

Yuanta subsidiaries like Yuanta Life and Yuanta Securities Finance often make use of electronic voting to exercise their shareholder's rights with regard to the companies in which they have holdings. Aside from companies in which Yuanta Financial Holdings holds a 100% stake, the Group still holds stocks in three companies: a depository, Yuanta Futures, and Yuanta Funds. Yuanta Funds is not a company of public offerings and has no electronic voting mechanism; Yuanta Futures facilitates the protection of shareholder rights through electronic voting; Yuanta Financial Holdings holds only a small share in the depository, and thus the electronic voting system is not in use (the primary shareholder is Yuanta Securities Finance, which does use the electronic voting system).

Use of electronic voting platforms not only increases supervision of decision-making in the Company invested in and serves as a measure to protect shareholder rights, it can also be implemented in shareholder meetings to express disapproval of proposals that are counter to environmental protection, corporate integrity, or social responsibility. In this way, such platforms can help further realize the concepts of corporate social responsibility while also reducing environmental harm and threat.

## Yuanta Life CSR Investment Strategy FS11

The investment strategy of Yuanta Life's investment department in 2016 is focused around establishing long-term core holding of blue-chip weighted constituent stocks of the Taiwan 50 Index. Such companies have attained a high level of CSR implementation, and not only promise to stay ahead of the competition on the global stage, but also to promote globalization and economic growth in Taiwan alongside continued realization of CSR concepts. In selecting equity securities in which to invest, companies' commitment to CSR is considered prior.

Of those Taiwanese listed companies in which Yuanta Life is invested, 70.9% regularly issue CSR reports, accounting for 80.94% of the market value of the company's holdings. With regard to investment in funds and exchange traded funds, among the 25 investment targets, approximately 40% of companies by value are actively involved in CSR related activities. In January 2015, Yuanta Life passed the Procedures for Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises, providing a way to work with government policies and invest in public infrastructure and channel the results back to the community.

The 2016 investment strategy plan of Yuanta Life includes an increased percentage of blue chip stocks (note 1) accounting for 70%-75%, and we forecast a continual growth in companies (both by value and by number) involved to be actively implementing CSR. However, implementation speed and progress still must be adjusted in accordance with market conditions.

(Note 1: "Blue chip" typically refers to large companies with stable growth; we define "blue chip stocks" for our purposes as specifically those that are constituents of the Taiwan 50 Index.)

## Future Business Plans

While future economic development is highly uncertain and the financial environment so quick moving as to be difficult to accurately make predictions for, the Company still intends to continue develop on its core competencies and establish robust profit momentum and overseas expansion, all supported by our outstanding asset quality and risk management capabilities. Our long-term development goals remain focused on the three pillars of securities, banking, and insurance. To implement this development model, the Company is pursuing a business plan for 2016 summarized below:

1. We will continue to pursue refinement in our securities business while also responding to trends in digital finance and changes in the structure of Taiwan's capital market. We will also pursue channel transition planning while keeping pace through strengthening both brick-and-mortar and electronic business models, adjusting our income structure and increasing the proportion of recurring revenues. With regard to overseas expansion, we aim to make use of the characteristics of local markets and their particular financial advantages by linking them to distinctive financial products, developing an important engine for profit by gradual prosperity in overseas reinvestment.
2. In banking operations, our strategy remains to balance quality and quantity, maintaining the quality of our assets and the efficiency of capital usage while adjusting profits and loan structures to ensure balanced business development. The focuses of our business development lie in several areas: increasing revenues from handling charges and strengthening acceptance of demand deposits to reduce capital expenses. Growth in credit majorly benefits from granting credit to small & medium enterprises and self-use residence loans, as well as increasing relatively higher yielding automotive and credit loans where risks can be controlled; and growing our credit card business as a foundation for development in electronic commerce and wealth management.
3. In 2016, Yuanta Life will develop on traditional brokerage channels, providing more complete product platforms and a more diverse range of channels. Regarding business development, Yuanta Life takes into consideration overall capability, erosion of new contracts, and profit margins, and is done in line with capital adequacy and group budgetary targets. Employing asset and liability management, we aim to steadily reduce old policy liability costs through prudent expansion of new contracts and adjustment of asset allocation. At the same time, we aim to achieve increased return on investment, helping us quickly escape losses from differences in interest rates.
4. Providing our customers with digital finance and innovative financial services, proactively expanding our mobile digital platform and ordering capabilities while also linking our subsidiary businesses through virtual channels in a customer-oriented way. This will enable us to leverage cross-business alliances, data analysis, and social media management to improve marketing effectiveness and create a distinctive, value-added electronic commerce brand.

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

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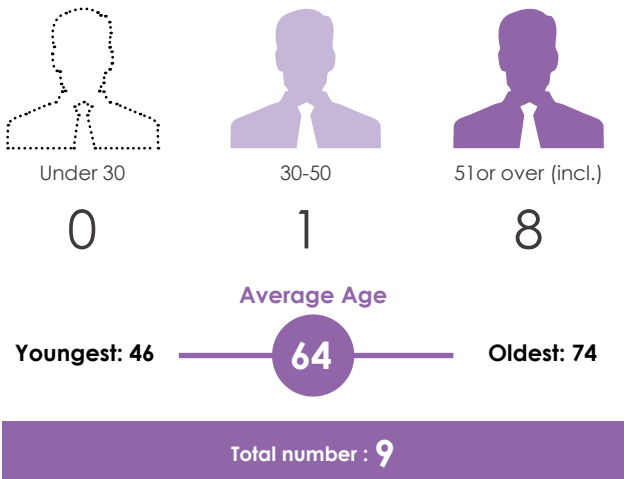
### 4.3 Corporate Governance Organization

#### Members of the Board of Directors

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The board of Yuanta Financial Holdings is made up of six directors and three independent directors. All nine directors are male, and the average age is 64. Directors serve a three-year term, but may be reelected to successive terms. There are no age limits on directorship, nor is there a separate managing director. All the members of the board have professional backgrounds and rich experience in finance, industry, and academia.

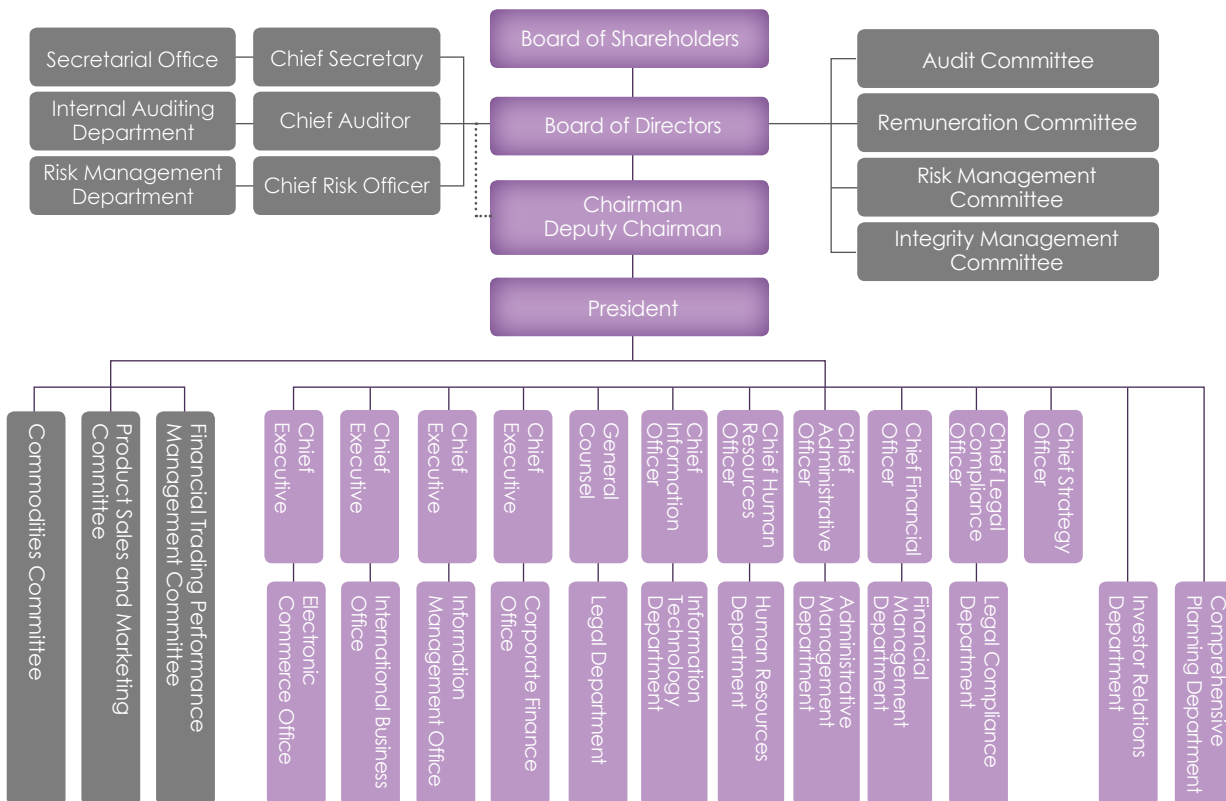
#### Age Distribution of Directors



The chairman of the Company board is Mr. Wang Rong-Jou, and the president is Mr. Tony Shen. The board meets at least once each month, and in 2015 met a total of 16 times with an average attendance rate of 75%, meaning that the majority of directors and independent directors attended each meeting in person. Those who are for any reason unable to attend must commission other directors to represent them as per regulation. The Rules Regarding Director Duties of Yuanta clearly lay out the primary duties and responsibilities of directors, while powers of the board, chairman of the board, president, functional heads, office managers, and basic staff are clearly laid out in the Company's division of responsibilities and organizational hierarchy, putting in place a comprehensive, hierarchical system of authorization.

Independent directors account for 33% of board members, with their role and function regarding both the board and the Company's operations are clearly laid out in the Rules Regarding Independent Director Duties. In addition to attending regular board and Audit Committee meetings, each independent director also meets with corporate leadership and both departmental and office managers to go over issues regarding corporate governance or business development in hopes of ensuring maximum effectiveness through the harnessing of the skills and assistance of management. In order to spur operational efficiency and business decisions & plans, the Company not only provides each independent director with their own dedicated office and equipment, but also a personal secretary to assist in the timely administration of affairs. Additionally, independent directors personally visit the Company several times each week, investing considerable time reading through meeting minutes and making appointments with managers to gain a deeper knowledge of the Company's financial, accounting, auditing, and risk control affairs and the overall situation of the Company.

#### Yuanta Financial Holdings Governance Organizational Chart G4-34



## Director and Independent Director Experience G4-38

**Chairman** Modern Investment Co., Ltd.  
**Representative:**  
**Wang Rong-Jou**

### Main Academic/Professional Experience

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

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Board Director, Chinese Tax Research Association; Supervisor, National Credit Card Center of the Republic of China

**Director and President** Modern Investment Co., Ltd.  
**Representative:**  
**Tony Shen**

### Main Academic/Professional Experience

- Taipei Municipal Commercial School
- Chairman/Vice Chairman/General Manager/Executive Deputy General Manager, Yuanta Financial Holdings; Chairman/Executive Deputy General Manager/Deputy General Manager/Manager/Assistant Manager, Yuanta Securities; Vice Chairman, Yuanta Securities Asia Financial Services Limited; Chairman, Yuanta Securities (Hong Kong) Limited

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- President of the Company; Director, Yuanta Securities; Director, Yuanta Cultural and Educational Foundation

**Director** Tsun Chueh Investment Co., Ltd.  
**Representative:**  
**Ma Wei-Chen**

### Main Academic/Professional Experience

- Bachelor's degree in Business, University of Southern California
- First Executive Deputy General Manager, Yuanta Financial Holdings; Deputy Chairman, Yuanta Commercial Bank; CEO, Syspower; Director, Yuanta Core Pacific Securities; Chairman, Zhifu International Company; Special Assistant to the Chairman, Yuanta Development

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Director, Yuanta Commercial Bank; Director, Yuanta Development; Director, Yuanhong Investment Company; Director, Yuanxiang Investment Company; Chairman, Yuanta Cultural and Educational Foundation; Deputy Chairman, Yuanta Life; Director, Asia Modern Foundation; Manager, Lianheng Investment Company Limited; Director, Taipei World Trade Center International Trade Building Corporation

**Director** Tsun Chueh Investment Co., Ltd.  
**Representative:**  
**Fang Jin-Long**

### Main Academic/Professional Experience

- Chiayi Business College
- Director, Yuanta Core Pacific Securities; Chairman, Li Ching Industry; Chairman, Yuanta United Steel Corporation; Chairman, Yuan Kun Construction

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Director, Yuanta Commercial Bank; Director, Yuan Kun Construction

**Director** Hsu Tong Investment Co., Ltd.  
**Representative:**  
**Chiu Hsien-Tao**

### Main Academic/Professional Experience

- Degree in Business Administration, Southwestern University;
- Chairman, Taichung Securities; Managing Director, Asia Pacific Bank; Director, Asia Pacific Investment Trust; Chairman, Asia Pacific Leasing; Chairman, Fu An Insurance Agency

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Director, Yuanta Commercial Bank; Chairman, Taiwan Yihe International Company; Chairman, Faya International Company; Chairman, Kandlee Trading Company Limited; Chairman, Guanya Investment Company Limited; Director, Chen Long Automotive; Chairman, Yihe Automotive Company; Director, Fu-Lun Motors

**Director** Hsu Tong Investment Co., Ltd.  
**Representative:**  
**Ho Ming-Hong**

### Main Academic/Professional Experience

- M.B.A., University of Washington
- Chairman, Yuanta Polaris Futures; Director, Polaris Securities; Director, Chinese National Futures Association; Director/Supervisor, Taiwan Futures Exchange; Director, Waterland Financial Holdings; Director, International Bills Finance Company

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- President, Chinese National Futures Association; Director, Yuanta Securities Asia Financial Services Limited; Director, Yuanta Futures; Director, Yuanta Securities; Director, Taiwan Futures Exchange; Supervisor, UDN.com Company, Limited Director, Lianan Wellness Company; Director, Yuanta Cultural and Educational Foundation

**Independent Director** Lin Tseng-Chi

### Main Academic/Professional Experience

- Department of Economics, National Taiwan University
- Administrative Deputy Minister of Finance; Director, Taiwan Provincial Centralized Disbursement Office; General Manager, Bureau of Labor Insurance in the Provinces of Taiwan and Fujian; Chair, National Tax Administration of Northern Taiwan Province, Ministry of Finance; Chair, National Taxation Bureau of Taipei; Director-General, Taxation Administration, Ministry of Finance

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Independent Director, Yuanta Securities

**Independent Director** Dr. William Seetoo

### Main Academic/Professional Experience

- Ph.D. in Business Administration, Northwestern University; MBA, University of Illinois
- Chairman, Commerce Development Research Institute; Director, Yuanta Securities; Independent Director, Yuanta Core Pacific Securities; Director, Taiwan Stock Exchange; Deputy Director, Public Administration Center, National Cheng Chi University; Deputy Director, Civil Servant Education Center, National Cheng Chi University; Chair, Department of Business Administration, National Cheng Chi University; Director, Graduate Institute of Business Administration, National Cheng Chi University; Deputy President, National Cheng Chi University

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Independent Director, Yuanta Commercial Bank

**Independent Director** Chi Lai-Ping

### Main Academic/Professional Experience

- M.A. in International Relations, University of Chicago; B.A. in Economics, Columbia University
- Greater China CEO, Sony Life Insurance; Deputy CEO, International Department, MetLife (U.S.); Managing Director, Sino-US MetLife; Chairman, MetLife Hong Kong; General Manager, MetLife Taiwan

### Concurrently Held Duties with Financial Holdings Companies or Other Companies

- Chairman, Trimaran PR Asia; Independent Director, Airmate (Cayman) International; Director, Petpal Investment Company Limited; Director, Yuanta Life

**Director Selection Process** G4-40

Yuanta Financial Holdings has a set Director Selection Process which lays out in detail the qualifications and abilities expected of board members, how candidates are nominated and elected, how votes are tallied, electoral matters, and how elected candidates are informed. Additionally, in consideration of the makeup of the Board of Directors, no more than half of the directors may have a spousal or second-degree familial relationship with any other director(s). The Director Selection Process lays out the skills directors are expected to have in nine areas, including operational decision-making, business management, crisis management, industry knowledge, international market observation, and risk management. The members of the board are also 100% equipped with the knowledge, skills, and personal qualities needed to carry out their duties.

**Guidelines for the Selection and Services of Investment Directors and Supervisors** G4-41

To facilitate proper management of investment matters, the Company has set out the Guidelines for the Selection and Services of Investment Directors and Supervisors. This is aimed at improving coordination between the Company and directors & supervisors involved in investment matters, protecting the our investments through stronger management. These guidelines clearly lay out regulations pertaining to the conditions, tenure, procedures, responsibilities, functions in acting capacities, training, and dismissal of directors and supervisors.

When directors or supervisors are assigned to investment matters by the Company, their qualifications and concurrent service should be verified as being in compliance with relevant legislation through the Eligibility Checklist for Directors and Supervisors

and the Stakeholder System Search Results. The person being appointed, the Company to which they are being appointed, and any others directly involved, should be made familiar with this in order to facilitate declarations to the competent authorities and other matters related to the task at hand. In addition to this, when appointing directors or supervisors to investment matters, upon commencement they shall issue a Directors (and Supervisors) Appointment Initial Self-Check Summary to ensure the relevant subsidiaries understand that the director/supervisor is legally qualified and what their responsibilities are.

**Rules for Board Meetings** G4-37 G4-41

In order to establish a strong corporate governance structure, the Company has established "Rules for Board Meetings." According to these rules, directors are expected to uphold a high level of self-discipline. When affairs involve the personal interests of directors themselves or the juristic person they represent, they should clarify their interests at board meetings. Should there be a conflict of interest with that of the Company, the relevant directors may neither participate in discussions nor votes, nor serve as a representative of another director in exercising their right to vote. The directors are also expected to provide mutual support in the interests of self-discipline.

Additionally, these rules also lay out clearly the procedures relating to board meetings, minute keeping, and the detailed recording of any resolutions and results; summaries of statements by directors, experts, and other personnel; full names of any directors facing conflicts of interest, as required by law; the main content of the conflict(s) of interest, reasons for recusal/non-recusal, reservations or objections (recorded or written), and written opinions issued by independent directors. In 2015, the directorship maintained a high standard of self-discipline, recusing themselves as needed.

**2015 Recusals by Directors from Board Decisions** G4-41

Session	Motion	Recused Due to Conflict of Interest/Participation in Voting
Friday, February 6, 2015 25th Session, Sixth Board	Decided: Company chairman 2014 group performance incentives	i.Chairman Wang Rong-Jou recused himself from this vote due to a conflict of interest, with independent director Dr. William Seetoo chairing the vote. ii.With the exception of those who recused themselves, the remaining directors present passed the motion.
Tuesday, March 24, 2015 27th Session, Sixth Board	Intention made clear to bid for state-owned property for subsidiary Yuanta Life Insurance Co., Ltd., upon which will be built an office building for that subsidiary.	Independent director Ma Wei-Chen recused himself due to a conflict of interest. The remaining directors present passed the motion.
Tuesday, April 28, 2015 29th Session, Sixth Board	Company amended Job Titles and Salary Scales Chart.	i.Chairman Wang Rong-Jou and president Tony Shen recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. ii.With the exception of those who recused themselves, the remaining directors present passed the motion.
Tuesday, April 28, 2015 29th Session, Sixth Board	Compiled recommendations for review of chairman salary.	i.Chairman Wang Rong-Jou recused himself from this vote due to conflicts of interest, with president Tony Shen chairing the vote. ii.With the exception of those who recused themselves, the remaining directors present passed the motion.
Wednesday, November 25, 2015 39th Session, Sixth Board	Inviting Yuanta Securities to serve as the financial consultant for 2016 issuance of unsecured corporate bonds.	Directors Tony Shen, Ma Wei-Chen, and Ho Ming-Hong, along with independent director Lin Tseng-Chi, recused themselves due to conflicts of interest. The remaining directors present passed the motion.
Wednesday, December 23, 2015 40th Session, Sixth Board	Revised Staff Bonus Issuance Act to serve as part of Staff Remuneration Act.	Director Tony Shen recused himself from this case due to a conflict of interest; the remaining directors present passed the vote.
Wednesday, December 23, 2015 40th Session, Sixth Board	High-Level Group Staff Bonuses Issuance of the Group Act revised as High-Level Staff Bonuses Issuance Act.	i.Chairman Wang Rong-Jou and director Tony Shen recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. ii.With the exception of those who recused themselves, the remaining directors present passed the motion.
Wednesday, December 23, 2015 40th Session, Sixth Board	Amendments to some provisions of the bonus structure.	i.Chairman Wang Rong-Jou and director Tony Shen recused themselves from this vote due to conflicts of interest, with independent director Dr. William Seetoo chairing the vote. ii.With the exception of those who recused themselves, the remaining directors present passed the motion.

**Board of Directors (Functional Committee) Performance Evaluation Process and Results** G4-44

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

**i. Assessment Scope**

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

**ii. Operation Method**

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

**iii. Board of Directors (Functional Committee) Performance Evaluation Results, 2015**

Each director expressed a positive assessment of the efficiency and effectiveness of the board, indicating that the board members all exhibit the desired skills and capabilities, and all act in compliance with relevant laws and regulations.

**Improving Professional Capabilities of Directors** G4-43 FS4/DMA

As the highest organ of corporate governance for the Company, the Board of Directors of Yuanta Financial Holdings upholds the core values and business philosophy, using these to guide the Company through important business planning and execution of those plans through careful deliberation regarding economic, environmental, and social aspects to ensure balanced development. In accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies and our own Guidelines for Continuing Education for Directors, the full board actively participates in corporate governance related courses and seminars held by a variety of professional organizations. In 2015, the board as a whole engaged in a cumulative total of 402 hours of training, with every newly appointed or continuing director meeting the legally recommended standard of completing a minimum of 12 hours of continuing professional education in their first year and six hours in each following year.

Every year directors of each of the subsidiaries of the Group (including managers assigned to subsidiary directorship) organize corporate governance seminars themed around corporate governance, mergers & acquisitions, sustainable business, finance, and corporate social responsibility. These seminars aim to help directors have a deeper understanding and consideration of sustainable business and corporate social responsibility, equipping them to better fulfill their duties of supervision and guidance. In 2015, three such seminars were held, with 97 directors and managers participating.

Moreover, the Company also organizes Summit Forums each year for the directors and major managers. These forums discuss topics including domestic and international economic outlooks, trends and evolution in the industry, Asian political economic culture, and health management for office workers. We urge management in each subsidiary to ride the wave of global economic development while upholding concepts of sustainable business and balancing business development with staff physical and mental health, and thus to implement sound corporate social responsibility. In 2015, a total of six Summit Forums were held, with 872 directors and managers participating in total. To serve directors and managers unable to participate in such events and to benefit the staff more broadly, we record the lectures and distribute them as digital classes with the consent of the lecturers and upload the videos to the Yuanta e-Academy digital learning platform to extend the impact of the education. In 2015, Summit Forum related digital classes were browsed by a total of 601 people.

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



Upper: Summit Forum, January 28, 2015: "2015 Investment Outlook"  
Lower: Summit Forum, July 2, 2015: "From Electronic Payment to Financial Revolution: Five Thoughts"

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**Functional Committees and Special Management Committee Operations**

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Under the jurisdiction of the Board of Directors are the Audit Committee and Remuneration Committee, which, along with two special management committees that focus on risk management and integrity management, help to facilitate the refinement of

our corporate governance, meeting regularly and reporting their results to the board, and ensuring that board members are kept up-to-date on the status of the Company. The responsibilities and operations of each group are as follows:

Category	Committee Name (Year of Establishment)	Main Responsibilities	Operations
Functional Committees	<b>Audit Committee</b> Established 2007	Oversee the propriety of financial statements, the hiring/dismissal of accountants and ensuring their independence and performance, the effective implementation of internal controls, corporate compliance with laws and regulations, and the management of current and potential risks to the Company.	<ul style="list-style-type: none"> <li>The committee is composed of three independent directors and meets at least once a month, convened by independent director Lin Tseng-Chi. Further meetings could be convened as necessary.</li> <li>In 2015, the committee convened <b>18</b> meetings.</li> <li>Average Attendance Rate: <b>91%</b>.</li> </ul>
	<b>Remuneration Committee</b> Established 2010	Assists the board with setting and managing management performance and remuneration standards, as well as director remuneration structures and systems, in a transparent fashion. In addition, there is no external consultant in our Remuneration Committee.	<ul style="list-style-type: none"> <li>The committee is composed of three independent directors and meets at least once a month, convened by independent director Dr. William Seetoo. Further meetings could be convened as necessary.</li> <li>In 2015, the committee convened <b>4</b> meetings.</li> <li>Average Attendance Rate: <b>83.33%</b>.</li> </ul>
Special Management Committees	<b>Risk Management Committee</b> Established 2012	Assists the Board in supervising risk management implementation and ensuring risk management is consistent with the Company's policies, operating strategies, and short- and long-term development goals to facilitate the Company's meeting of these goals and implementation of these strategies.	<ul style="list-style-type: none"> <li>Convened by the chairman of the Board of Directors and composed of the chairman and the general managers of subsidiary companies, heads of risk control, and other people as deemed appropriate by the convener. The committee meets each quarter, and reports resolutions to the Audit Committee and the Board of Directors.</li> <li>In 2015, the committee convened <b>5</b> meetings.</li> <li>Average Attendance Rate: <b>96.8%</b>.</li> </ul>
	<b>Integrity Management Committee</b> Established 2014	Assists the Board of Directors and management in supervising the integrity of operating procedures and the implementation of protective mechanisms, as well as ensuring that the measures are enacted against fraud as required by law, to improve the integrity of the management of the Company.	<ul style="list-style-type: none"> <li>Comprised of managers from the Corporate Planning, Administration, Human Resources, Compliance Affairs, and Internal Auditing Departments and headed by chief HR officer Sophia Chang. Convening meetings every two quarters.</li> <li>In 2015, the committee convened <b>2</b> meetings.</li> <li>Average Attendance Rate: <b>100%</b>.</li> </ul>

For more detailed information on Yuanta Financial Holdings' functional committees, please see the [Yuanta Financial Holdings website](#) under Corporate Social Responsibility>Corporate Governance

## Enhancing Integration and Synergy Across Subsidiaries

Yuanta Financial Holdings' reinvestment system covers nine main subsidiaries, including securities, banking, and life insurance. To create greater shared benefits for both the customers and our operating network, the Company and its subsidiaries not

only convene regular meetings of management, but also work through functional groups to synergistically handle other business matters. The relevant functional groups and the main information pertaining thereto is laid out below:

Group Name (Year of Establishment)	Main Responsibilities	Operations
<p><b>Financial Trading Performance Management Committee</b></p> <p>Established in 2007</p>	<p>Responsible for coordinating and supervising group's financial trading affairs, with main responsibilities including assisting with drafting the trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating rates and supervising operational performance.</p>	<ul style="list-style-type: none"> <li>Currently convened by the president of the Group, with the chair of Yuanta Securities deputy convener. In addition, the general managers of Yuanta Securities, Bank, Futures, and Securities Finance, along with the chief financial officer and chief risk officer make up the remaining six members of this eight-person committee. Meetings are convened at least once a month, with more meetings convened as necessary.</li> <li>In 2015, the committee convened <b>12</b> meetings.</li> <li>Average Attendance Rate: <b>89.58%</b>.</li> </ul>
<p><b>Product Sales and Marketing Committee</b></p> <p>Established in 2009</p>	<p>Primarily coordinates the product development, cross-selling business of each channel, and shared marketing strategy planning. Aims to leverage our combined resources for overall business synergy.</p>	<ul style="list-style-type: none"> <li>Convened by the president of Yuanta Financial Holdings and additionally comprised of management from the Company and all subsidiaries. Meetings are convened at least once per quarter, with more meetings convened as necessary.</li> <li>In 2015, the committee convened <b>5</b> meetings.</li> <li>Average Attendance Rate: <b>74%</b>.</li> </ul>
<p><b>Electronic Commerce Office</b></p> <p>Established in 2014</p>	<p>Responsible for planning the overall electronic blueprint and supervising and integrating company's electronic commerce business. Provides practical support and navigation for subsidiaries in this age of digital finance, monitors trends in the electronic commerce market, strengthens group digital competitiveness, and helps group gain a competitive advantage in the digital era.</p>	<ul style="list-style-type: none"> <li>Included in the purview of the office are the electronic commerce departments of five major subsidiaries (Yuanta Bank, Securities, Life, Futures, and Funds), jointly establishing new business models and competitive advantages.</li> <li>Every month the Electronic Commerce Office convenes an Electronic Commerce Office and Subsidiary Electronic Commerce Departments Meeting, sharing experience and results to help subsidiaries with their digital development and improve synergy across the Group.</li> </ul>



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## 4.4 Integrity Management and Legal Compliance

### Guidelines for Integrity Management and Behavior G4-56 G4-SO5 FS15/DMA

Yuanta Financial Holdings has set out its Code of Practice for Corporate Governance, implementing the highest standards for corporate governance with all staff expected to comply with the relevant rules of corporate self-regulation and, through training and education, ensure that proper business practices are being followed at all levels. In this way, the Group aims to create an operating environment characterized by integrity and self-discipline. In following the Financial Supervisory Commission policies and the template from the Taiwan Stock Exchange, issued on October 25, 2011, and December 27, 2011, respectively, the Board of Directors passed the Yuanta Financial Holdings Integrity Management Guidelines and the Yuanta Financial Holdings Integrity Management Practices and Behavioral Guidelines (hereafter referred to as the Behavioral Guidelines). The scope of both is the Company and its subsidiaries, covering both direct and indirect contributions to funds totaling over 50% of said funds and any other institutions, corporate conglomerates, or organizations over which de facto control can be exercised. These Integrity Management and Behavioral Guidelines clearly lay out prohibited bad faith behaviors and benefits, along with forbidding the giving or receiving of bribes, provision of illegal political donations, granting of inappropriate charitable gifts or sponsorships, and the provision of unreasonable gifts, entertainment, or other inappropriate benefits. They also call for regular training, education, and promotion of ethical behavior, as well as appropriate reporting and disciplinary measures.

The Company is subject to the Integrity Management Guidelines, which are closely linked to the relevant internal control standards. The measures serve to prevent inappropriate actions by staff. They ensure that departments adhere to internal controls and operational best practices, e.g.: the Code of Ethical Conduct, Rules for Board Meetings, Audit Committee Organizational Rules, and Standard Procedures for Outside Gifts. Additionally, the Auditing Department will also undertake annual inspections of general operations. In accordance with the Behavioral Guidelines, should any staff member be involved in unethical activity, the responsible unit shall handle the issue according to established procedures and report to the Board of Directors regarding reports, their handling, and follow-up improvement measures.

Should the Company encounter outsiders engaging in acts of bad faith and malfeasance, we shall notify the appropriate legal and prosecutorial authorities of the relevant facts; should public sector agencies or civil servants be involved, appropriate governmental anti-corruption organs shall be notified. Moreover, as the involvement of the Company employees in fraud or criminal negligence could potentially lead to damage to company assets and reputation, or to the rights of shareholders, customers, creditors, and any other stakeholders, the Company has not only established relevant rules and standards, but also employee working rules and an effective, appropriate set of internal control standards. Coupled with our legal compliance, risk management, and internal auditing mechanisms, these help ensure that the Company can continue operating effectively and prevent against fraud or serious negligence. In 2015, the Company encountered no incidences of bribery or corruption.

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

For more detailed information on Yuanta Financial Holdings' major internal policies, please see the Yuanta Financial Holdings website under Corporate Social Responsibility>Corporate Governance>Major Internal Policies.

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

### Unethical or Illegal Conduct Reporting Mechanism G4-57 G4-58

Yuanta Financial Holdings has established and publicized an independent reporting mailbox and hotline both on the corporate website and the intranet. We encourage internal and external staff to report any acts of bad faith or misconduct, with a bonus offered in line with the severity of the incident. In the event of a false or malicious report by internal staff, the staff member or members concerned would be subject to disciplinary action, and even dismissal should the incident be sufficiently serious. In addition, Yuanta Financial Holdings staff can submit enquiries to legal compliance units in case they have any questions regarding corporate ethics and relevant regulations.

Those staff members designated to investigate any reports shall declare in writing that the identities of both the reporter and the reported will remain confidential, and that the Company is committed to protecting any staff that report violations from improper treatment as a result of their report. Regarding the responsible units for the reporting mechanism, internal reports are handled by the Board of Directors, external reports the Administrative Management Department, and reports from governmental agencies by the Comprehensive Planning Department. Each undertakes regular reviews of reporting status and handling procedures, and then reports on measures for improvement to the Board of Directors. The procedures for dealing with reporting are as follows:

1. Where a report concerns ordinary staff, the management of the appropriate department shall be notified; where a report involves senior manager or a director, an independent director shall be notified.
2. The responsible unit and the aforementioned manager/director shall then immediately commence an investigation to determine the truth of the report with the assistance of the department involved where needed.
3. Should the investigation indicate that the person being reported has breached a law or the integrity management policies and guidelines of the Company, they shall immediately be requested to cease the activity concerned and then be subject to appropriate disciplinary action. Should it be necessary, compensation would be requested through the appropriate legal channels in order to protect the reputation and interests of the Company.
4. The acceptance of the report, the investigation process, and the results of the investigation shall all be recorded in writing, with the documents stored for five years in electronic form. Should legal proceedings arise involving a report before the five-year storage period has elapsed, the relevant documentation shall be preserved until said proceedings have concluded.
5. Should a report be verified as true, the responsible unit shall investigate the relevant internal mechanisms and operating procedures and put in place any measures required to improve those control mechanisms or procedures to prevent recurrence of that the same behavior.

In 2015, one external complaint was received through the reporting system, which was handled in line with the abovementioned procedure and subject to investigation by a designated unit. The investigation found that no person related to Yuanta was involved in any illegal activities. Since the results of the report were sent to the complainant, we have received no further indications of dissatisfaction.

**Fines Imposed on Subsidiaries in 2015** G4-PR4 G4-PR7

Item	Subsidiary	Summary of Issue
Friday, September 4, 2015 Financial Supervisory Commission Fine	Yuanta Life	In October 2014, the Financial Examination Bureau of the Financial Supervisory Commission conducted an investigation into how our investment business was conducted, revealing contraventions of insurance-related legislation and, in accordance with Article 171-1, Paragraph 4 of the Insurance Act levied a fine of NT\$0.6 million.

**Follow-up Measures:**

1. With regard to the Investment Commission's meeting records, we have yet to implement Article 14 of our Investment Policy that sets remuneration upon foreign equity investment performance in relation to the S&P 500. In order to bridge the gap between foreign investment performance evaluation and practical measures, the Investment Policy was revised in March 2015, setting an absolute remuneration indicator on foreign equity investment performance at 6%.
2. Since receiving the Risk Management Department's Audit Report on Deviation from Market Prices, the Company has undertaken reviews of core pricing operations to ensure the information obtained is correct and comprehensive. In April 2015, a review function was incorporated into operating procedures, thus avoiding the potential for unchecked transactions to slip through the cracks.

**Crisis Response Management Team** G4-14

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



**To effectively deal with emergencies or natural disasters, Yuanta Financial Holdings' Administrative Management Department will work with subsidiary companies to form emergency response teams, and immediately activate these teams in the event of an emergency or natural disaster. For example, when the Central Weather Bureau issues a typhoon notification, all branches are provided with early warning via e-mail and protective measures activated. In the event of a disaster, help and support will be called for by telephone and Line instant messenger groups, with reports submitted to the competent authorities in accordance with legal requirements or information disclosed through specified methods. After the February 6, 2016 earthquake in Tainan, each branch promptly reported via Line to subsidiary management on any damage, with these subsidiaries' management departments in turn reporting to the Chief Administration Officer to ensure that he was fully informed on the damage. A unified deployment of manpower and material resources was then employed to protect the interests of the Company, shareholders, customers, and staff, with reports submitted to the competent authorities in accordance with legal requirements and information disclosed through specified methods.**

**Crisis Management Procedure**



**Preemptive Prevention**

All management and staff of the Company are not only expected to have strong crisis awareness, but also to undertake drills and early warning plans for particular kinds of potential crisis, as well as establishing effective reporting and response mechanisms. Ahead of foreseeable crises, proper detailed prevention and response measures should be in place, delaying or avoiding the foreseen crises.



**Response During an Incident**

Should a crisis occur, a crisis management team should be set up as soon as possible and crisis response mechanisms should be activated. Appropriate crisis management strategies and procedures should be adopted to minimize minimizing the potential impact both internally and externally and to protect the interests of the company, shareholders, customers, and staff. In addition, crisis management progress and management methods should be used in communications with both company members and external media. In accordance with regulatory requirements, reports shall be submitted to the supervisory and filed with the competent authorities, or information shall be disclosed made public through specified methods.



**Post-Incident Review**

Once the crisis has come to an end, corporate management should conduct a thorough investigation into the causes, management, results and impact of the crisis, along with potential preventative measures, with a report completed for future reference.

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## 4.5 Risk Management and Internal Auditing

G4-SO3

### Risk Management Organization G4-45 G4-46

The risk management structure of Yuanta Financial Holdings includes the Board of Directors, the Audit Committee, the Risk Management Committee, upper management, the Risk Management Department, the Legal Compliance Department, the Legal Affairs Department, and various other departments.

The risk management organization of the Company follows a “three lines of defense” model, with each line having clearly defined organization, responsibilities, and functions to ensure the effective implementation of risk management mechanisms.

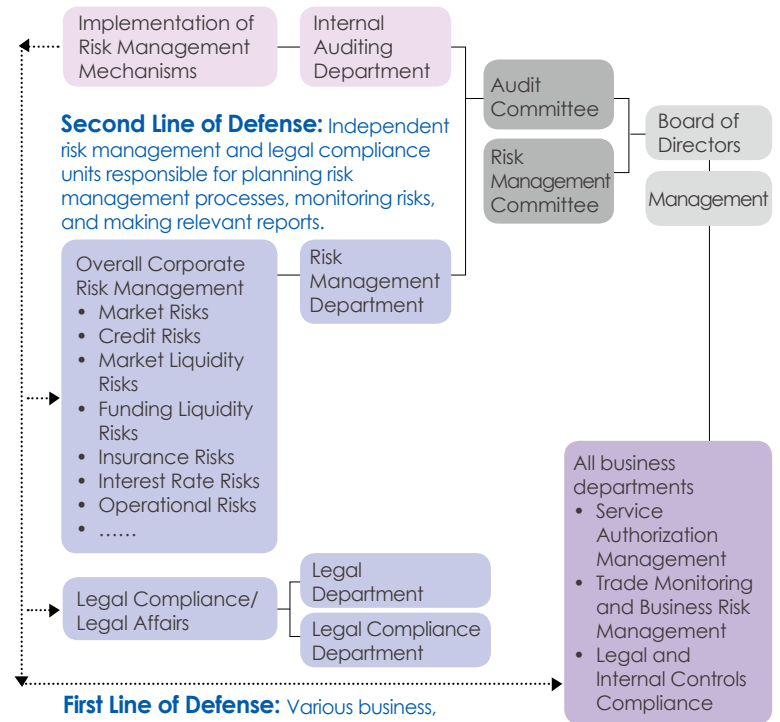
#### Risk Management Organization Chart

**Third Line of Defense:** Independent auditing unit responsible for checking for compliance with regulations and internal control mechanisms and also their implementation.

**Second Line of Defense:** Independent risk management and legal compliance units responsible for planning risk management processes, monitoring risks, and making relevant reports.

**First Line of Defense:** Various business, operational, and management units must ensure compliance with risk management practices ahead of implementing business plans.

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



### Risk Management Policy FS2/DMA FS9

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

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

### Risk Management and Corporate Social Responsibility G4-46 FS2/DMA FS9

The Company has established a comprehensive and effective risk management system, enabling the proper management of overall corporate risks and achieving the corporate social responsibility of risk management. These systems include:

## Yuanta Financial Holdings' Risk Management and Corporate Social Responsibility

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

**2 Implementation of "Know Your Customer" (KYC) policies and ensuring the protection of customer interests**  
In selling financial products, the Company subjects new kinds of products to a set of approval processes. We have also adopted an appropriate risk management framework and established financial product category-based management principles and a customer classification system.

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

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

**5 Staying vigilant regarding international developments in risk management and improving the culture of social risk management**  
The Company is focused on climate change and its impact on the global environment. Working within the scope of applicable legislation and the risk management policies, we strive to appropriately adjust our financing and investment policies to gradually, continually, reasonably, and safely support the reduction of energy usage and carbon emissions, as well as the promotion of recycling and other green industries. With the challenges of climate change squarely in our sights, we are prepared to meet them head-on with environmental awareness and social responsibility, while also maintaining our operational efficiency and safety.

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

### Internal Controls and Auditing Mechanism FS9

The Company adheres to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and thus has established effective corporate governance and internal control mechanisms, with auditing work undertaken internally and independently. To strengthen corporate governance, the Auditing Department focuses its audits primarily on issues pertaining to the operations of the Board of Directors, transactions with stakeholders, personal data protection, and information disclosure. The department also reviews and reports on the Group's internal controls and legal compliance, inspecting where controls have been lacking and their progress on improvement. It also provides a comprehensive evaluation of the effectiveness of the Group's internal controls as a reference for the Board of Directors, the president, the chief auditor, and legal compliance management. In addition through communication and seminars with members of the Board of Directors and auditing staff, the auditors are able to gain a better understanding of the operating goals and policy direction of the Board, regularly reporting to the Board and the Audit Committee on their progress and ensuring that internal controls remain effectively implemented to facilitate our pursuit of corporate social responsibility. The aforementioned audits of regular business are held once each year, and the 2015 auditing plan was completed in accordance with regulations, with no significant deficiencies found.

Both the Company and all its subsidiaries are required to comply with the Auditing Department and Legal Compliance Departments' annual audits of internal controls, personal information risk evaluations, and semi-annual legal compliance reviews and self-assessments. Such assessments shall be conducted by specified and confidential staff from a different unit under confidentiality. Reports from such audits, along with other relevant information, shall be retained for at least five years for future reference. The 2015 audit results show no significant deficiencies.

Additionally, in addition to audits of our venture capital and asset management subsidiaries by agents of the Auditing Committee, all subsidiaries, particularly our securities, banking, and insurance subsidiaries, have established and staffed their own auditing departments subordinate to the Board of Directors. These departments are required to adhere to the auditing plans passed by the Board of Directors. The Auditing Department and each subsidiary are required to undergo an audit of their core business plans at least once every six months, of which legal compliance is an important element, with any oversights or lapses tracked and followed-up until they are completely addressed.

In 2015, the Auditing Department undertook a total of 18 inspections of subsidiaries to look at compliance in several areas, including customer services, brokerage margin management, new credit transaction account checks, new securities lending account checks, customer information confidentiality and protection management, securities secured loans, controls of discretionary account investment processes, and investment analysis reports. A total of 17 deficiencies were found, with responsible subsidiaries tasked with undertaking measures to address them. The improvement completion rate was 100%.

### Audit Notification Mechanism G4-14

To facilitate early warnings of potential risks, the Auditing Department has established a Mechanism for Communication and Information Sharing between the department and the auditing units of subsidiaries. Through daily reporting of particular matters and monthly submission of audit results and internal/external irregularities via the auditing platform, the chief auditor can obtain immediate access to relevant information. This information can also be incorporated into monthly reports to the Board of Directors and the Audit Committee. In addition, the department has established an audit management system and procedures: assigning auditing work, carrying out audit, collating deficiencies and problems, and producing audit reports.

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# 5

## Strengthening Customer Service

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The Yuanta Financial Holdings group works tirelessly to provide convenient financial products and services, satisfying a variety of customer groups with our customer-centric business philosophy. As we work to become “the leading provider of financial services in the Asia-Pacific region,” we also strive to protect the interests of our customers, help familiarize them with financial products, and boost their satisfaction with our services, as well as the efficiency of those services. We aim to become the first choice in wealth creation for our customers.

## Timeline of Strengthening Customer Service

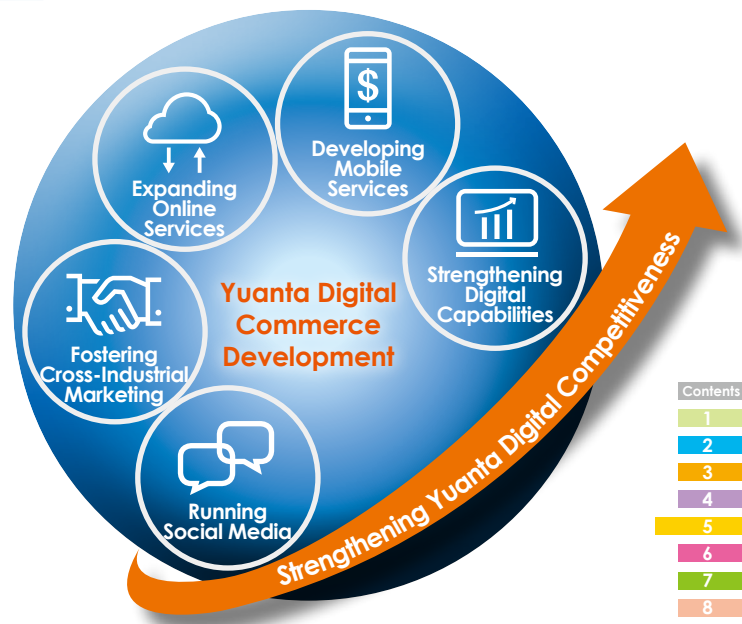


## 5.1 Digital Financial Services

FS7 FS8

Given the rise of digital finance, Yuanta Financial Holdings group and subsidiaries including banking, securities, life insurance, futures, and funds have not only established their own dedicated units, the Group itself also established the Electronic Commerce Office to provide more synergistic management in this area in July 2014. The head of this office is responsible for planning the Group's digital blueprint and providing supervision and integration of subsidiaries' electronic commerce development efforts. In this age of digital finance, the office provides subsidiaries with direction and practical assistance, helping them stay on top of the latest trends and boosting the Group's overall competitiveness in the digital realm. This not only makes business more efficient, it also helps reduce the impact on the environment by going paperless, keeping up our efforts to be more environmentally friendly and do our part for the future of Taiwan while also becoming a competitive leader in the digital era.

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







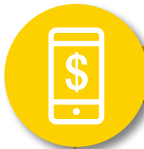
## 1) Strengthening Digital Capabilities

Yuanta Financial Holdings continues to work hard to strengthen the professional digital capabilities of its staff. Not only does the Group provide on-the-job training and external training classes, the most important part of helping staff level up their digital thinking and strengthen their customer orientation and digital skills is intragroup teamwork. By holding regular opportunities for members of various subsidiaries to share their experiences and skills in areas as diverse as social media management and platform development or maintenance, we facilitate faster learning and accelerate our ability to take advantage of new opportunities in the market.

In response to gradual changes in customer and financial industry behavioral models, the Group has developed a plan to integrate brick-and-mortar channels and digital channels, offering a full virtual channel from the inside out.

Taking into account customers, processes, staff, and business content and in combination with full channel resources, cross-subsidiary integration, data analysis, expanded cross-selling, and the design of a customer experience in accordance with the customer-centric concept, we have developed a one-stop shop for our customers that provides a consistent service experience and brings to life our commitment to providing our customers with the most comprehensive, most efficient, and most value-added group services.

The Group has also integrated similar services across subsidiaries (e.g. SMS messaging platforms, website multiscreen support, web design, electronic bulletin issuing platforms, etc.), leveraging the structure and strength of the Group to help subsidiaries get the best purchasing conditions and prices, helping cut costs and bring the Group's full synergy into effect.



## 2) Developing Mobile Services

### Yuanta Securities Mobile App—Taiwan's First Apple Watch Compatible Electronic Ordering Service

In order to give customers top-quality financial services, Yuanta Securities has in recent years actively worked on a full-scale upgrade of its digital service and innovation capabilities. By using the latest iPad technology, we provide mobile financial services and a one-stop-shop with all the financial products customers want. In April 2015,



the Yuanta Know It All app was launched, incorporating the electronic ordering system of the Action Point of Hope app and providing customers with a daily inventory, instant trade feedback, electronic teller, digital document signing

services, and more in a mobile format. The Action Point of Hope app, meanwhile, also supports smartwatches, tablets, and wearable devices, making it the first Taiwanese electronic ordering system compatible with the Apple Watch. In addition, we also provide a fingerprint authentication signing system on iOS devices, making it even quicker, safer, and more convenient.

And with the ongoing growth of Yuanta's wealth management business, in January 2015 we began planning development of a "Yuanta Wealth Creation" app, offering tailored notifications and providing wealth management customers with the most comprehensive information on funds and an easy-to-use trading interface. In October 2015, this app went online for both Android and iOS systems, and as of the time of writing the number of downloads is already over 9,000, with already as many as 140 thousand people using the account and trading functionality. The number of those browsing news and market quotations is far beyond this. The Action Point of Hope app has been downloaded by over 500 thousand customers, while the Yuanta Know It All app has been downloaded by over 70 thousand customers

### Continuing to Optimize Website and Mobile Services

The Yuanta Securities official website and exclusive apps (Action Point of Hope and Yuanta Know It All) took top place in both the online services and mobile services sections in *CommonWealth Magazine's* first Digital Lifestyle Survey in 2015. Similarly, in *Wealth Magazine's* 6th Consumer Financial Brands and Holdings Companies CSR Awards, Yuanta Securities' efforts in the digital finance realm were recognized with the Best Online Brokerage and Best Mobile Brokerage awards.

#### Highlight

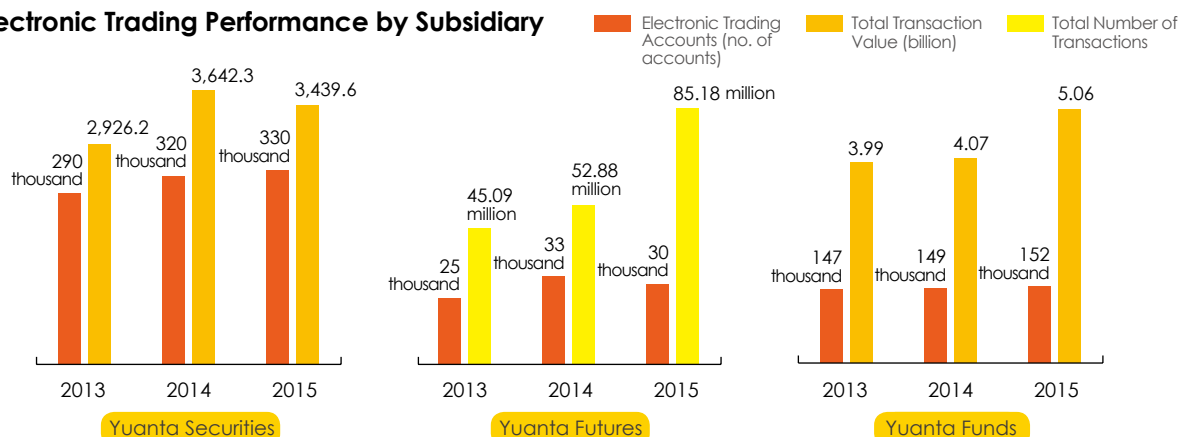
In 2015, electronic trades totaled NT\$ **3,439.6** billion in value, accounting for **16.72%** of the national market.



• Yuanta Securities vice chairman Huang Guh-Bin represents the Company at an award ceremony

In 2015, Yuanta Futures carried out a customer satisfaction survey focused on users of their app, with the results showing that 64.34% of users were "Extremely Satisfied", 26.68% "Satisfied", and 6.98% "Neither Satisfied nor Dissatisfied," indicating that the app was highly praised among its users. In the future, we plan to develop a segment trading system and introduce "big data" analysis tools, providing a personalized platform and creating further differentiation from our peers.

### Electronic Trading Performance by Subsidiary



### 3) Expanding Online Services

#### Yuanta Bank—Yuanta e-Tellers Lead the Industry Online into Finance 3.0

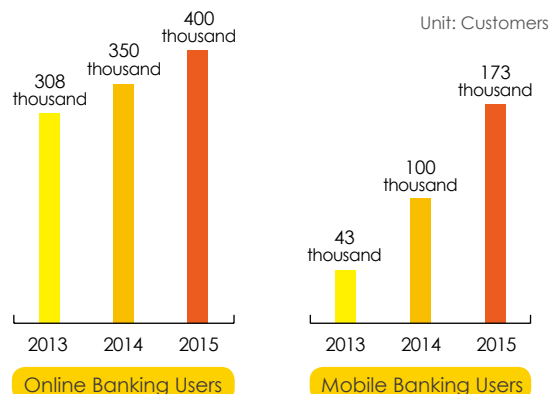
In line with the Financial Supervisory Commission's promotion of a "Finance 3.0" digital finance environment, Yuanta Bank has created "Bank 3.0," and promoted Yuanta e-Tellers. In late March 2015, Yuanta became a leader in the industry by offering a full range of 12 online services to customers in four areas: deposits, loans, financial management, and credit cards. In May 2015, this was joined by the mobile app, giving those on mobile devices or online elsewhere access to 24-hour banking services, providing personal service as convenient as over-the-counter service without the need to enter a branch.

#### Highlight

As of the end of December 2015, a total of **13,150** customers had successfully completed **35,434** transactions in **15** services online.

In addition, as the competent authorities allowed the opening of digital deposit accounts online, we are planning online account opening services. In March 2016, we formally launched these services and continued to work on developing further "self-service" options, enabling customers to complete the application process online through convenient all-day service. In the future, we will continue to work on developing further such services in coordination as the competent authorities liberalize their policies. By streamlining and digitalizing our services, we are able to reduce the amount of energy and paper consumed by our business, reinforcing our commitment to green finance.

#### Yuanta Bank Performance in Digital Services



#### Yuanta Life—Creating and Providing a Variety of Electronic Services

Yuanta Life looks forward to helping customers reduce energy usage and carbon impact, as well as effectively reducing paper usage through the provision of online services, helping the Company uphold its responsibility to the environment. These electronic services are classified into three areas:

**1. e-Service:** Through the e-Services for Policyholders section of the Company website (Chinese only), policyholders can search for important news and download relevant information. They can also apply for an Instant Service Center password and directly conduct online contract changes, applications for policy loans, and change investment allocation ratios. Thus our customers are able to update and stay up-to-date on their policy at any time.

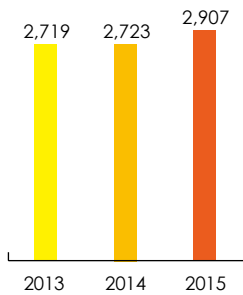
**2. e-Notice:** A total of 22 different kinds of notification are available to customers, including receipts for successful payments, regular account statements for investment products, and payment notices. Policyholders can apply to have electronic files sent to encrypted personal email accounts. The use of e-notices not only helps protect the confidentiality and security of personal information, but also helps reduce carbon emissions and do a little bit more for the planet.

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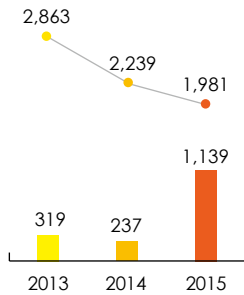
**3. e-Form:** Through the e-Services for Policyholders section of the website (Chinese only), we provide 24-item electronic forms in which customers can choose an item and fill out the applicable sections, guiding customers through the input process step by step. After the form is completed, printed, and signed, it can be sent to the Company for processing. This makes it easier for customers to provide clear, accurate information without having to pore over forms.

### Digital Services and Performance

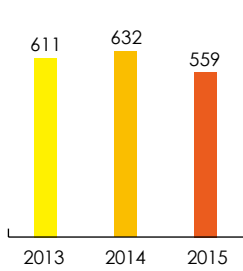
e-Service: e-Services for Policyholders Customers



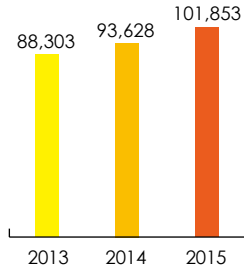
■ e-Service: Applicants for Instant Service Center Services  
● e-Service: Usages of e-Service Instant Service Center



e-Notice: Applicants



e-Notices: Sending



In order to reduce paper usage, ease the impact on our earth, and ensure our customers aren't limited by location or time, Yuanta Life continues to set up a range of mobile electronic services expected to come online in 2016:

#### 1. Developing Mobile Policyholder Services:

Customers are able to search for important policy details and other important information through their mobile app, including policy annuity payment methods and records, as well as offering the Company a channel for sending marketing materials regarding insurance products directly to customers. The mobile app gives our customers ready access to timely information and the convenience of paperless service.

#### 2. Developing Mobile Business Services:

Through the mobile app, Yuanta Life customers can look for details on policies, calculate premiums, and get information on products through electronic marketing information. Such a channel reduces hard-copy direct mail advertising and lists of product interest rates, thus helping us do our part for the environment.

### Yuanta Securities—Taiwan's First Online, 24-Hour Account System

In order to reduce the inconvenience of having to apply in person at a counter and unnecessary paper consumption through photocopies of identity and account documentation, Yuanta Securities is the first company in Taiwan to offer online, 24-hour-a-day account services. The new accounts service went online in July 2015, and the service was made even more comprehensive later in December 2015 with the addition of opening credit accounts online, through which existing customers could apply for additional accounts. Yuanta Futures also launched online customer account services officially in March 2016. In the future, we will continue to work on optimizing interfaces and introducing account applications for loans, securities lending, and wealth management, making things even more convenient for investors.



## 4) Fostering Cross-Industrial Marketing

### Yuanta Bank—Creating New Business Opportunities for Taiwan through the Yuanta Cross-Border Platform

In 2014, Yuanta Bank launched several cross-border payment services, namely Yuanta e-Pay, Yuanta School Network, and Cross-Border Scan & Pay Service. In 2016, Yuanta Bank expects to launch Taiwan's first Online to Office (O2O) integrated platform, the Yuanta Cross-Border Platform. This platform will bring together the aforementioned three services, providing businesses and schools in Taiwan a high-quality payment service and facilitating effective strengthening of cross-border service quality, while also raising the visibility of Yuanta Bank's international services.

#### Highlight

In 2015, the total value of cross-border transactions was NT\$ **250** million.

#### 1. Yuanta e-Pay

In October 2014, Yuanta Bank, in cooperation with the Chinese company 99Bill Corporation, launched Yuanta e-Pay, facilitating the sales of quality Taiwanese products to the people of China, with payment handled instantly through 99Bill and door-to-door delivery handled by logistics partners. Through this platform, customers are able to check on delivery progress, just one more element that makes this a comprehensive solution to customers' electronic commerce needs. As of the end of 2015, over 50 Taiwanese businesses were on board, making their big pushes into the Chinese online shopping market with the help of Yuanta's e-commerce platform. This was a 10% increase on 2014 numbers.

#### 2. Yuanta School Network

Since October 2014, Yuanta Bank has worked with Alipay and China UnionPay to provide an innovative service for the payment of tuition fees, the Yuanta School Network. This service helps Chinese students studying in Taiwanese schools fulfill the cross-border collection of tuition and miscellaneous fees, not only reducing costs and saving time for the schools,

but also offering increased security, ease, and promptness for student payments. In 2015, an online sweepstakes was held, offering iPhone 6 smartphones and Apple Watches as prizes for Chinese students in Taiwan who paid their school fees through the service. By the end of 2015, a large number of schools were already on board with the service, with Chinese students using it for over 4,000 transactions. In order to provide students with a more diverse range of settlement methods, we will continue to add payment channels and optimize the usability of the interface in the future. Through this, we aim to become the first choice settlement platform in academia.

### 3. Cross-Border Scan & Pay Service

In November 2015, Yuanta Bank received approval from the Financial Supervisory Commission to become Taiwan's second private-sector bank to provide a cross-border

electronic payment service. To provide convenient financial services and currency exchange to travelers from China, we allied with Alipay, the payment platform of Ant Group, to begin providing an O2O Cross-Border Scan & Pay Service at the end of 2015. This gives both tourists and business travelers in Taiwan from China the means to use the Alipay app to easily shop and pay for goods.

To make it easier for Taiwanese brick-and-mortar shops to provide more convenient services, they can send out notifications on product discounts through Alipay to its users visiting Taiwan after joining the Alipay service. This creates a new community of merchants and travelers, and by the end of 2015 over a dozen stores in Taiwan were already providing Alipay scan-and-pay services. In the future, we plan to hold occasional promotions with Alipay to entice Chinese travelers to shop in Taiwan.



## 5) Running Social Media

### Yuanta Securities—Creating Niche Facebook Groups

To strengthen the impact of Yuanta Securities as the leading brand in digital financial services, we have actively engaged in social media operations, creating targeted niche Facebook pages to serve different groups. These pages are "Yuanta Yes Friend," "eWinner Fans," and "Stock Save." Of these three, Yuanta Yes Friend engages younger people on their level, sharing the latest news, tips from investment and finance experts, and tips for electronic trading. We also offer signups for courses, helping expand the reach of O2O services and assist investors in keeping pace with the world of digital finance. Currently the pages have a total of 35 thousand likes. In the future, we hope to provide financial knowledge and education in a more meaningful and entertaining way through a social media model based around being practical and personal. Through this, we will strengthen interaction with the page's followers, help the community at large gain a better understanding of the world of finance, and create potential future customers.

### Social Media Statistics for Subsidiaries

Subsidiary	Page Name	Number of Likes
Yuanta Securities	"Yuanta Yes Friend," "eWinner Fans," "Stock Save"	35 thousand people (approx.)
Yuanta Life	"Yuanta Life Insurance"	87 thousand people (approx.)
Yuanta Futures	"Yuanta Futures"	7 thousand people (approx.)
Yuanta Funds	Yuanta Funds	20 thousand people (approx.)

Note: Like numbers current as of March 12, 2016

## 5.2 Customer Privacy and Information Security Management G4-PR8

As a part of the financial services industry, should Yuanta Financial Holdings prove unable to properly protect customer information, not only will we lose customers, it will also cause tremendous harm to our reputation, image, and revenues. Given this, Yuanta Financial Holdings strives to fulfill its responsibility to protect the confidentiality of the personal information of customers and investors, with particular attention to relevant legislation such as the Financial Holding Company Act and the Regulations for the Management of Shared Marketing Across Subsidiaries of Financial Holding Companies. To this end, we have set out security measures such as the 2002 Yuanta Financial Holdings and Subsidiaries' Measures for Customer Information Protection and the 2012 Customer Privacy Protection Declaration, providing a consistent set of guidelines for the protection of the privacy of our customers and investors. The Yuanta Financial Holdings group and all subsidiaries organize at least one company-wide Personal Information Protection Legislation course each year. From April

through December 2015, 32 sections of these digital courses were held, with post-course tests indicating the teaching was effective and ensuring staff understand the importance of personal data and how to properly handle it.

All information is collected through legal, public channels, and customer information is entrusted to relevant companies, and highly secure, stable information security companies. Anyone requesting to retrieve or use customer and investor data of any kind must be authorized under our Information Authorization Management Regulations before they will be granted access. Our information security and protection adopts a strict internal IP control model, with the Company and all subsidiaries using a virtual local area network (VLAN) system and hierarchical management of personal data, together with an advanced firewall to prevent unauthorized intrusions.

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We have also established a comprehensive personal information protection system and employee Code of Practice, along with establishing internal controls that launch random checks. In 2015, neither the Company nor any subsidiaries were subject to any litigation regarding infringements of customer privacy rights nor any losses of customer information.

### Yuanta Securities—Committed to Customer Privacy Protection

When a customer opens a securities account, they are fully informed pursuant to the duty of disclosure set out in Article 8, Section 1 of the Personal Information Protection Act. To facilitate the access to any of their data stored by the Company or to carry out transactions on any electronic platform using that data, customers must first complete the setting of a secure password.

When a business case is classified confidential, not only will a confidentiality agreement be signed with the customer and relevant confidentiality clauses incorporated into the contract, designated data folders will be set aside within the computer system for storing relevant data. Those folders remain accessible only to the Group heading up the project. Additionally, in line with the Personal Information Protection Act, any email from an employee of the Company bound for an external mailbox that includes in its content customer related information must have the files protected with a password. Emails containing private customer information are checked and authorized by management before they may be sent.

In addition, to demonstrate our focus on and commitment to ensuring the security of personal information, in March 2015 we passed the BS's BS 10012:2009 (Data Protection - Specification for a Personal Information Management System) certification.

### Yuanta Bank—Strengthening Information Security Management

Protecting the information privacy of our customers and establishing long-term relationships of trust have consistently been issues of great priority to Yuanta Bank. In order to increase the competitiveness of our financial services, we have established management systems specifically designed for information security and personal information security. In January 2012, we obtained ISO 27001 (Information security management) certification, and in July 2012 we also obtained BS 10012 (Data Protection - Specification for a Personal Information Management System) certification.

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

### Yuanta Life—Focused on Protecting Customer Personal Information

Yuanta Life has established a personal information protection team which supervises personal information protection operations and management in accordance with its Rules for the Operations and Implementations of the Personal Information Protection Team. The team also conducts regular updates in line with changes in personal information privacy internal rules and external regulations, ensuring the personal information under our protection is as thoroughly and tightly protected as possible. Looking to the future, by July 2017 we expect to have achieved ISO 27001 Information Security Management certification, further reinforcing our customer personal information protection measures.

## 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys

### Focusing on Customer Interests

G4-PR3 · G4-PR6 · FS15/DMA · FS16/DMA

Yuanta Financial Holdings and all its subsidiaries place immense emphasis on the rights and interests of their customers. When we list financial products, all aspects of those products are fully disclosed to both customers and the competent authorities. These disclosures include product terms, product characteristics, product advertising, and all other documents that should be disclosed to the authorities. Customers can search and browse all of this information on the Company's official website, in the "Product and News" sections, thus staying up-to-date with the latest on financial products. Relevant documentation, including electronic documents, is also provided to the competent authorities, or another designated agency, to be included in publicly accessible online databases so that the public can get a full understanding of the Company's products.

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



### Yuanta Bank—Successful Fraud Prevention at Customer Counters

**Yuanta Bank continues to implement customer assistance questions at counters, reducing the incidence of fraud and protecting customers' financial assets. When signs of potentially fraudulent, unusual activity were identified in 2015, customers received timely caring enquiry from the Bank. The police were also immediately notified and called to investigate. Such measures were able to successfully prevent 5 incidents and NT\$1.95 million value in fraud attempts.**

### Responding to Customers through Multiple Channels

G4-PR6

Yuanta Financial Holdings has set up public channels for feedback, including an official website, a dedicated customer service hotline, and a dedicated email address, providing us with timely information on customers' feelings about our services and a reflection of their needs. We also have internal mechanisms, customer complaints handling procedures, and telephone recording system management regulations, facilitating effective tracing and addressing of problems, providing our customers with better service while also protecting their interests. In addition, our subsidiaries run customer service centers and operating locations around Taiwan. Through occasional surveys they take the initiative to solicit customer opinions in order to better understand the level of satisfaction and needs of their customers. The results of such surveys help us effectively respond to problems, and thus provide even better service to our customers.

When the Company receives a complaint from a customer, the relevant unit is immediately notified, promptly dealing with the complaint and responding to the complainant, the Company, and the authorities as necessary in order to ensure progress on the case can be closely followed. The Company and its subsidiaries carry out business in accordance with the relevant industrial regulations, with strict procedures for handling complaints in order to properly handle problems and respond to all complaints. Complaints Channels for Yuanta Financial Holdings:



**Telephone: 02-2173-6054**



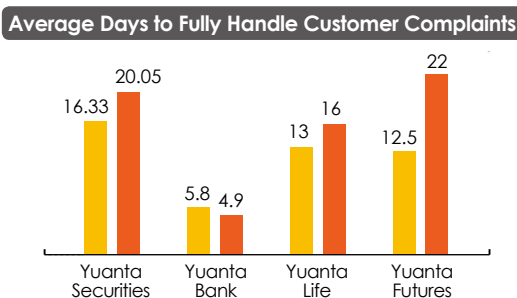
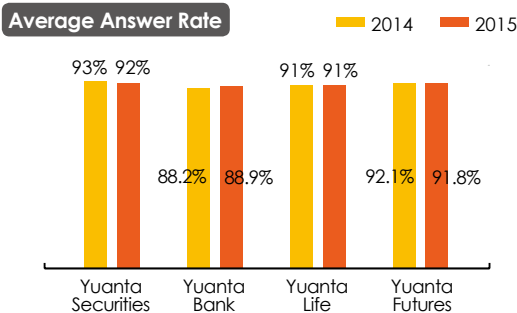
**Fax: 02-2772-2862**



**E-mail: Hotline.fhc@yuanta.com**

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

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



**Customer Satisfaction Survey**



Note: At present, Yuanta Bank, Life, and Futures have not yet carried out customer satisfaction surveys.

### Yuanta Securities—Overall Customer, Service, and Shareholder Satisfaction G4-PR5

With regard to our customer disputes handling mechanism, Yuanta Securities has developed the Guidelines for Handling Customer Disputes, establishing the responsible unit and laying out clear reporting and handling processes. Within two days of receiving a customer dispute, we respond to the customer using the appropriate response measures. Additionally, in order to ensure the matter is handled thoroughly, should the customer still have concerns or be unable to respond, or should the management of the affected unit decide that the dispute should continue to be processed as a complaint, the dispute would be handled in line with the Guidelines and a Yuanta Securities Customer Complaint Handling Record would be filled out. Within 30 days of receiving the customer complaint, the results of the process shall be provided to the customer who filed the complaint. Once the issue is handled, all relevant records must be retained for future reference.

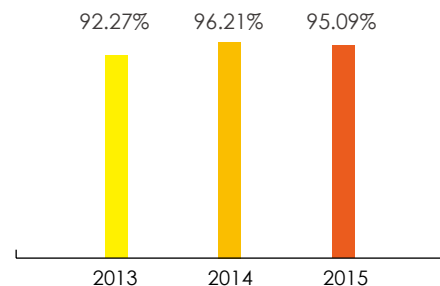
Yuanta Securities' Stock Transfer Agent Department strives to provide customers with outstanding professional service and added value. Rather than engage in price wars, we cultivate a corporate culture of quality service, hoping that high quality service will help us build strong relationships of trust and partnership with our customers. Since 2012, we established customer satisfaction surveys ahead of each year's annual shareholder meeting. These surveys are composed of 20 items, and after the shareholder meeting, they are mailed out to determine customer satisfaction with the service provided by their agents and collect the valued opinions of our customers. Through these surveys, the Stock Transfer Agent Department can understand where customers are dissatisfied or have comments. Through communication with customers, we can find where we can improve our service and thus provide more comprehensive operations, improving service quality and ensuring our competitiveness.

**Highlight**

Our average customer satisfaction since 2012 is over **92%**

### Yuanta Securities Stock Transfer Agency Department Customer Satisfaction Survey Results

Overall customer satisfaction with shareholder services, including daily schedule flexibility, service employee initiative, and on-site processing.



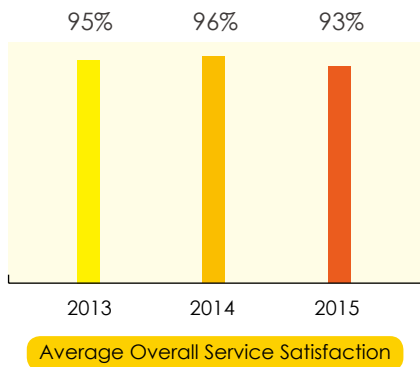
### Yuanta Bank—Customer Satisfaction in All Services G4-PR5

In order to better understand satisfaction among customers who make use of the online banking system, Yuanta Bank has begun running an event to get users to fill out a satisfaction survey after logging in to the online banking website. By agreeing to take part in the survey (limited to once per person) through a click, the customers give us further information for reference in improving our services. These surveys cover satisfaction with purpose and frequency of use of online banking, online bank design, customer needs, and service provided by counter staff, facilitating the

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immediate provision of information to branches and business units for reference and deliberation. In order to make these surveys more comprehensive and better appeal to customers, we adjust the targets or contents of these surveys as appropriate, further improving customer relationship management. In 2015, Yuanta Bank enjoyed an overall average service satisfaction rate of 93%. At the same time, however, growth in both case and customer numbers and a substantial increase in customer service center traffic led to a 10% decrease in satisfaction with the customer service centers compared with 2014, from 90% to 80%. In the future, we will continue to work on supplementing service center staffing, optimizing center system functionality, and through these, raising customer satisfaction.

### Customer Satisfaction in All Yuanta Bank Services



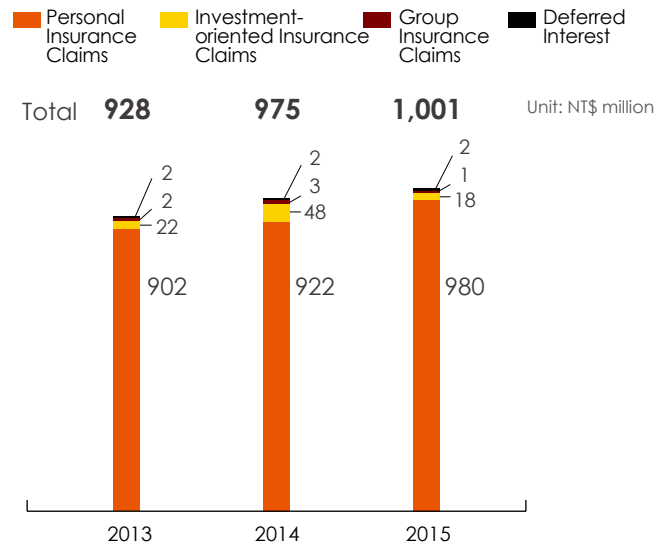
Customer Satisfaction with Specific Products or Services	2013	2014	2015
Online Banking	--	97%	96%
Customer Service Center	90%	90%	80%
Automotive Loans	99%	99%	99%
Main Operating Locations	--	97%	97%

### Yuanta Life—Quick Claims Processing and Concern for Customers

The greatest value of insurance lies in the promise of payment, and Yuanta Life considers that promise to our customers of utmost importance. As such, we are committed to providing customers prompt, clear, convenient, and flexible claims services. We believe that providing the more convenient, comprehensive, and thoughtful service is the only way to make us more competitive in the life insurance industry. As such, every member of our policy services team considers diligently addressing customer feedback a personal responsibility, working hard to eliminate potential customer complaints.

Customers can apply for claims through their policy agent, filing the form online, then sending by postal mail or filing in person (appointments are available). Our claims handling process is also clear and transparent. Upon receipt of a claim, we notify the customer via text message that their claim has been received and is under review. When the review is complete and the payment approved, we once again notify the customer by text message with the details of their payment. Generally, a claim submitted with full documentation will be processed within one working day, reaching our 2015 goals for claims review service. Where a claim is made in person and meets the conditions for rapid claiming, payment can be made as soon as the review is complete.

### Insurance Payouts by Yuanta Life in the Past Three Years



We regularly convene complaints meetings including not only managers of sales channels and service departments, but also auditing, legal compliance, and risk management managers. The general manager also attends the meetings to provide guidance. Through sharing complaint cases and investigating measures for improvement, we continue to strive to protect our customers' greatest interests from a perspective of fairness and reasonableness. Of the complaints received by Yuanta Life over the past three years, none were regarding environmental or rights-based impacts on the community, nor were any concerned with personal information protection problems. Additionally, no complaints went to litigation.

Although Yuanta Life became a member of the Yuanta Financial Holdings family on January 1, 2014, we ensured that previously existing policyholders were not affected by the change of ownership and actively provide a variety of insurance products to satisfy customers' need for both personal and savings protection. The change of ownership also gave Yuanta Life access to the wealth of resources from the various subsidiaries, providing customers with more comprehensive financial services. We believe our continuing growth—30,000 new customers in 2014 and another 50,000 in 2015—is a testament to the faith and confidence customers have in the Yuanta Financial Holdings brand.

### Yuanta Life Complaints Processing

Item	Type	2013	2014	2015
Number of Policies	Master Policies	355,200	380,849	435,237
	Riders	580,491	584,216	587,983
Customer Numbers (People Insured)		270,310	298,471	344,678
Number of Complaints	Claims	9	16	24
	Non-Claims	6	12	17
Number of Reviews	Claims	1	6	9
	Non-Claims	1	3	4
Cases that Entered Litigation		0	0	0

Additionally, when major natural disasters such as earthquakes, floods, typhoons, fires, or landslides occur, we immediately activate the full number of our claims staff, having them confirm the involvement of policyholders, along with their situation and the content of their policies. We also activate policyholder care mechanisms including rapid claims processing, premium holidays, interest-free policy loans, and free replacement policies. What follows is a summary of the activation of policyholder care mechanisms in recent years.

- i. On February 6, 2016, a major earthquake struck the city of Tainan, causing hundreds of casualties. Yuanta Life immediately inspected the list of casualties and activated policyholder care measures. Our staff were dispatched to provide relief payments and assist in handling claims as quickly as possible. A total of five Yuanta Life policyholders died in the disaster, with another two injured, resulting in total claims payments of over NT\$900 thousand.
- ii. The Formosa Fun Coast Explosion of June 2015 left almost 500 people suffering serious burns. Through immediate investigations, it was determined that eight people were Yuanta Life policyholders. After their conditions were confirmed, the preemptive claims payments mechanism was activated. Claims managers individually presented relief payments, with further specialist follow-up to assist with the provision of early claims payments, and continuing payments have been regularly provided out of concern for the ongoing recovery of the policyholders. As of the end of 2015, all eight policyholders had recovered sufficiently to leave hospital, with Yuanta Life having paid out over NT\$1.44 million in claims to them over the half-year period.
- iii. After the 2014 Kaohsiung gas explosions, Yuanta Life dispatched notifications to the policyholders one by one in the affected area regarding customer care measures, with a total of 10 customers applying for premium holidays worth a total of NT\$60,617 and interest-free loan services totaling NT\$10,453.
- iv. In the wake of 2015's Typhoons Dujan and Soudelor, as well as the 2016 Kaohsiung Meinong Earthquake, Yuanta Life immediately activated the customer care measures. However, there have been no applications to date.

## 5.4 Products and Services that Benefit the Environment

G4-EC2 → FS1/DMA → FS3/DMA → FS8 → FS11 →

As understanding of concepts of sustainable development has grown across all walks of life, demand for funding in the development of energy-saving facilities and renewable power industries has accelerated. In recent years there has not only been a growing move to implement internal sustainable development policies and environmental protection measures in response to the growing focus on "green finance" in the finance industry, but also a need to combine these with core competencies in the financial services sector. Such efforts will not only promote economic, environmental, and social sustainability outside the Company, but also help direct resources to the prevention of environmental pollution, development of energy-efficient technologies, and industries that support environmental protection. On top of that, the more the industry focuses on green business, the more customers will become aware and "greener" consumers themselves. As such, Yuanta Financial Holdings and all its subsidiaries continue to promote environmentally beneficial products and services, working to optimize them and provide an effective motive force behind the development of green energy and environmentally friendly industries while still pursuing financial benefit.

### Yuanta Bank—Promoting and Practicing "Green Credit"

At the core of Yuanta Bank's credit business are five essential principles: security, liquidity, charity, profitability, and growth.

Similarly, we judge lending for customers in line with another five points: credit standing, use of funds, source of repayment, creditor protection, and credit outlook. In line with the amendments regarding the encouragement to banks adopting the Equator Principles conducted by the bankers association and Financial Supervisory Commission Yuanta Bank has added clarification to paragraph 2, article 10 of the Yuanta Commercial Bank Credit Business Guidelines stating that "When handling project financing reviews, we advocate that the borrower shall be assessed as to whether or not they have upheld their responsibility to protect the environment, upheld corporate integrity management, and pursued corporate social responsibility." In May 2015, the Board of Directors of Yuanta Bank passed a motion to incorporate language to that effect into the review indicators. As a result, applications without social economic or philanthropic value nor those that may harm the environment, shall be rejected on principle.

In addition, with regard to construction financing credit, one of our review elements is compliance with environmental review standards. Furthermore, where a review indicates pollution issues, unless they are resolved within a limited timeframe for improvement, such cases are not accepted as collateral.

Yuanta Bank places substantial emphasis on the environmental impact of our borrowers and related businesses. To avoid negative or illegal impacts on the environment and consequent fines or closure, as well as avoiding exposing the bank to bad debt or failed investment risks, we consider the aforementioned highly important elements.

With regard to post-lending management, where during the time a borrower has been extended credit situations including bad credit, signs of default, a worsening of their financial or business situation, or other non-financial information or information published through the media (such as food safety concerns, fires, environmental problems, etc.) should create doubt as to the borrower's ability, the business unit must immediately launch an investigation and inform management upon obtaining of this information. This will be followed by immediate investigation, drafting of a response plan, and implementation of safety measures such as increasing collateral, increasing interest rates, freezing credit, recovering the balance, or negotiating repayment. Additionally, a risk combination will be made according to the type of customer and industry, with active review, regular review, or dynamic reviews taking place with differing frequencies. The customer will receive both reports and site visits where appropriate, facilitating further follow-up on the customer's credit situation. In 2015, no credit customer was found to have caused any environmental or human rights issues, not any related cessations of financing.



### Green Energy Industry Financing Loans

Because of their direct blocking of sunlight, rooftop solar panels are an effective way of reducing indoor temperatures and easing power demand during peak season in Taiwan's summer. Such panels are compatible with any industry, and can fully boost land productivity. In 2015, Yuanta Bank continued to engage in providing financing loans to the rooftop solar panel industry, with 8 clients passing reviews and receiving total funding of almost NT\$800 million.

#### Highlight

Additionally, in terms of funding for Taiwan's "Six Major Emerging Industries," in 2015 Yuanta Bank invested some NT\$ **13.4** billion into the green energy industry, which accounted for **38.4%** of its funding to the six industries.

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## Financing of the Six Major Emerging Industries, 2015

### Tourism Industry

Financing Amount:  
6,685,285  
Accounts: 160  
**19.04%**

### Cultural and Creative Industries

Financing Amount:  
5,141,646  
Accounts: 210  
**14.64%**

### Healthcare and Medicine

Financing Amount:  
1,609,455  
Accounts: 37  
**4.58%**

### Biotechnology

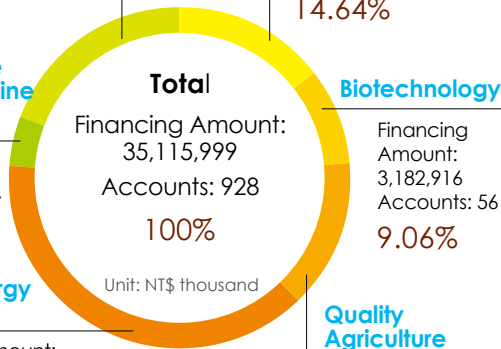
Financing Amount:  
3,182,916  
Accounts: 56  
**9.06%**

### Green Energy Industry

Financing Amount:  
13,485,174  
Accounts: 74  
**38.4%**

### Quality Agriculture

Financing Amount:  
5,011,523  
Accounts: 391  
**14.27%**



Note 1: Data current as of the end of December, 2015.

Note 2: The areas of the green energy industry in which we are involved include, as defined by the Directorate General of Budget, Accounting and Statistics: (2649) Other Optronics Materials and Components Manufacturing; (2810) Power Generation, Transmission, and Distribution Machinery Manufacturing; (2820) Battery Manufacturing; (2841) Light Bulbs and Tubes Manufacturing; (2842) Lighting Equipment Manufacturing; (2890) Other Electrical Equipment Manufacturing; (3510) Power Supply.

## Yuanta Bank—Supporting Environmental Ideas through Green Energy Funds

In order to encourage customers to focus on future sustainability-related business opportunities, Yuanta Bank has begun selling 15 green energy funds, including the Allianz Global Investors Global Eco Trends Fund, Eastspring Investments Global Green Solutions Fund, and BGF New Energy Fund. As of December 2015, some NT\$309 million (according to current exchange rates) have been purchased.

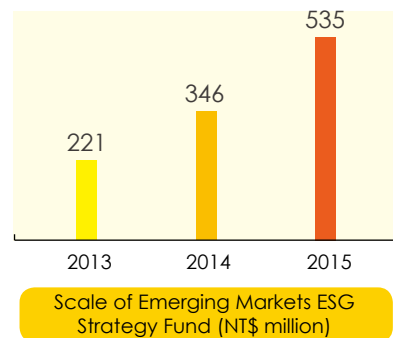
## Yuanta Funds—Emerging Markets ESG Strategy Fund

In September 2011, Yuanta Funds established the Emerging Markets ESG Strategy Fund. Through the use of international standards and a careful EDG investment group selection process, stocks in line with environmental protection, social justice, and corporate governance (ESG), providing an opportunity for investment in sustainability solutions while also putting a spotlight on low price-earnings ratio, financially stable companies in emerging markets that will lead global growth were selected. Through fund research and screening, we hope to invest funds into companies practicing strong ESG policies, encouraging more companies to focus on ESG. The performance of this fund is laid out below:

As of the end of December 2015, its cumulative return has reached 6.70%, outperforming the -8.02% return of the performance indicator (the MSCI Emerging Markets Index) by 14.72%. The net asset value of the fund in 2015 fell by 11.23%, primarily due to emerging markets facing uncertainty about interest rate raises by the United States Federal Reserve, falling oil prices, and concerns over China's poor economic performance which may lag global financial recovery. As a result, market indexes experienced

an unexpectedly sharp fall in lower margin position of the market correction interval (1,100-900) over the past four years, experiencing a significant fall in 2015 of 13.43%. The key investment area (emerging markets) that is the focus of the fund has shown weakness, and thus dragged down the return performance of the fund. However, it has still outperformed our performance indicators by 2.20%. In the future, the fund will continue to focus on ESG strategy and seek out investment opportunities from five major areas—clean and efficient energy, environmental protection, sustainably founded infrastructure and development, health and well-being, and social equality. We will continue to maintain a low turnover rate and pursue a forward planning strategy, in the hopes that the fund will maintain a long-term performance exceeding both performance indicators and others in the same industry, while also striving to offer strong returns to investors and promote sustainable development.

## Performance



Item	2013	2014	2015
Net Value (NT\$)	11.91	12.02	10.67
Investment Performance (%)	-2.32%	1.00%	-11.23%

Note 1: Data current as of the end of December, 2015.

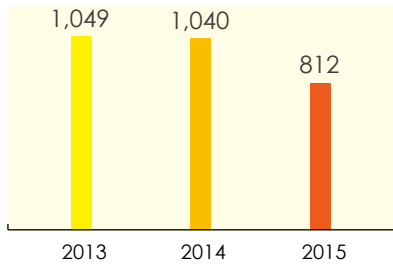
## Yuanta Funds—Yuanta Global Utility Fund

The development of green energy is a tremendous opportunity to help reduce greenhouse gas emissions, and public utilities have a particular level of sway over the development and use of such energy resources. As such, in November 2007 Yuanta Funds set up the Yuanta Global Utility Fund, seeking out and investing in relevant companies to help encourage the improvement and popularization of renewable energy resources, thus helping mitigate the greenhouse effect. The performance of this fund is laid out below:

As of the end of December 2015, its cumulative return has reached -24.60%, outperforming the -30.80% return of the Index (MSCI ACWI Utilities Index) by 6.20%. In 2015, the net asset value of the fund fell by 10.24%, primarily due to United States Federal Reserve rate increases and their impact on stocks related to high-yield public utilities. This dragged the fund returns down during the period when the MSCI ACWI Utilities Index also fell by 9.26%. Faced with falling oil prices over the past year, not only has the US begun exploiting shale oil resources, global economic development troubles have impacted the development of green energy and the electricity choices available to utilities. Despite this, with global climate change becoming an ever greater threat, we believe that renewable energy remains the most important line of development for our future. In addition, Asian demand for electricity is expected to grow beyond that of the West in the future. With major infrastructure investment in many countries, the establishment of the Asian Infrastructure Investment Bank and the "One Belt, One Road" development strategy and framework proposed by China are set to provide effective support to Asian infrastructure. As such, this fund

will continue to seek out investment opportunities in global utilities and Asian infrastructure, while also maintaining a low turnover rate and implementing a forward planning strategy, in the hope of maintaining long-term performance beyond performance indicators.

### Performance



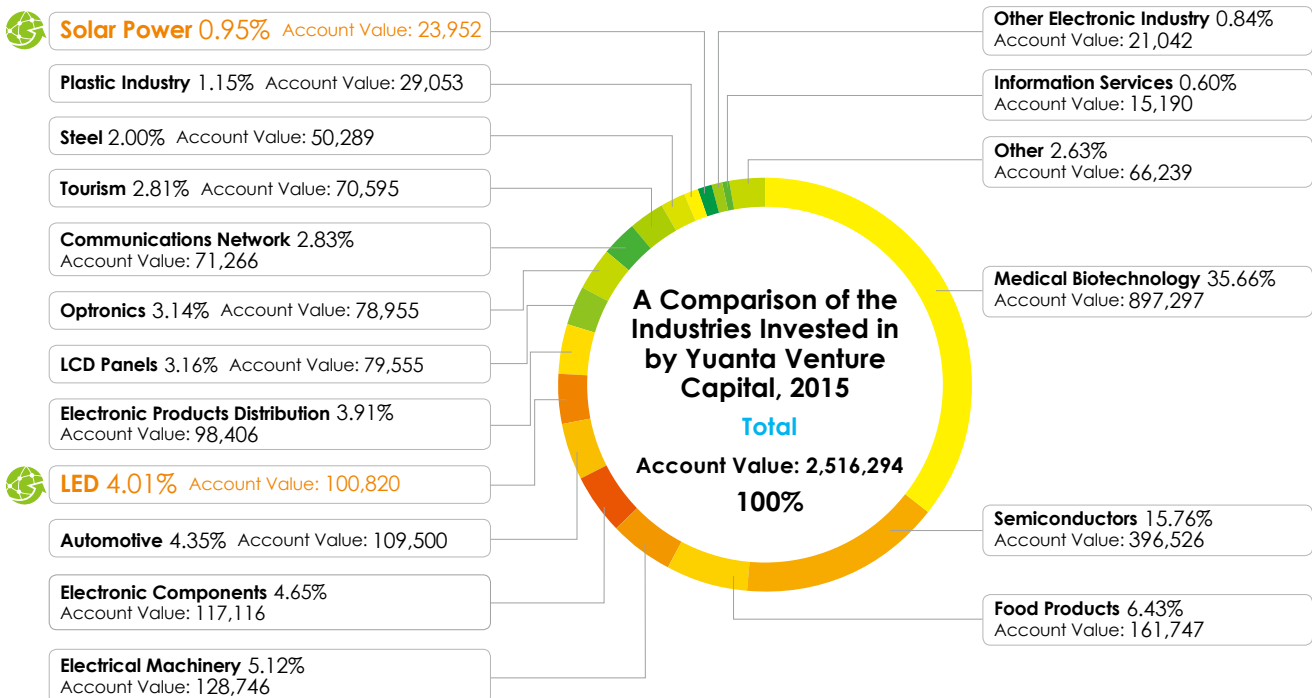
Yuanta Global Utility Fund Scale (NT\$ million)

Item	2013	2014	2015
Net Value (NT\$)	7.19	8.40	7.54
Investment Performance (%)	+12.17%	+16.83%	-10.24%

Note 1: Data current as of the end of December, 2015.

### Yuanta Venture Capital—Investing in Green Energy

Yuanta Venture Capital cares about the environment, and hopes to help with the development of green energy and environmentally friendly industries. By the end of 2015, investments in LEDs and solar power totaled NT\$124.77 million, accounting for 4.96% of total investments. This is an increase of NT\$44.84 million over 2014. In addition, we have also actively invested in industries around electric vehicles, with such investments totaling NT\$102.7 million. In the future, Yuanta Venture Capital will continue injecting funding into green industries. For percentages on the industries invested by Yuanta Venture Capital in 2015, please see below.



## 5.5 Products and Services that Benefit the Community

FS1/DMA FS7 FS13 FS14

The Yuanta Financial Holdings group and its subsidiaries place great weight on providing real, substantive help to the community and advancing the general welfare with regard to current international society, livelihood and economic issues. By bringing together our core competencies in the finance industry, we continue to work on developing new financial products and services, aiming to drive maximum social benefit and create more opportunities both for business and for contributing to society.

### Yuanta Bank—Strengthening Payment Services in Remote Areas through Western Union

In order to provide immigrants working and living in Taiwan with greater legal access to small-value foreign exchange services, and to strengthen remittance services to and from remote areas abroad, on November 6, 2013, Yuanta Bank began offering Western Union currency transfer services. Western Union has service locations in over 100 countries around the world, including places as diverse as Vietnam, Indonesia, Bhutan, Burkina Faso, and Ethiopia. At our initial launch of these services in 2013, 60 branches were providers. By the end of 2015, this total had grown to 68 branches, including locations in Luodong, Hualien, Taitung, and Kinmen.

### Western Union Currency Transfer Service Statistics

Item	2013	2014	2015
Branches Providing the Service	60	63	68
Number of Remittances	1,518	24,714	41,870
People Served	1,194	10,608	15,473

At the same time, from time to time we work with Western Union to hold various promotions and offer discounts, aiming to give the best service to both foreign laborers and resident immigrants in Taiwan. Such offers have previously included discounts on fees for remittances to China, drawings for KFC family meals, scratchcard competitions to celebrate Western Union's 20th anniversary in Vietnam, 2015 Vietnam Concert, etc. Since 2014, we have held a total of 7 such events.

Since first offering this service, the amount of remittances has grown rapidly. In 2015, these remittances and associated fees amounted to a total of NT\$18.46 million. In the future, we plan to continue working with Western Union to further expand remittance business, increasing the number of available locations to satisfy the needs of even more customers with demands for remittances.

### Yuanta Bank—Serving Disabled Customers through “Accessible ATMs”

To expand the range of people who can enjoy our financial services, Yuanta Bank continues to update and upgrade our facilities and software. In 2015, we had a total of 348 ATMs at locations around Taiwan, including 20 in remote communities in places like Hualien, Taitung, Pingtung, and the offshore islands. We have also incorporated accessibility specifications into future ATM purchasing standards, and will gradually replace old machines with these.

#### Highlight

In 2015, the number of new accessible ATMs was **155**, an increase of **108** on 2014.

We expect to have fully completed our rollout of accessible ATMs across Taiwan in 2016, and look forward to offering all of our customers a convenient, safe environment for financial transactions.

### Yuanta Bank—Investing in the Welfare of Disadvantaged Groups through Charitable Trusts

With a rising public awareness, charitable expenditures are expected to be handled in a transparent way, Yuanta Bank works to help companies and individuals plan their own charitable trusts, helping philanthropic funding enjoy greater transparency and ensuring that those funds are being used to give back to the community. In 2015, this bank took on two charitable trusts, the Into The Mountains Charitable Fund and the Huang Wu Social Welfare Fund. Both trusts aim to provide charitable aid, scholarships to promising students, and promote the arts. In 2015, their total donations amounted to NT\$3.36 million, with recipients including orphanages, girls homes, child and youth centers, and lower-middle-income high school students.

### Yuanta Bank—Working with the Creative and Practicing Philanthropy through Credit Cards

Yuanta Bank places a great emphasis on corporate social responsibility, reaching out to the cultural and creative industries, community groups, and religious groups, as well as providing a platform for aid donations and incorporating charitable activities in our credit card product plans.

#### i. Taiwan Pili Card: Supporting Traditional Arts and Culture

Taiwanese *po-te-hi*, or glove puppetry, is a cornerstone of folk culture on the island, and the Pili troupe has, since its early days

of street-corner performances to special effects laden televisual spectacles, created and fostered characters that have become superstars of the form. Their unique art and innovation have reinterpreted and revitalized traditional art, helping them stay vibrant rather than being lost to the sands of time. In 2015, Yuanta Bank promoted a specially designed Taiwan Pili Card to Pili fans, which offered a 10% discount on purchases from the online Pili Store and 5% on purchases from physical Pili stores, including purchases of replica TV puppets. On top of this, we organized an event on Facebook for fans to interact with characters from the Pili shows, using this as an innovative means of communicating the characters and plots from those shows. Such activities gave our financial services a bit more familiarity and cultural value, as well as creating a seamless integration between these two diverse fields.



#### ii. “Turn Bonus Points into Love”

Since February 2008, Yuanta credit cards have offered cardholders a service called “Turn Bonus Points into Love,” through which they can convert accumulated bonus points into charitable donations in their names to social welfare organizations including the Eden Foundation, Children are Us Foundation, Taiwan Fund for Children and Families, Taiwan Foundation for the Blind, and Sunshine Social Welfare Foundation, turning credit card incentives into a tool for contributing to society.

#### Highlight

In 2015, a total of 178 such donations were made, totaling NT\$22 thousand. Over the past two years, donations from the Turn Bonus Points into Love program have totaled NT\$**46** thousand.

#### iii. Charitable Affiliate Cards

In ongoing efforts to support charitable action, Yuanta Bank is continuing its partnership with the Changhua Hometown Association and the Songshan Tzu Hui Temple to issue Charitable Affiliate Cards. As a provider of professional services and a company that focuses on sustainable business, we try to implement concern for society into our business and to do our part to give back. Through this program, Yuanta Bank donates 0.2% of every purchase made with one of these cards to the cooperation organization of Charitable Affiliate Cards. Our hope is that while the contribution may be small, these numbers will snowball, and that each donation can be a seed, one of many planted in all corners of Taiwan, growing and sprouting into pillars of a better environment for all of us.

#### Highlight

In 2015, 656 such donations were made, totaling NT\$4.7 million and bringing the overall total donations to NT\$**5.12** million.

## Yuanta Credit Card Donation Statistics

Unit: NT\$ thousand

Item	2013	2014	2015
Total Donation Value of Turn Bonus Points into Love	--	24	22
Total Contribution Value of Given Back through Charitable Affiliate Cards	--	420	4,700
Total Donations of Credit Card Donations	43,360	51,940	115,840
<b>Total</b>	<b>43,360</b>	<b>52,380</b>	<b>120,560</b>

In 2015, a total of NT\$120 million was donated to charity using Yuanta Bank credit cards, with cardholders making the most of the ease of donation and participation in charitable events. Through charitable groups' annual celebrations, cohesiveness is increased and positive energy from society transformed into improved social conditions. We hope to shine a light into every corner of Taiwanese society with love and concern, creating an outstanding social atmosphere and environment while also upholding our corporate social responsibility.

## Yuanta Life—Addressing Social Problems with Guaranteed Retirement Insurance and Microinsurance

### 1) Guaranteed Retirement Insurance

According to a report from the National Development Council, in 2018 Taiwan will become an aging society (with 14.6% of the population aged 65 or older), and by 2025 it will be a super-aging society (20.1% over 65). Meanwhile, the proportion of those aged between 15 and 64 began to decline in 2015, with reduced birth rates causing problems with the labor supply. The working population will become unsustainable, and demographic policies will become a major issue for the government. Given this, both the government and the private sector must immediately commence early response actions.

In response to the structural problems of an aging population and a low birth rate, and taking into consideration individuals' environmental risk factors like pollution, financial problems with the three major retirement funds, and long-term care issues. We have committed to becoming "the retirement planning experts," and this commitment is being developed in three main directions—retirement lifestyle, retirement healthcare, and retirement care. We hope to make guaranteed retirement insurance the mainstream of our work in the niche retirement market.

In 2015, Yuanta Life declared a focus on developing and providing stably accumulating insurance coverage and improved quality healthcare. To this end, we have continued to work on insurance products that meet the needs of an aging society with a low birth rate, helping Taiwanese plan their financial security and healthcare options for their twilight years, reinforcing the social safety net. These plans include long-term care disability insurance, elderly health insurance, and other such products, providing lifelong insurance against healthcare risks and helping people enjoy their golden years in ease. Further information is provided (in Chinese) on the Yuanta Life official website, in the "Products for Aging" section.

First-year premiums (FYP) in 2015 for Yuanta Life were NT\$17.82 billion, with the performance of the three main product lines laid out below:

1. "Retirement Lifestyle": Provides customers with stably accumulating assets coupled with the protection of insurance. In 2015, a total of 10 new products were developed in this line, with FYP accounting for some 90.5% of Yuanta Life's total 2015 FYP.
2. "Retirement Healthcare" and "Retirement Care": Aim to improve healthcare quality for customers, supplement shortfalls

in care, and provide care protection. In 2015, a total of 10 new products were developed in this line, with FYP accounting for approximately 1% of Yuanta Life's total 2015 FYP.

### 2) Injury Microinsurance

In 2014, Yuanta Life launched Yuanta Life Injury Microinsurance, providing the economically disadvantaged and particular groups with basic insurance protection. To help spread charitable ideas to wherever they are needed, Yuanta Life actively works with social welfare organizations, which in 2014 included donating NT\$1 million to Taiwan's Child Welfare League Foundation (CWLF) to help underprivileged families. NT\$0.5 million of this was in the form of subsidized microinsurance. Additionally, in January 2015 we held a series of four talks in Taipei, Taichung, Kaohsiung, and Hualien introducing almost 100 social workers with child welfare groups to insurance concepts and their rights and interests as regard microinsurance and insurance-related products. We also commissioned these groups to serve as acting insurance units, meaning that any registered high-risk family member can be helped to successfully get themselves insured after an interview and verification of interest with a social worker. These efforts not only ensured that nearly 100 social workers gained an understanding of insurance, but also that more of the underprivileged are able to enjoy the protection and relief of insurance.

In addition to this, Yuanta Life also added a "Microinsurance Information Section" to the Chinese-language version of our website, providing the latest information on microinsurance. We continue to engage with other social welfare groups in order to provide microinsurance services to more underprivileged groups. To encourage our employees to help promote microinsurance products, we amended our quality check standards, and incorporated such standards into the promotion of microinsurance in the hopes of helping further its promotion and application. In this aspect, Yuanta Life set its five-year goal as a total of NT\$0.5 million in sales. In 2015, FYP totaled approximately NT\$60 thousand, and 175 people have been insured for a total value of about NT\$100 million at present. In 2016, we will continue working to realize this goal.



### Yuanta Life—Providing Overseas Emergency Relief

**For policyholders traveling, studying, or working abroad, Yuanta Life offers a variety of "overseas emergency relief services," from arranging medical consultations and delivering emergency drugs to arranging for visits by friends and relatives, assisting with transport of the deceased, or providing legal assistance for travelers. In 2015, we helped arrange for a student studying in a Canadian university who suffered a cardiac incident to be transferred to a Taiwanese hospital and helped return the body of a customer who passed away as a result of a vehicular accident in Phnom Penh to Taiwan, demonstrating that the value of insurance reaches beyond borders.**

Keeping in mind the original purpose of life insurance, Yuanta Life works tirelessly to provide improved protection to the people of Taiwan and offer insurance that all groups can afford. In the future, we will continue developing products to meet the needs of different groups, such as the lower premiums on term life insurance products for non-smokers with our 2009-launched non-smoking policy. We have also developed a mortgage-based term life insurance product for home loan banking customers, which we expect to launch in 2016.

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# 6

## Caring for Employees

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Yuanta Financial Holdings considers its employees its most important core asset, and as such is committed to protecting their rights and providing a healthy and safe working environment. Through comprehensive training mechanisms and career development planning, we help our employees improve their professional capabilities and grow with the Company, transmitting the experience of their team and working with them to build a corporate culture of responsibility and professionalism. In this way, we ensure our employees enjoy their work and are proud to be part of the Yuanta family.

## Timeline of Caring for Employees



## 6.1 Talent Recruitment and Retention

Yuanta Financial Holdings provides stable, secure job openings in its various locations, and is committed to not discriminating or providing differential treatment based on gender, ethnicity, religion, political views, marital status, or work position. We strive to offer a working environment of mutual trust, respect, diversity, harmony, and equality, and insist that all personnel management adhere to the Guidelines for Integrity Management. Recruitment policies are to be clear and easily understood, with employee hiring occurring through open recruitment, employee recommendations, and interviews. All interviews, job duties, and salary standards are governed by the appropriate regulations. In 2015, the Group's employees numbered 10,038 people, an increase of 580 (6%) over 2015. The primary reason behind this was the expansion of service channels in our life insurance subsidiary, which not only expanded existing channels through the addition of electronic commerce and brokerage channels, but also required an increase in sales and support staff. In the future, the Group will continue to expand financially while maintaining and realizing its commitment to sustainable business.

Full-time employees of the Group numbered 10,034 people, including three contracted visually-impaired masseuses that

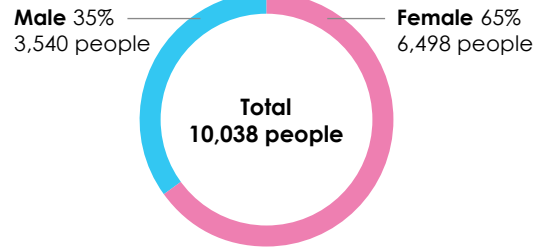
provide stress-relieving massages to employees at different locations twice each week. In addition, out of consideration for human resource flexibility and the provision of work opportunities to students, we have also hired four non-full-time male staff. They are primarily responsible for general paperwork duties. In 2015, the Group's total intake of physically disabled employees was 49 people. While some subsidiaries have yet to reach the present standards, we continue to actively and openly recruit physically disabled people. In accordance with Article 43 of the People with Disabilities Rights Protection Act, companies that have failed to hire the sufficient number of people with disabilities regularly pay the difference into Disabled Employment Funds handled by the competent local authorities.

In 2015, female employees accounted for 65% of our total workforce, of which 1,390, or 14% of the total workforce, are in management positions. Female managers are 49% of management in total. We have 2 Aboriginals and 13 foreign nationals in our employ, and our average employee age is 41.5. Overall, the Group's staff continues to stably grow in scale, and with women being promoted to management positions in a reasonable proportion. The structure of our staffing can be found below:

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**Status of Employees of Yuanta Financial Holdings, 2015** G4-10

Contract Type		Female	Male	Subtotal
<b>Full Time</b>	Indefinite Contract	6,495	3,536	10,031
	Fixed-Term Contract	3	--	3
	Full-Time Staff Subtotal	6,498	3,536	10,034
<b>Part Time</b>	Temporary Contract	--	4	4



**Employees of Yuanta Financial Holdings by Gender, Age Group, Management Level and Minority Group Membership, 2015** G4-LA12

Item	Female					Male				
	Under 30	30-50	51 or over (incl.)	2015 Subtotal	2014 Subtotal	Under 30	30-50	51 or over (incl.)	2015 Subtotal	2014 Subtotal
<b>Management</b>	0	482	199	681	865	1	462	246	709	751
<b>Non-Managerial</b>	721	4,301	795	5,817	5,276	392	2,042	393	2,827	2,554
<b>Aboriginal Taiwanese</b>	1	4	0	5	4	1	1	0	2	3
<b>Non-Aboriginal Taiwanese</b>	720	4,778	994	6,492	6,136	389	2,495	638	3,522	3,294
<b>Non-Taiwanese</b>	0	1	0	1	1	3	8	1	12	8
<b>Total Staff</b>	721	4,783	994	6,498	6,141	393	2,504	639	3,536	3,305

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

**Female: Male Ratio and Average Age of Group Full-Time Staff, 2014-2015**

Item		2015 Total	Female	Male	Item		2014 Total	Female	Male
<b>2015 Female:Male Ratio</b>	Management	1,390	49%	51%	<b>2014 Female:Male Ratio</b>	Management	1,616	53.5%	46.5%
	Non-Managerial	8,644	67.3%	32.7%		Non-Managerial	7,830	67.4%	32.6%
<b>Total Staff</b>		10,034	64.8%	35.2%	<b>Total Staff</b>		9,446	65%	35%
<b>Average Age (years)</b>			41	42	<b>Average Age (years)</b>			40.4	41.5

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

**Number of the Group's Physically Disabled Employees, 2015**

Company	Active Employees with Disabilities	Legally Defined Quota
<b>Total</b>	49	53

Note: Yuanta Securities Finance, Yuanta Venture Capital, and Yuanta Asset Management have each failed to reach the legally defined standard, and at present the latter two have yet to employ any people with disabilities.

**Analysis of New Hires and Departures**

Yuanta Financial Holdings insists on upholding the principle of equal opportunity and pursues recruitment through open and fair channels as well as campus recruitment to seek skilled communicators, negotiators, and learners. Recruiters and employing managers have all received thorough training in

interview techniques in order to improve their ability to choose the right people, as well as to ensure the process is fair. In response to business development needs, we have held several large-scale recruitment activities aimed at financial management associates, securities financing specialists, international traders and brokers, and life insurance sales staff. Over 2015, we provided some 1,200 job opportunities, attracting a diverse range of new talent to share the Company's growth with.

In 2015, the Group saw a total of 2,317 new hires, accounting for 23.1% of the Group's total workforce. This included 1,384 women and 933 men, with those new hires aged 30-50 making up 13% of the total workforce, followed by under 30's at 9.2%. Foreign nationals comprised 6 of these new hires. With regard to departures, in 2015 a total of 1,792 employees left the Group, which is equal to 17.9% of our workforce. Among the leaving employees, 1,105 were women and 687 men, with 11.1% aged between 30-50 and 5.4% under 30. Due to the nature of Yuanta Life's business, turnover of field staff and telemarketing staff is

generally high. As a result, new hires accounted for 92.1% of the Company's workforce, and departures accounted for 59.1%. (Excluding field and telemarketing staff, the new hires and departures rate for back office personnel were 44.6% and 1.5% respectively.)

To encourage talent to stay with the Company and create new opportunities, in early 2015 the Group offered promotions and pay raises to employees who have performed outstandingly. By increasing their influence and duties, as well as salary adjustment plans, we provide excellent employees a stage for continued

professional growth with appropriate remuneration. Facilitating the professional growth of our employees is another important way in which the Company retains talent. As such, to strengthen the influence of the Group's talent development system, in 2015 a report was presented to the Board of Directors regarding the training plan in 2016, covering the Group's talent training system, important points regarding HR development, and reinforcing the professional skills of our existing staff. In addition to highlighting our commitment to systematized talent retention and development, we have also launched a full-scale talent development strategy program with the support of the Board of Directors.

## New Employee Statistics, 2015 (As of 2015/12/31) G4-LA1

Company Name	Total Employees	Gender		Age Bracket			Nationality		Total New Employees	2015 New Employee Percentage (%)	2014 New Employee Percentage (%)
		Female	Male	Under 30	30-50	51 or over (incl.)	Taiwanese	Non-Taiwanese			
Yuanta Financial Holdings	82	3	7	5	4	1	8	2	10	12.2	7.5
Yuanta Securities	4,999	154	183	215	121	1	335	2	337	6.7	4.9
Yuanta Bank	2,754	352	202	245	304	5	554	0	554	20.1	22.8
Yuanta Life	1,372	810	454	374	801	89	1,264	0	1,264	92.1	65.6
Yuanta Securities Finance	44	0	1	0	1	0	1	0	1	2.3	22.9
Yuanta Futures	362	24	46	41	29	0	70	0	70	19.3	10.7
Yuanta Funds	300	26	26	20	32	0	52	0	52	17.3	7.8
Yuanta Investment Consulting	88	14	12	18	8	0	24	2	26	29.5	26.4
Yuanta Asset Management	18	0	0	0	0	0	0	0	0	0.0	4.6
Yuanta Venture Capital	15	1	2	1	2	0	3	0	3	20.0	19.4
<b>Total (people)</b>	<b>10,034</b>	<b>1,384</b>	<b>933</b>	<b>919</b>	<b>1,302</b>	<b>96</b>	<b>2,311</b>	<b>6</b>	<b>2,317</b>	<b>—</b>	<b>—</b>
<b>Percentage (%)</b>	<b>—</b>	<b>13.8</b>	<b>9.3</b>	<b>9.2</b>	<b>13.0</b>	<b>1.0</b>	<b>23.0</b>	<b>0.1</b>	<b>—</b>	<b>23.1</b>	<b>16.2</b>

## Employee Departure Statistics, 2015 (as of 2015/12/31) G4-LA1

Company Name	Total Employees	Gender		Age Bracket			Nationality		Total Departing Employees	2015 Departing Employees as Percentage of Employees (%)	2014 Departing Employees as Percentage of Employees (%)
		Female	Male	Under 30	30-50	51 or over (incl.)	Taiwanese	Non-Taiwanese			
Yuanta Financial Holdings	82	4	5	1	8	0	8	1	9	11.0	12.5
Yuanta Securities	4,999	225	173	106	241	51	398	0	398	8.0	12.5
Yuanta Bank	2,754	278	167	164	272	9	445	0	445	16.2	14.9
Yuanta Life	1,372	528	283	237	501	73	811	0	811	59.1	57.5
Yuanta Securities Finance	44	1	2	0	2	1	3	0	3	6.8	33.3
Yuanta Futures	362	27	29	16	36	4	56	0	56	15.5	20.7
Yuanta Funds	300	26	15	3	36	2	41	0	41	13.7	23.7
Yuanta Investment Consulting	88	14	11	13	12	0	23	2	25	28.4	41.4
Yuanta Asset Management	18	0	0	0	0	0	0	0	0	0.0	9.1
Yuanta Venture Capital	15	2	2	1	3	0	4	0	4	26.7	12.9
<b>Total (people)</b>	<b>10,034</b>	<b>1,105</b>	<b>687</b>	<b>541</b>	<b>1,111</b>	<b>140</b>	<b>1,789</b>	<b>3</b>	<b>1,792</b>	<b>—</b>	<b>—</b>
<b>Percentage (%)</b>	<b>—</b>	<b>11.0</b>	<b>6.8</b>	<b>5.4</b>	<b>11.1</b>	<b>1.4</b>	<b>17.8</b>	<b>0.0</b>	<b>—</b>	<b>17.9</b>	<b>18.7</b>

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## Implementing Industry-Academia Cooperation and Fostering Future Talent FS16/DMA

In 2002, Yuanta Securities launched its first industry-academia cooperation plan. Since 2007, Yuanta Financial Holdings has brought together the resources of its subsidiaries to expand this cooperative project, with each subsidiary joining cooperative projects as industry developments and business needs demand.

For the past 13 years, the president of Yuanta Financial Holdings has proclaimed and upheld the core values of industry-academia cooperation; "Strong education is a part of promoting corporate social responsibility, and as such we must help our interns gain a real understanding of the development, business models, practical reality, and codes of conduct of the financial industry, rather than treating them as cheap labor." With the firm and clear support of the Group, our industry-academia cooperative projects will continue to cultivate financial talent.

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

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

Yuanta Financial Holdings believes in the importance of nurturing financial talent, and as such our HR department and the Yuanta Cultural and Educational Foundation have worked together since 2007 to run the Graduate Student Summer Research Project Grant Program over two months each summer. This program encourages students to combine academic theory with real-world business practice, and over the past 9 years 143 graduate finance majors have participated, producing 143 research papers and further demonstrating our commitment to the educational aspects of corporate social responsibility. In 2015, 19 graduate students participated in the program.

Unlike usual internship programs, this program is focused on graduate students of finance at schools around Taiwan whose grades meet our threshold and who are recommended by professors in their department. Every April, Yuanta Financial Holdings announces the opening of internship applications for first-year graduate students in areas of interest or specialization. Management from each unit reviews their respective applications and conducts interviews, through which 20 outstanding finance students are chosen to take part in the summer program. During their two-month internship, they are paired with a mentor from senior staff in their department. These mentors are responsible for providing guidance to their students in their research projects and providing information and practical expertise to help the students integrate academia and practice, enabling them to produce papers that are in-depth and have practical reference value. The Group also holds an end-of-session presentation, inviting professors from the schools and leading management from Yuanta Financial Holdings in various fields to review the interns' papers and ensure those papers are both up to academic standards and have practical value.

Many outstanding participants in this program have already gone on to join the Yuanta group or become management associates for Yuanta Financial Holdings. As of the end of December 2015, 1.4% of participating graduate students returned to positions with Yuanta. Into the future, the Company will continue to invest in personnel training in a variety of ways, while also continuing to promote industry-academia cooperation in our subsidiaries.

### 2) Yuanta Securities—Campus Roots Industry-academia Cooperation Program

In order to deepen the younger generation's views on investment, in 2014 Yuanta Securities launched the Adopt-a-Campus Project, with branches nationwide proactively working with finance and business departments and clubs at 161 tertiary education institutions around Taiwan. Through this long-term engagement,



**In 2013, intern Mr. Wu Gang-Ren worked under the guidance of Yuanta Funds managers Liu Zong-Sheng, Tan Shi-Ping, and Fang Li-Kuan on a paper entitled "An Empirical Analysis of Strengthening Investment Efficiency in Futures Trust Funds—Diverse Allocation and Volatility Control Systems Strategy." After the end of his internship in late August, Mr. Wu received advice on improvements to his paper, and in early 2014 he submitted his revised paper to the 9th Best S&F Paper Award, earning a commendation in the Market Division.**



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Note: Clicking [More](#) will open your web browser and download these cases results reports for further detail (available in read-only PDF format).

we are able to strengthen the practical understanding of the financial markets among students. In late 2015, Yuanta Securities further extended the Campus Roots Project, focusing on students at college and graduate school about to graduate and enter the securities industry. Through this project, we have provided over 60 students with internships in our head office and our branches, helping them lay a stronger foundation for their future careers and cultivating the right attitude to work. In 2014 and 2015, approximately 30% of the new employees of Yuanta Securities came from the Adopt-a-Campus and Campus Roots projects, and we continue to spare no effort in providing job opportunities for recent graduates.

During this same time, Yuanta Securities has worked with National Chiao Tung University, building a three-year industry-academia cooperative project, establishing a diverse and in-depth cooperative model with the head office trading unit to provide professors and students with practical industry experience. Such efforts help bridge theory and practice, while also providing students with valuable internship opportunities. As of 2015, 50% of students participating in this project have returned to Yuanta Securities after graduation.

In order to cooperate with governments in achieving financial development goals across Asia, Yuanta Securities actively uses these kinds of internship programs to engage with ethnic Chinese students in Southeast Asia who are equipped with local language skills, helping cultivate the international talent of the future.

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

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

the necessary job skills. From 2012 through 2015, Yuanta Futures established industry-academia partnerships with 33 schools across Taiwan, including National Taichung University of Science and Technology, National Chung Cheng University, Feng Chia University, National Kaohsiung Normal University, and Chang Jung Christian University. 253 people in total have participated in these internships over the past 4 years, with 2.8% returning to the Company after graduation.

Since 2014, Yuanta Life has actively worked with the Ministry of Education on the project "Reshaping Technological and Vocational Education," providing guidance to numerous students through workplace internships and career exploration activities. In 2015, Yuanta Life not only worked with Takming University of Science and Technology, but also participated in several industry-academia cooperative programs, including graduate student research programs and Asia University's summer internship program. During the project, we have provided 15 internship opportunities, with 52.4% of students returning to Yuanta Life after graduation. We hope to continue promoting such opportunities and working to improve return rates, aiming to create a better employment environment for the next generation.



• Yuanta Life interns participated in a sharing monthly meeting with the Million Dollar Round Table

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

Company Name	Year of Program Commencement	Total Intern Participants as of End of 2015	Number of Interns Returning to Yuanta Post-Graduation	Return Rate
Yuanta Financial Holdings	2007	143	2	1.4%
Yuanta Securities	2014	4	2	50%
Yuanta Life	2014	21	11	52.4%
Yuanta Bank	2012	93	9	9.7%
Yuanta Futures	2012	253	7	2.8%

Note: Yuanta Securities' intern return rate does not include returnees from the Campus Roots Project.

## 6.2 Cultivating Talent

Looking at global and Asian financial development trends, the closely intertwined interests in trade cooperation between Asia-Pacific and the West, and the strong competition and challenges in the domestic financial industrial environment, Yuanta Financial Holdings considers it imperative to keep abreast of cultivating talent. Our employees are the most important asset to our group and the cornerstone of our ability to create profits for shareholders, maintain our competitiveness in the market, and pursue sustainable operations. Providing comprehensive services to our customers has always been a major goal of the Group.

This involves focusing not only on developing new financial products to satisfy those customers and their desire for more diverse investments, but even more on the professional training and development of our employees. Doing so helps us continue to improve the quality of our services and the efficiency and employability, professional excellent, and career development opportunities that our employees enjoy.

To cultivate new talent within the Group, Yuanta Financial Holdings actively recruits management associates to undertake long-term training in rotation. At present, management associates number 30 in total, with 3 having been dispatched abroad, 1 each to South Korea, Hong Kong, and Shanghai, to serve at the forefront of our Asian development efforts. In line with these efforts, and in response to the digital revolution in the finance industry, in 2014 and 2015 we expanded our recruitment of management associates, looking to cultivate talent for the six major elements of the Group (financial holdings, securities, banking, life insurance, futures, and funds) and lay the talent cornerstones of our transition into digital finance.

### Professional Training and Educational Development

G4-LA9 · G4-LA10 · FS16/DMA

The goal of our personnel training efforts is to build a reserve of future management talent for the Company and develop diverse, international financial personnel. We also aim to broaden the horizons of our managers and staff through overseas work experience and on-the-job training programs. These are supplemented by job rotation, substitution, and training mechanisms aimed at reinforcing the professional and managerial skills of our staff and management. The Group's training and education systems are as follows:

#### 1) Opportunities for On-the-Job Training According to Annual Training Program

In response to the fierce competition and demand in the finance industry, the Company has established training and cultivation mechanisms for different development tracks, including management, specialist, and sales tracks. Through talent cultivation, job rotation, project assignments, digital learning, and other such methods, we encourage our employees to develop capabilities in various areas, facilitating their self-realization and helping them pursue the ideal of excellence. In 2015, we not only held a variety of pre- and on-the-job training sessions, but also coordinated with subsidiaries to promote concepts and models for digital finance in line with the Group's development strategy. In addition, we actively encouraged business employees to participate in occupational training in finance and wealth management, holding courses in the ideas and skills involved in insurance, funds, futures, warrants, and other such financial products. By coupling ideas and action, we are able to accelerate our staff's ability to transition into the era of digital finance, equipping them to both tackle the challenges of this new era and satisfy the diverse financial needs of our customers through better consultancy services and improved professional skills.

Additionally, based on the principle of sharing the Group's resources for the common good, Yuanta Financial Holdings and its subsidiary companies hold regular Summit Forums and seminars on corporate governance, health and fitness, and life skills, creating opportunities for employees to interact throughout the Group.

#### 2) Establishing a Digital Learning Platform and Promoting Lifelong Learning

In addition to a physical learning environment, since 2003, the Group has made use of a digital learning platform to facilitate internal sharing of knowledge, encourage professional diversity, and encourage self-guided learning in our employees. Through the shared digital platform known as the Yuanta e-Academy, employees can freely study any digital courses offered by the Company or any of the subsidiaries in areas either of occupational necessity or simply personal interest. These courses enable our employees to share in the experience of veteran employees while also developing the occupation skills they need. The courses on environmental and social issues held by the Group

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in 2015 included: Money Laundering Prevention, Information Security, Health Seminar, Sexual Harassment Prevention, Personal Information Protection, Opposing Graft and Corruption, and Corporate Ethics. After these courses were completed, tests and surveys were fully conducted.

In line with developments in the financial industry and changing annual personal development goals, employees can take advantage of our digital platform's "anytime, anywhere" nature to determine what and when to study, making them more competitive in the workplace and building their employability.

To strengthen the Group's Asian development strategy and push toward mobile financial services, in 2015 we launched an upgrade to the Yuanta e-Academy project, advancing digital learning into the mobile age. It is our hope that by being able to use their smartphones and tablets to peruse our digital content, our employees will enjoy greater convenience and mobility in their learning. In late 2015, we worked with Commonwealth Magazine to incorporate their Commonwealth Innovation Academy digital content into the Yuanta e-Academy, adding the latest content on global political and economic developments, industrial trends, and corporate case studies and providing a foundation of knowledge upon which to build a company that embraces the world and can advance into Asia.

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

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

**4) Encouraging Participation in Training and Absorbing External Knowledge and Experience**

Based on both current and future business development needs, the Group encourages its employees to actively participate in learning and training opportunities, strengthening their current workplace skills or equipping them with skills for the future through appointed trainers and trainers approved by the Company, with the Company paying the full value of any training expenses. In addition, in order to improve the professional capabilities of our employees and equip them for the challenges of the future, our employees also participate in international financial license tests, with subsidies for such tests available from the Company.

Yuanta Financial Holdings has drafted an annual training program based on the Group's developmental plans, overseas expansion strategies, key annual operating items, training system, and business development needs, promoting the improvement of management skills and other specialist competencies. This program is built around four core curricula, "Management Academy," "Specialist Academy," "Licensing Academy," and "Life Skills Academy." Each of these provide digital learning resources to help develop our employees' skills and achieve our business objectives.

**Highlight**

In 2015, the Group's various themed courses (including online, offline, and external) totaled **2,506** classes with an average number of per-person training hours of **27.5**

**Full-Time Employee Education and Training, 2015**

Item	2013	2014	2015
Total Classes	3,091	2,672	2,506
Total Training Hours	361,470	339,959	275,632
Number of Trainees	176,172	173,224	193,041
Total Employee Numbers	8,693	9,446	10,034
Average Hours of Training Per Person	41.6	36.0	27.5
Average Incidences of Training Per Person	20.3	18.4	19.2
Total Training Expenses	NT\$25.23 million	NT\$29.15 million	NT\$38 million
Average Training Expenses Per Person	NT\$2,902	NT\$3,086	NT\$3,787

Our group respects our pluralistic society, and as such prohibits all forms of discrimination. Our training and education is no exception—while training type and hours may vary by job position, absolutely neither is varied by gender. In 2015, the average training hours for male and female employees were roughly equal, at 25.9 hours and 28.2 hours respectively. Management employees of all levels enjoyed 39,426 hours of training at an average of 28.3 hours of training per person. Specialist employees enjoyed a total of 236,206 hours of training across 8,643 people, for an average of 27.3 hours of training per non-management person.

**Framework of four core training curricula**



To facilitate new staff members' quick understanding of the company culture, organizational structure, and relevant laws and regulations, as well as their rights, duties, and benefits, the Group and all subsidiaries have online and offline pre-job and on-the-job training programs, led by specialists and aimed at helping reduce the time it takes new staff to adapt. In 2015, 28,101 hours of training were given to new employees, including classroom training and digital courses, for an average of 12.1 training hours per person.

Through participating in specialist skills training, employees can not only reinforce their professional knowledge and work practices & skills, but also strengthen their professional skills and improve their job performance. In addition, broadening employees' professional horizons and cultivating future job skills helps employees make better use of their skills and grow with the Company.

## Employee Training by Gender G4-LA9

Item	2013		2014		2015	
	Female	Male	Female	Male	Female	Male
Total Training Hours	234,533	126,937	217,936	109,131	183,721	91,911
Total Employee Numbers	5,612	3,081	6,141	3,305	6,498	3,536
Average Hours of Training Per Person	41.8	41.2	35.5	33.0	28.2	25.9

## Employee Training by Job Type G4-LA9

Item	2013		2014		2015	
	Non-Managerial	Management	Non-Managerial	Management	Non-Managerial	Management
Total Training Hours	316,664	44,806	280,383	59,576	236,206	39,426
Total Employee Numbers	8,260	433	7,830	1,616	8,643	1,391
Average Hours of Training Per Person	38.3	103.5	35.8	36.9	27.3	28.3

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

## Training of New Employees G4-LA9

Item	2013	2014	2015
Total Classes	145	239	137
Total Training Hours	2,013	5,048	28,101
Number of Trainees	555	726	2,317
Average Hours of Training Per Person	3.6	7.0	12.1

## Anti-Corruption Policy Advocacy and Training

G4-SO4

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

Through the annual Education in Business Ethics and Corruption Prevention program, all employees are required to participate in classes and tests to ensure staff are continually educated in the relevant regulations and ethical behavior and judgment. In this way, the Company is able to ensure the implementation of integrity management and corporate social responsibility policies. Additionally, the Company also supervises subsidiaries

in the establishment of robust corporate governance and risk management mechanisms to facilitate the sustainable development of the Group.

To promote the corporate ethics and standards of behavior outlined in the guidelines, the Group holds regular annual training courses, updating employees on new legislation and regulations, coupled with case studies and tests. Through this, employees have legal concepts and ethical behavior standards in regards to money laundering prevention, opposing bribes and corruption, identifying insider trading, protecting personal information, and upholding information security driven home. With the support and supervision of all levels of management, in 2015 all staff—in batches—attended this training and passed the tests, achieving training coverage of 100% and ensuring the group's employees have an awareness of legal compliance and how to act accordingly.

Every year, the Group also holds various legal compliance training programs, familiarizing employees with orders issued by the authorities, case studies from the industry, and amendments to existing legislation. In 2015, the Group held 364 such courses and activities (online and off), with 26,385 participants for 26,369 hours of training. Group employees numbering 10,034 received an average number of training hours per person of 2.6.

All employees of the Group are subject to both financial regulations and HR management guidelines and are evaluated for internal control and regulatory compliance as part of their performance reviews. Should either be breached, appropriate punishment shall be implemented based on the severity of the breach. Where a breach of the regulations is found to be severe enough, criminal and civil action shall be taken against the offender in order to protect the rights and interests of the Company and others with relevant interests.

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### 6.3 A Safe and Healthy Workplace

In addition to organizing legally required labor and health insurance for every employee, Yuanta Financial Holdings also organizes group health insurance and employee health checks to ensure their physical health, as well as implementing workplace safety management policies. In line with labor laws and the definition of "occupational accidents" provided in the Occupational Safety and Health Act, and with reference to the Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Insurance Program, when evaluating an employee's application for injury leave, three categories of injury are considered valid: injuries sustained while on duty, injuries sustained

while on a work-related trip, and injuries sustained while on the way to/from work. Once it is established that the employee's injury falls under one of these categories, they are then granted injury leave. Injuries sustained while on the way to/from work account for the bulk of the Group's employee injuries. In total, in 2015, we had 21 employees apply for injury leave, with 13 in northern Taiwan and 4 in central and southern Taiwan, all of whom fortunately returned to their positions after recovering. There were no accidents leading to death. In the future, the Group will continue to provide a high level of care for its employees and strengthen safety promotion.

#### Occupational Accidents in Yuanta Financial Holdings, 2015 G4-LA6

Gender	Type of Injury (people)			Total Injury Leave Incidents	Injury Rate (IR)	Total Days Lost to Disabling Injury	Lost Days Ratio (LDR)	Total Days Absent	Absence Rate (AR)
	Injured on Duty	Injured on Business Trip	Injured on Way to/from Work						
Female	0	3	14	17	7.6	148.4	9.0	9,794	0.4
Male	0	0	4	4	11.9	78.0	7.9	3,487	0.2
<b>Total</b>	0	3	18	21	19.5	226.4	16.9	13,281	0.3

Note 1: Injury rate (IR) = (Total No. of People Taking Leave for Injury or Sickness / Total Annual Working Hours) x 1,000,000. Number of people in each injury incident is 1.  
 Note 2: Occupational Disease Rate (ODR) = (Total No. of Occupational Diseases / Total Annual Working Hours) X 1,000,000. In 2015, the total number of occupational diseases was zero.  
 Note 3: "Incapacitating injuries" are determined such by a physician in accordance with regulations; "Days lost to incapacitating injuries" is calculated as the sum total of work days lost by injury to an employee of the Group leading to temporary (or permanent) inability to return to work.  
 Note 4: Lost Day Rate (LDR) = (Total Days Lost to Incapacitating Injury / Total Annual Working Hours) x 1,000,000.  
 Note 5: "Days Absent" is calculated for leave due to injury and/or illness; "Total Days Absent" is the sum total of "Days Absent" for the entire body of employees of the Group.  
 Note 6: "Absence Rate" (AR) refers to actual absentee days lost as a percentage of total days scheduled to be worked by the workforce for the same period.

#### Protecting Employee Health and Safety G4-LA7

In accordance with governmental regulations on health and safety, and out of concern for the safety and wellbeing of our employees, we have set as our goal zero occupational accidents. The Group has set out emergency response plans and notification measures, and undertakes annual workplace health and safety promotional and training activities for both new and current employees. In addition, we pay close attention to the safety of our facilities and equipment, including regular inspections and upgrades of building management systems, providing our employees with a healthy and safe working environment. The training programs held during 2015 covered 59 courses including training for both new and current employees in occupational health and safety, Class A and B occupational health and safety management training, and health and safety training for emergency personnel. There were a total of 562 participants for 2,655 hours of training.

To help protect the physical health of our employees, raise employees' general knowledge of medicine, and protect against the risk of illness, the Group provides employees with group health insurance, medical checks, health consultations, and health-related seminars. For these seminars, we regularly invite doctors, nurses, and other healthcare professionals to give talks not only on disease prevention, but also on personal health management, health protection, family relationships, and other issues regarding physical and psychological health from an employee perspective. In 2015, 808 people participated in these seminars with 1,462 hours in total.

In addition, to ensure we provide a healthy, safe working environment, the Group has set out the "Key Points on Preventing, Reporting, and Punishing Sexual Harassment," and strictly prohibits any sexual harassment, gender-based discrimination or violence, and threatening behaviors. It is our goal to create and maintain a

gender-equal workplace. Every year, we hold events and training around sexual harassment awareness and prevention with 333 people participating in 24 courses over 173 hours. In 2015, there were no instances of sexual harassment or discrimination.

In addition, the Group offers menstrual leave and maternity leave for its female employees, and paternity leave for its male employees. Both genders are also eligible for family care leave and the opportunity to apply for unpaid parental leave with their job held for their return. In 2015, a total of 69 employees across the Group made use of parental leave, of which 65 (94%) were women and 4 (6%) were men. With regard to the return to work after parental leave in 2015, 58.2% of female employees returned and 33.3% of men, with a retention rate of 65.1% for women and 40% for men.

#### Return to Work and Retention Rates for Parental Leave, 2015 G4-LA3

Item	Female	Male	Total
<b>Anticipated Number of Employees Returning in 2015 after Parental Leave (A)</b>	67	6	73
<b>Actual Number of Employees Returning in 2015 after Parental Leave (B)</b>	39	2	41
<b>Return Rate (B/A*100)</b>	58.2%	33.3%	56.2%
<b>Actual Number of Employees Returning in 2014 after Parental Leave (C)</b>	43	5	48
<b>Number of Employees Still at Company 12 Months after Returning from Parental Leave in 2014 (D)</b>	28	2	30
<b>Retention Rate (D/C*100)</b>	65.1%	40.0%	62.5%

## 6.4 Reasonable Remuneration and Benefits G4-51

Yuanta Financial Holdings considers being people-oriented and family-oriented our fundamental credos, and as such we consider it our greatest responsibility to create a work environment that benefits both our staff and their families. We provide robust channels for communication between employees and management, a comprehensive system of benefits, and reasonable remuneration policies. We are constantly striving to create win-win labor-management relationships and to care for each and every one of our employees.

### Listening to the Voices of our Staff

G4-11 G4-LA4 G4-LA5

Through the Company's intranet site, the Group's staff can keep up to date with the Company's regulations and the benefits available to staff. In addition, we have a unit dedicated to taking clippings from major news stories regarding the industry every day and uploading them to our web platform, providing our employees with convenient access to timely news and helping them stay abreast of the latest developments in the industry and any major news about the Company. Where there is a significant change in the operations of the Company, such as a corporate merger, changes in senior management, the establishment or abolition of branches, office moves, new regulations, or changes to internal controls, employees are also promptly notified via e-mail or the corporate webpage.

In all aspects of our business, the Group places regulatory compliance at the forefront. Should any of the situations outlined in Article 11 of the Labor Standards Act arise, we comply with both labor legislation and our own rules and regulations to provide affected employees with advance notice in line with their years of service with the Company. Along with our severance notification procedure, we also provide flexible paid leave for affected employees to help them find new employment in time. In 2015, the Group had a total of 34 severance dismissals, 4 of which are currently undergoing labor dispute litigation. The advance dismissal notice periods are determined as follows:

- i. Those who have worked for us for more than three months, but less than 12 months are given 10 days' notice.
- ii. Those who have worked with us for more than one year, but less than three years, receive 20 days' notice.
- iii. Those who have worked with us for more than three years receive 30 days' notice.

Not only are all of our human resource management measures designed to protect our employees' legal rights through clearly laid-out regulations and adherence to labor laws, we also have a formal consultation mechanism for labor-management meetings and meetings with unions in order to facilitate labor-management communications. In 2015, the Group convened a total of 4 labor-management meetings, regularly striving to understand what our staff need and respond in a timely fashion. Within the Group, only Yuanta Life is unionized, with 9.8% of the employees registered with the union. The ratio of labor representatives in the Yuanta Life Union to corporate representatives is 5:3. In 2015 the union convened 2 meetings, carrying out bipartite discussions regarding various labor-management issues. Our other subsidiaries hold at least one labor-management meeting each quarter. Face-to-face bilateral communication helps to effectively create consensus and assist in negotiations and cooperation, further contributing to the creation of win-win situations for both labor and management. In 2015, there were no incidences of breach or threats to freedom of association or collective negotiation.

### Reasonable Remuneration Policies G4-52 G4-LA13

The goal of the Company's remuneration policy is to attract outstanding talent to the Company and encourage the retention and development of that talent. By fostering teams of outstanding people, the Company is able to create greater performance for both itself and its shareholders, and by paying bonuses based on the Company's performance to employees,

we are able to keep employees' personal work goals closely aligned with the Company's operating goals and the interests of our shareholders. Our overall incentives strategy is performance-oriented and designed to be competitive in the human resource market, and by incorporating corporate operations outcomes and individual performance into the rewards structure, we create benefits for individual employees, the Company, and our shareholders.

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

In June 2015, the Company became a constituent stock of the Taiwan High Compensation 100 Index, highlighting the exchange's recognition of Yuanta's remuneration policies, employee feedback, and corporate social responsibility. The average pay rate for inexperienced new staff is 1.1 times the legally defined minimum wage. The pay has no variation by gender, meaning the pay ratio of men to women in the Company was 1:1 in 2015. Additionally, the Company issues performance bonuses based on job performance. In 2015, in the general area of Taiwan and based on the categories of managerial and non-managerial staff, male staff received total annual remuneration that was 126% of what female staff received.

Starting from April 2015, in response to governmental increases in the quota for meal allowances included in pay, the Company increased its meal allowances from NT\$1,800 to NT\$2,400, taking better care of our staff and effectively providing a pay raise to them. In addition, to help spur local economic growth, the Group and its subsidiaries draw 4.5% of senior management (department management and higher, as well as branch managers) from local communities. In this way, the Group not only gains a better understanding of local needs, but is also better able to develop services that will give back to local communities.

### Protecting Staff Welfare G4-EC3 G4-LA2

In March 2003, Yuanta Financial Holdings set up its Employee Benefits Committee, which oversees the monthly appropriation of funds for employee benefits. Each quarter, the committee meets at least once, with a total of 8 meetings held in 2015. These funds are independently managed and employed by the Employee Benefits Committee, including providing grants to social clubs that encourage employees share experiences and pursue mentally and physically healthy lifestyles. By the end of 2015, the Group had 13 social clubs that held a total of 380 events and involved the participation of over 7,863 employees. Additionally, the Employee Benefits Committee arranges discounts and benefits for employees with partner companies in dining, accommodation, clothing, travel, and entertainment, along with keeping employees updated on discounts through the intranet. By doing so, we are able to help our employees enjoy more convenient, happier lives.

All employees of the Company's operations in its main area, Taiwan, have access to standard benefits such as benefits and bonuses, cultural and social activities, and a variety of other services.

#### Highlight

In 2015, the Group spent NT\$ **15.2** billion on benefits for non-managerial employees, an average of NT\$ **1.38** million per non-managerial employee.

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### Benefits for Company Full-Time Staff

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



### Yuanta Staff Family Day and Yuanta Volunteer Day

In October 2015, Yuanta Financial Holdings' Employee Benefits Committee worked with the Yuanta Cultural and Educational Foundation to hold Yuanta Staff Family Day and Yuanta Volunteer Day, promoting work-life balance for our staff. Nearly 300 staff members from all subsidiaries participated with their families, constituting a total of 700 participants. Everyone was able to put aside their work briefly and enjoy a day of family fun. They also participated in an "environmentally friendly market" and infused some positive energy into our environment by taking practical measures to support small farmers.

On the day of the events, the foundation specially invited our charity partner Judy's Harmonica Ensemble to perform and arranged the screening of Yuanta Life microfilms and documentaries from the Yuanta-Fu Jen Catholic University "Dreams Take Flight" documentary project, helping bring everyone together to further the service concepts of volunteerism and charity within the Group.

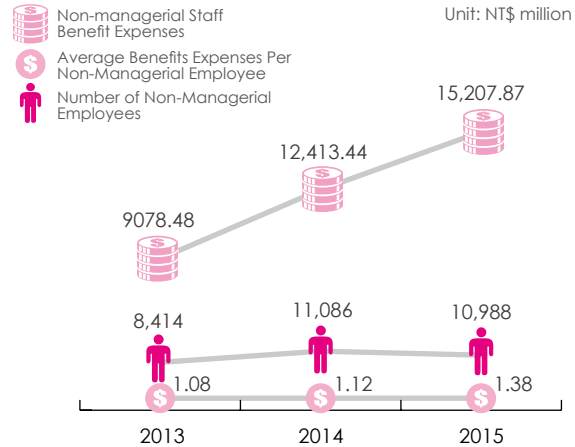
The Staff Family Day was also Volunteer Day, with the Group working with Bliss and Wisdom Foundation of Culture and Education and the Tse-Xin Organic Agriculture Foundation to organize the "Footprints in the Fields Market." This market gave our staff an opportunity to meet small farmers from around Taiwan, while also giving us the chance to promote environmentally friendly farming and providing a wonderful day for all involved.

The Group has always been committed to providing its staff with a friendly working environment and a strong sense of belonging. Not only have we held the Staff Family Day, we also provide low-cost group insurance for staff and their families, along with regular physical and mental health seminars. Subsidies for recreational societies are also granted to encourage our staff to form groups in pursuit of physical and mental health and facilitate exchange and sharing, helping them to reduce stress. The establishment of such corporate measures enables employees to foster balanced lifestyles of work, study, and life.



· Yuanta Staff Family Day and Yuanta Volunteer Day group photo

### Non-Manual Staff Benefits Expenses for the Group



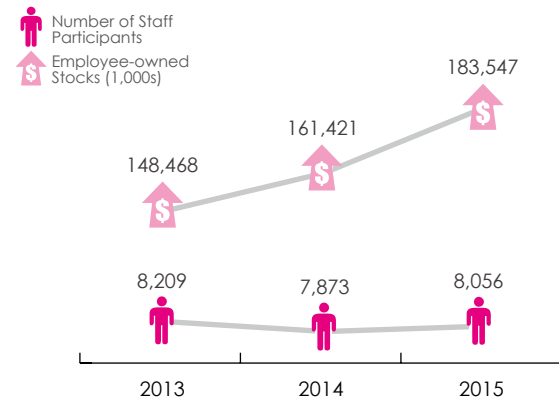
Note 1: Calculated according to the standards of the Taiwan High Compensation 100 Index, excluding contracted sales employees.  
 Note 2: Employee benefits expenses include salaries, labor and health insurance, pensions, and other costs associated with employee benefits.  
 Note 3: "Non-manual employees" refers to all employees excluding the chairman and deputy chairman of the board and other appointed managers.  
 Note 4: The number of non-manual employees is calculated for the entire group, including overseas subsidiaries.

In order to secure the well-being of our employees upon retirement, in March 2003 the Company set up a Labor Retirement Reserves Supervision Committee, reporting regularly to management and focusing on managing labor retirement matters, including making monthly legally mandated contributions to retirement funds. With the implementation of the Labor Pension Act on July 1, 2005, we make monthly contributions of 6% for each employee to individual retirement accounts, in an effort to provide further well-being security for our employees upon retirement.

### Employee Stock Ownership Plan (ESOP) Committee

To encourage long-term savings among our employees, in September 2003 the Company set up an employee stock ownership plan (ESOP), whereby employees deposit a fixed amount each month and the Company issues corporate stocks of the same value to them, making them also shareholders in the Company. Not only does such a plan help protect employees' post-retirement or post-departure lifestyles, it also helps them feel a greater sense of solidarity with the Company, enhancing cohesion and sense of self-worth while also sharing in the Company's results. In 2015, Yuanta Financial Holdings and its subsidiaries had 8,056 people participating in this plan, holding a total of 183,547 thousand shares, an increase of 13.71% over 2014.

### Yuanta Employee Stock Ownership Performance



## Employee Life Skills Seminar Satisfaction Surveys

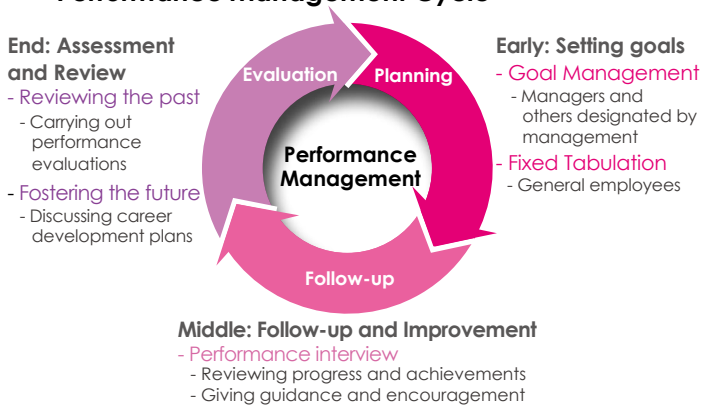
The Company provides annual planned staff care projects covering compensation and benefits, training, physical-mental balance, and labor-management communication. When these courses are completed, we conduct final testing to ensure our workplace remains increasingly competitive. Every year, the Company holds regular life skills and health seminars, gathering feedback through labor-management meetings and other channels. This feedback is an essential consideration for planning such services, helping us create appropriate life skills courses in areas like nutritional health and safety, vision/spinal care for office workers, art appreciation, family relations in the electronic era, and dementia prevention and care. In 2015, our employees rated their overall average satisfaction with these life skills courses a 4.6 out of five, with 4.2 the lowest rating and 4.9 the highest.

## 6.5 Performance Evaluation and Skill Improvement G4-LA11

In order to realize corporate strategic & annual goals and strengthen organizational effectiveness, Yuanta Financial Holdings' employees are all subject to regular performance evaluations. Our performance management system is built around a cycle of first identifying goals, then conducting follow-up improvements and revisions, and finally undertaking review and assessment. In performance evaluations, this takes the form of annually reviewing employee performance and setting future career development goals. The results of these evaluations are also used to facilitate human resource management decisions, such as determining more effective bonuses, promotions, adjusted salaries, and talent development.

Assessment items include work performance; professional knowledge and skills; team spirit, communication, and negotiation skills; service attitude; internal controls management; and other. Beyond professional and legal assessment items, the handling of customer complaints and questions is also an important consideration incorporated into these evaluations. In 2015, the Group conducted performance evaluations of 100% of employees.

### Performance Management Cycle



At the core of the Group's performance management system is goals management: managers engage employees based on Group, company, and departmental business goals on important work items, measures, and indicators. In this way, the Group's performance management system ensures the Company's goals are in line with those of departments and individual employees.

Throughout the year, regular checks of project progress and effectiveness are conducted along with inspections of the maturity of employees' capabilities and their future training and development focus. Through this, we ensure employees continue to be professionally competitive. Additionally, annual training programs offer professional training, management skills training, financial licensing training, and external training, providing support for individual employees' career development and personal growth, while also improving the overall performance and productivity of departments and facilitating the achievement

of the Company's profitability and business development goals.

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

Each month, senior management of the Group's subsidiaries conduct regular business performance reviews, evaluating the domestic and international economic situations and the challenges facing the business. With the information thus gathered, they then evaluate and adjust business direction and goals, ensuring the Company's ongoing competitiveness. Through the Investment Business Management Mechanism, Yuanta Financial Holdings promotes the Group's plans for financial innovation and business expansion. Business strategies are linked at every level with the development goals of the subsidiary firms and departments, as well as the performance goals of employees, through the goal management mechanism, and through monthly business performance review management meetings and the business performance review system for the general managers and chairs of subsidiary companies we implement strategic and operational planning that helps us realize the sustainability aspect of social responsibility.

## Strengthening Staff Capabilities G4-LA10

Given the global trend toward regional economic alliances, the stagnancy of the domestic stock market, and the increasing challenges from Internet finance, Yuanta Financial Holdings pursues continual innovation and transformation in order to achieve sustainability across the three pillars of our business: securities, banking, and insurance. Apart from seeking talented new staff, we also promote the expansion and transformation of professional skills among current operations employees and remittance employees, along with upgrading and innovating digital finance and expanding business opportunities across Asia.

To facilitate our domestic and overseas employees' understanding of financial industry developments in Taiwan and around the world, as well as of the necessity of transformation, we also provide staff with courses in domestic and international financial products and techniques. During times of transition, the guidance mechanism and remuneration protection plan help employees transition smoothly with changes in the industry and face the challenges of a new financial era.

We are adamant about satisfying the needs for development in both the Group's business and the finance industry through ongoing cultivation of finance talent. The Group has established diverse talent development mechanisms across both management and professional specialization, setting up training courses and providing learning opportunities across four main curriculum frameworks: the Management Academy, Specialist Academy, Licensing Academy, and Life Skills Academy. Through targeting the right talent, dispatching them for further education, job rotation, assigning specialist tasks of case management, and providing digital learning opportunities, the management of subsidiaries at all levels discover and develop the new management and specialist talent that are essential to the development of our group and the finance industry.

In addition, through the open learning mechanism of our digital learning platform, we encourage staff to explore professional knowledge from a variety of areas in finance and to proactively equip themselves with a diverse range of skills. Such efforts help staff and the Company adjust to the rapid changes and innovation in the finance industry through updating their knowledge, skills, and techniques and strengthening the workplace capabilities, employability, and professional competitiveness of our staff.

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# 7

## Improving Environmental Performance

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As citizens of Earth, Yuanta Financial Holdings are committed to environmental sustainability and upholding our social responsibility to care for our planet and treasure our resources. The positive efforts of the Company and its subsidiaries both internally and externally with regard to protecting the environment have all been actively encouraged and implemented, and we hope that every bit of effort will help reduce our impact on the environment as we pursue balanced corporate and environmental development.

## Timeline of Environmental Protection



## 7.1 Green Corporate Culture

### A Green, Friendly Workplace

Yuanta Financial Holdings has continued to pursue reductions in energy usage and carbon emissions, implementing a variety of voluntary actions across the Companies and their administrative management departments to reduce energy, paper, and water consumption and improve energy efficiency. Additionally, the Group undertakes green purchasing and encourages its customers to make use of digital services so that we can all uphold our responsibility to the environment. In 2015, the Group neither breached environmental law nor was subjected to fines or sanctions. Additionally, none of the land owned or managed by the Group is located in protected areas such as habitats rich in biodiversity or other nature preserves and has not negatively impacted legally protected preserves or habitat, nor has it had any major impact on environmental protection efforts.

Energy management is an important part of our daily operations. We promote concrete ways to reduce energy usage and carbon emissions, and we encourage our employees to implement them and do their part for environmental sustainability. On top of this, we raise our employees' understanding of climate risk and

improve their ability to adapt accordingly, reducing potential operating risks to the company while also continuing to strive for environmental sustainability through education and training.

#### Promotion of Energy Saving and Carbon Emissions Reduction for the Financial Building

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

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**A Healthy Office Environment** G4-EN31

To provide a better office environment for our employees and create office buildings that are models of green building, Yuanta Financial Holdings' headquarters (the Yuanta Building) was from the start planned with green architectural concepts in mind, making it not only a yardstick for such buildings in the future, but also giving it an educational function. Located on Dunhua South Road in Taipei City, this green building has met Water Conservation Index, Daily Energy Saving Index, Interior Environment Index, Water Resources Index, and Sewage and Garbage Index standards. In addition, through the greenification, environmental health, and cleaning management work implemented through green management by the responsible unit (Administrative Management Department), the Company and all our employees enjoy a refreshing, comfortable, and healthy work environment in which to excel. As Yuanta Life gradually moved into the head office building over 2014-2015, an expansion of cleaning scope was necessary, leading to an increase in 2015 cleaning expenses over 2014, for a total of NT\$10.4 million.

**Environmental Cleanup Expenses for the Company**

Unit: NT\$ thousand

Item	2013	2014	2015
1 Environmental Cleaning	7,870	8,550	9,338
2 Flooring Crystallization	292	292	290
3 Garbage Handling	276	270	270
4 Exterior Cleaning	260	292	290
5 Building Disinfection	42	39.5	64
6 Full Building Rodent Elimination	0	0	75
7 Water Tower Cleaning	24	23	23
8 Carpet Cleaning	152	18	68
<b>Total</b>	<b>8,916</b>	<b>9,485</b>	<b>10,418</b>

**Implementing ISO Systems**

The Environmental Sustainability Group of the Yuanta Financial Holdings Center for the Promotion of Corporate Social Responsibility commenced their plan for implementation of ISO standard systems in October 2015, including ISO 14001: 2015 Environmental Management Systems, ISO 14061-1 Greenhouse Gas Inventory, and ISO 50001 Energy Management.

In November 2015, the Group began implementation of ISO 14001, first doing so in the Financial and Datong Buildings where Yuanta Financial Holdings' offices are based; by late March 2016, the Group had received ISO verification. In February 2016, the Company was in the process of finalizing the Environmental Management Systems and Environmental Operations Management Procedures, clearly laying out the procedures for managing waste water, emissions, waste products, energy resources, and drinking water. The Administrative Management Department was put in charge of implementing related efforts, with three specific plans laid out for the Financial Holdings Building in 2016:

**Annual Air Conditioning Cleaning Program**

<b>Target</b>	Save at least 25 thousand kWh per year
<b>Responsible Department</b>	Administration Department
<b>Estimated Time of Completion</b>	October 2016

**Parking Lot Public Lighting Replacement Program**

<b>Target</b>	Save at least 2 thousand kWh per year
<b>Responsible Department</b>	Administration Department
<b>Estimated Time of Completion</b>	December 2016

**Water-Saving Program for Garden Sprinkler**

<b>Target</b>	Reduce water usage by 16%
<b>Responsible Department</b>	Administration Department
<b>Estimated Time of Completion</b>	January 2016

In addition, Yuanta Securities (in the Datong Building) and Yuanta Bank (in the Chengde Building) were the first to implement ISO 14064-1 and ISO 50001, and both are expected to be certified and/or verified in 2016. Into the future, this Group will continue to promote the implementation of ISO standards beginning with the Financial Holdings, Datong, and Chengde Buildings, expanding greenhouse gas inventory and environmental & energy management systems to all operating locations across Taiwan to standardize the management of environmental and energy matters.

**ISO Implementation Progress Plan**

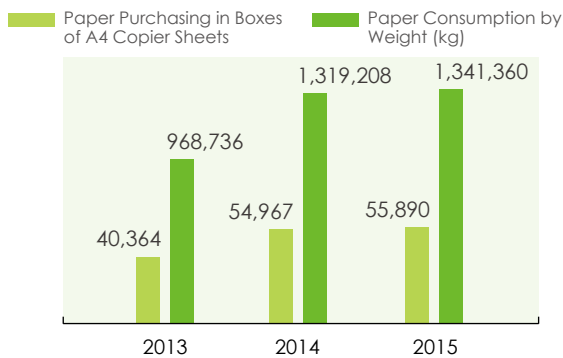
November 2015 ISO 14001	January 2016 ISO 14064-1	January 2016 ISO 50001
<ul style="list-style-type: none"> <li>In November 2015, Yuanta Financial Holdings began the implementation.</li> <li>Verification received at the end of March, 2016.</li> </ul>	<ul style="list-style-type: none"> <li>Yuanta Securities and Yuanta Funds began the implementation in January and March, 2016, respectively</li> <li>Yuanta Securities and Yuanta Funds are expected to receive verification respectively in July and October, 2016.</li> </ul>	<ul style="list-style-type: none"> <li>In January 2016, Yuanta Bank began the implementation.</li> <li>Verification is expected to be received in late August, 2016</li> </ul>

Note: ISO implementation locations are laid out as follows: Yuanta Financial Holdings offices in the Datong and Financial Buildings (ISO 14001); Yuanta Securities in the Datong Building, Yuanta Funds' Taipei head office and Taichung & Kaohsiung branch offices (ISO 14064-1); Yuanta Bank in Chengde Building (ISO 50001).

## Paper Usage Assessment

Statistics on paper purchasing expenses are used by the Group as indicators of paper usage. With the July 2015 renaming of Yuanta Securities and Yuanta Futures and an expansion of operations for Yuanta Financial Holdings and Yuanta Securities, 2015 paper purchasing expenses increased year-on-year compared with 2014. Beyond this, the company and all subsidiaries have shown a gradual year-on-year drop in paper purchasing expenses as a result of active promotion of green services, helping facilitate stable business growth. Total paper consumption in 2015 reached 1,341.36 tonnes.

### Paper Goods Purchase Costs for the Group



Unit: NT\$

Item	2013	2014	2015
Yuanta Financial Holdings	101,163	81,459	88,830
Yuanta Securities	11,676,281	10,511,129	12,517,312
Yuanta Bank	9,431,049	12,094,388	11,120,000
Yuanta Life	4,766,160	13,228,971	12,787,889
Yuanta Securities Finance	45,072	28,811	30,135
Yuanta Futures	651,535	548,083	656,855
Yuanta Funds	265,164	231,034	169,000
Yuanta Investment Consulting	67,714	67,863	44,529
Yuanta Asset Management	31,777	29,205	26,856
Yuanta Venture Capital	8,354	7,142	4,979
<b>Total Paper Expenditure (NT\$)</b>	<b>27,044,269</b>	<b>36,828,085</b>	<b>37,446,385</b>

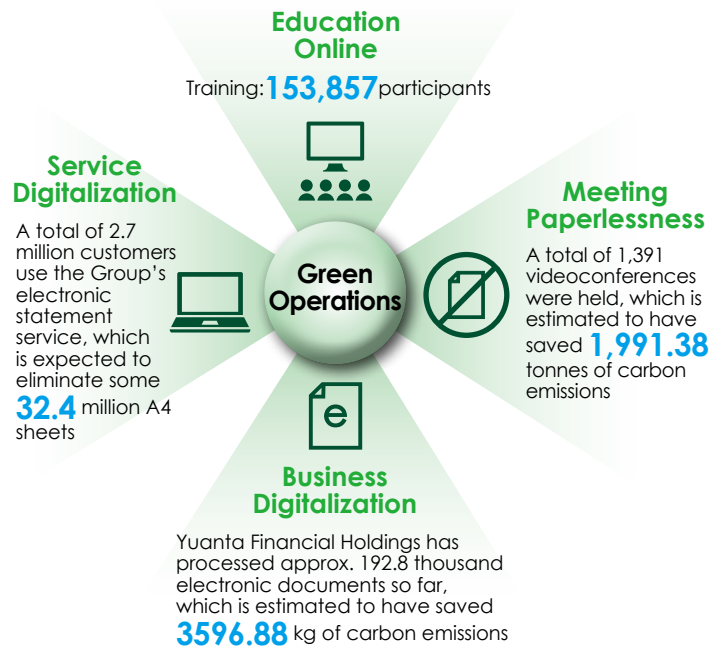
Note: Total boxes of A4 copier sheets = Total Value/NT\$670 (per-box purchase price) Paper consumption by weight = Total boxes purchased\*24 kg (per-box weight)

## 7.2 Promoting Green Operations

G4-EC2 G4-EN27

The Yuanta Financial Holdings group has been energetically working to improve its operations and facilities in light of the issues of climate change and global warming. We seek out practicable and practical measures that can be taken throughout our operations to reduce energy usage, while also pursuing a digital, paperless working environment, which plays a significant part in efforts to reduce energy use and carbon emissions. By putting education online, making meetings paperless, and digitalizing business and services, the Group strives for green operational development. Descriptions of our efforts in each of these four directions can be found below:

## Four Directions for Promoting Green Operations, 2015



### i. Online Education

This Group has established and put into use the Yuanta e-Academy, an online education system. This has been effective in reducing paper consumption and business-travel-related carbon emissions. In 2015, the Yuanta e-Academy trained a total of 153,857 participants.



### ii. Paperless Meetings

The Group promotes the non-provision of hardcopy information in internal meetings, relying instead on the transfer of electronic files to the meeting-room computer. We have also reduced the usage of paper cups and meal boxes at meetings. Furthermore, given the need for timeliness among financial institutions confronted by globalization, we are required to frequently engage in cross-border and cross-region communications in order to effectively achieve our business goals. To reduce the time and expense necessary for communication management, the Company has promoted the use of videoconferencing facilities. This is also an effective means of reducing carbon emissions and energy consumption, and as such has been implemented across the full range of the Group's subsidiaries in every operating location. Currently, 31 bank branches have fully established such facilities, not only improving operational efficiency and accelerating customer service and response times, but also reducing our carbon footprint and the threat presented by travel-related carbon dioxide emissions to the environment. In this way, we do our part for the environment. In 2015, a total of 1,391 meetings were held by videoconferencing, saving an estimated 1,991.38 tonnes of carbon emissions.

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### Video- and Audioconferences, 2015

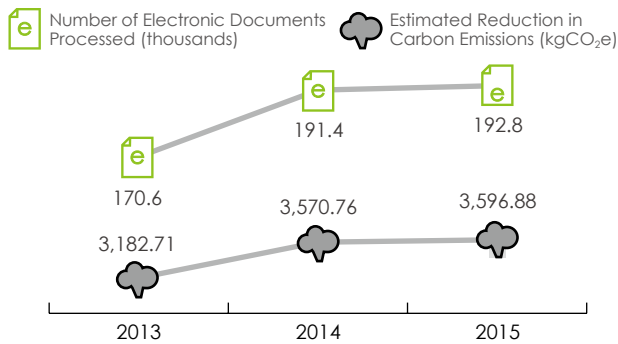
Subsidiary	Location	Times Held	Estimated Savings in Passenger-Kilometers (pkm)	Estimated Fuel Savings (L)	Estimated Reduction in Carbon Emissions (tonCO <sub>2</sub> e)
Yuanta Securities	Overseas	260	1,443,360	106,916	241.96
Yuanta Securities	Domestic	537	8,105,000	600,370	1,358.7
Yuanta Bank	Domestic	594	2,300,746	172,648	390.72
Total		1,391	11,849,106	879,934	1,991.38

Note 1: The statistics from the 2014 CSR report include conference calls. As these meetings were shorter and more frequent; if these figures were used in a comparison of fuel consumption, such comparison would not be representative, and as such future reports from 2015 will use videoconferencing frequency for estimates of fuel savings and relative reduction in carbon emissions.  
 Note 2: Yuanta Securities and Yuanta Bank have both fully implemented videoconferencing systems, and thus these two subsidiaries are used for these calculations.  
 Note 3: 2015 videoconferencing statistics use a total of 1,391 meetings, and are estimated to have saved 11,849,106 in passenger-kilometers.  
 Note 4: Official Company cars are Toyota Camry 2.0 vehicles, and using their statistics of 13.5 km/l, the change to these vehicles is estimated to have saved 879,934 liters of gasoline in 2015.  
 Note 5: According to the Environmental Protection Administration's Greenhouse Gas Emissions Factor Management Chart (6.0.2), "Automotive Gasoline" carbon emissions are rated at 2.2631 kgCO<sub>2</sub>e/L. In line with this, we estimate 2015 savings of 1,991,378.64 kgCO<sub>2</sub>e, equal to 1991 tonCO<sub>2</sub>e of emissions.

### iii. Business Digitalization

Through periodic emails, the Company has in recent years promoted separating garbage, recycling, reducing energy usage and carbon emissions, and green purchasing—along with other environmentally friendly measures—among its employees, as well as launching several promotional activities, including 2009's establishment of the Group's electronic document management system and the move from 2010 to have the entire Group using the system. Since this move into digitalization of company documents, in 2015 some 192.8 thousand of Yuanta Financial Holdings' electronic documents have passed through the system, effectively leading to a reduction in the amount of paper used and an estimated reduction in carbon emissions of 3596.88 kg. In addition, in 2016 Yuanta Securities will bring a consumables management system online, further reducing paper usage and carbon emissions.

#### Company Electronic Document Management System Performance



Note: Calculated at 70 g/m<sup>2</sup> per pack of 500 sheets of A4 copier paper. Each A4 sheet has an area of 210\*297 mm = 62370 mm<sup>2</sup> = 0.06237 m<sup>2</sup>, with a weight of 0.06237 m<sup>2</sup>\*70 g/m<sup>2</sup> = 4.3659g = 0.0044kg. According to the Environmental Protection Administration's Taiwan Product Carbon Footprint platform, "Plain Paper Copy, from virgin fiber" emissions factor is 4.24 kgCO<sub>2</sub>e/kg, and with a total of 192.8 thousand electronic documents processed in 2015 (estimated at 1 A4 sheet per document). We estimate a carbon reduction of 192.8 thousand documents\*0.0044kg/document\* 4.24 kgCO<sub>2</sub>e/kg = 3,596.88 kgCO<sub>2</sub>e

### iv. Service Digitalization

This Group has actively promoted and implemented green services, including the development of digitalized services like electronic trading and electronic statements, reducing

paper usage, streamlining workflows, and reducing processing time, sparing no effort in contributing to the protection of the environment. These green services are explained below:

#### Electronic Trading Services

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

In 2014, our securities subsidiary continued to promote marketing programs of automated channels (online/mobile ordering) for trading, encouraging its customers to make greater use of online and mobile services. By the end of December 2015, electronic trading accounted for 51.03% of securities brokerage, an increase of 3.93% on 2014, and the number of customers using electronic trading with our subsidiaries is continuing to grow, effectively reducing the amount of paper and associated energy being consumed.

#### Electronic Trading Usage Statistics

Subsidiary	Item	2013	2014	2015
Yuanta Securities	Securities Brokerage Share	42.70%	47.10%	51.03%
	Wealth Management	30.74%	39.88%	42.29%
Yuanta Bank		65.38%	67.74%	68.91%
Yuanta Futures		88.35%	86.15%	90%
Yuanta Funds		40.76%	42.50%	42.27%

#### Electronic Statement Service

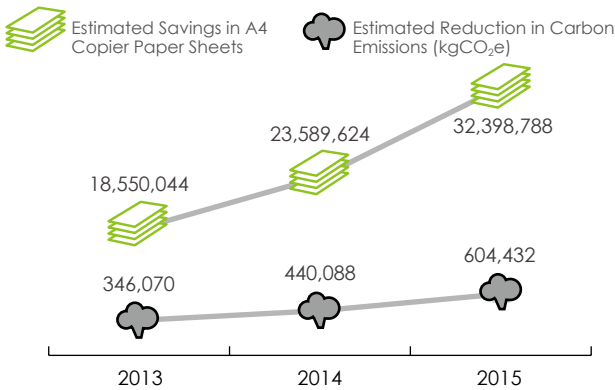
In response to the growing green lifestyle, since April 2004 Yuanta Securities has actively encouraged its customers to apply for electronic statements, as well as promoting the particular features of digital accounts and electronic trading, pushing a move to paperless operations through the use of email to replace traditional hardcopy mail.

In addition, Yuanta Bank encourages its customers to apply for electronic statements and promotes fully paperless accounts out of consideration for the environment. In 2015, the Company held special drawings for electronic statement users, offering prizes including smart wristbands and other rewards awarded to give back to consumers. The number of users of electronic statements in 2015 rose 15% from 2014. In response to increased issuing of credit cards, we have continued to hold events promoting electronic statements, offering no annual fees to cardholders while they use electronic statements and promoting to customers the idea of paperlessness. In 2015, the number of credit card holders applying to use electronic statements grew 141%.

In order to protect the interests of customers in the event of their having changed email addresses and not received their electronic statements, the company is particularly attentive to any emails that fail in sending, requesting the relevant branch contact the customers and confirm their addresses. Such measures have greatly increased the monthly success rate of electronic statement sending, and the number of customers making use of these statements is also growing.

Conservative estimates by the Company indicate that each customer using electronic statements saves 12 sheets of A4 paper each year compared with paper statement users. Given this, with approximately 2.7 million customers using electronic statements, the Group estimates that in 2015 we reduced printing by some 32.4 million A4 sheets, representing a decrease in carbon emissions from paper consumption of approximately 604,432 kg.

### Usage of Electronic Statements



Unit: Customers

Subsidiary	Item	2013	2014	2015
Yuanta Securities	Brokerage	915,895	997,430	896,966
	Wealth Management and Trusts	121,070	144,339	183,185
<b>Yuanta Bank</b>		372,735	503,502	1,207,967
Yuanta Life	Investment-type Products	--	--	1,809
	Traditional Products	--	--	5,172
<b>Yuanta Futures</b>		--	159,719	180,972
<b>Yuanta Funds</b>		136,137	160,812	223,828
<b>Customers Using Electronic Statements</b>		1,545,837	1,965,802	2,699,899

Note 1: Based on conservative estimate of at least 12 sheets of A4 paper consumed by each customer using paper statements.

Note 2: Using estimate of 70 g/m<sup>2</sup> per 500-sheet pack of A4 copier paper and a weight per sheet of 0.0044kg. Our estimate for reduction in paper usage through electronic statements in 2015 by weight is 32,398,788 sheets\*0.0044kg/sheet\*4.24 kgCO<sub>2</sub>e/kg=604,432 kgCO<sub>2</sub>e. (For further details on data sources, please refer to electronic trading performance chart.)

## 7.3 Environmental Performance Management G4-EC2

### Greenhouse Gas Emissions Management

G4-EN15 G4-EN16 G4-EN18

Yuanta Financial Holdings' Scope 1 emissions primarily come from Company vehicle gasoline consumption, which accounted for a total of 25,856 kgCO<sub>2</sub>e for 2015; Scope 2 emissions are mainly from externally purchased electricity, totaling 5,664,600 kWh in 2015, equivalent to 2,990.91 tonCO<sub>2</sub>e of emissions; other greenhouse gas emission sources include business travel and commuting, which do not fall under the current management scope; our total electricity carbon emissions strength in 2015 was 201.91 kgCO<sub>2</sub>e/m<sup>2</sup>. Additionally, all the air conditioning units in the Yuanta Building use environmentally-friendly R410A refrigerant, reducing harm to the ozone layer and actively helping protect the planet.

According to statistics, in 2015, the Financial Building's use of electricity grew 2.2% on 2014. The reason for this increase is the February 2014 move of Yuanta Life into the 7th and 9th floors of the Financial Building, as well as parts of the 2nd and 8th floors. The resulting growth in numbers of employees and in life insurance business, as well as the 24-hour server room and policy production room, led to the increase in the Financial Building's use of electricity. However, as the Administration Department carried out weekly checks of office air conditioners and lighting fixtures from floor to floor, as well as ensuring that all of the air conditioning and lighting were turned off after working hours. Thus in 2015 we were able to restrict this growth to only 122.2 thousand kWh. In line with the announcement from the Ministry of Economic Affairs that securities firms were included in the list of "Identified Energy Users," Yuanta Securities informed each operating location by email of the requirements involved in adhering to the Energy Administration Act and indicating areas where energy, carbon emissions, and electricity usage could be reduced.

The Group continues to work hard in the area of greenhouse gas emissions management, implementing ISO 14061-1 standards in January 2016. Additionally, Yuanta Securities has begun a greenhouse gas inventory and management project in the Datong Building, with a verification statement expected at the end of May 2016. Additionally, in the latter half of 2016 we expect to see Yuanta Funds head office take the lead on implementing ISO 14064-1 standards in all locations around Taiwan, as well as obtaining verification.

In the future, we plan to incorporate more subsidiaries into our greenhouse gas inventory system, promoting carbon management across the business and setting out greenhouse gas emissions reduction targets. The Group also set its first purchase target for green electricity in 2016, setting it at 500 thousand kWh. This electricity primarily comes from renewable resources including solar and land-based wind power. We are committed to supporting the renewable energy industry in Taiwan, and will continue pursuing low-carbon business operations.



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## Greenhouse Gas Emissions for Yuanta Building

	Item	2013	2014	2015
Scope 1 Emissions	Company Car Gasoline (L)	--	12,446	11,425
	Emissions Factor (kgCO <sub>2</sub> e/L)	--	2.2631	2.2631
	Carbon Emissions (kgCO <sub>2</sub> e)	--	28,167	25,856
Scope 2 Emissions	Total Electricity Consumption (kWh)	5,413,400	5,542,400	5,664,600
	Electricity Emissions Factor (kgCO <sub>2</sub> e/kWh)	0.522	0.521	0.528
	Carbon Emissions (kgCO <sub>2</sub> e)	2,825,795	2,887,590	2,990,909
Scope 2 Emissions Intensity	Floor Area Used (m <sup>2</sup> )		14,813.39	
	Electricity Carbon Emissions Intensity (kgCO <sub>2</sub> e/m <sup>2</sup> )	190.76	194.93	201.91

Note 1: Automotive gasoline emissions factor came from the EPA's Greenhouse Gas Emissions Factor Management Chart and the Bureau of Energy's electricity emissions factor.

Note 2: In 2013, our gasoline usage valuation system was not yet implemented, leaving us unable to properly estimate gasoline usage levels, and as such there is no data to report.

Note 3: Information scope covered the Financial Building, company shuttles, and company vehicles.

## Waste Management G4-EN23

In 1995, Yuanta Securities established the Property and Facilities Management Guidelines and mechanism for capital and equipment allocation inventory management to facilitate effective use of idle facilities within the Securities subsidiary and mitigate wasted expenditure due to overlapping resources. Break rooms on each floor of the Financial Building have set recycling bins. To categorize garbage for recycling/reuse, we have used environmental protection training, regular garbage categorization, and promotion of recycling facilities to educate our employees, while there is a space set up for garbage collection on the fifth basement floor, where the entire building's garbage is collected and sorted again. This garbage is cleared away every day and the space cleaned regularly. Between 2013 and 2015, we saw ongoing reductions in waste production, with 2015 showing a reduction by 1,255 kg in recyclable waste on the 2014 figure.

Through environmental education and advocacy, the Company continues to work on encouraging our employees to reduce food waste, promoting the concept of cherishing food to help alleviate the burden on the environment and the economy caused by food waste. In 2015, we saw a reduction in food waste of 124 kg over 2014, a clear illustration of the commitment of our employees to this cause.

### Waste Statistics for Yuanta Financial Holdings Headquarters

Unit: kilograms (kg)

Treatment Method	Item	2013	2014	2015
Recycling	Aluminum	9	12	37
	Iron	40	197	244
	PET Bottles	420	649	1,176
	Paper	13,828	10,229	8,375
	<b>Total</b>	<b>14,297</b>	<b>11,087</b>	<b>9,832</b>
Composting	Kitchen Waste	1,409	977	853

## Yuanta Financial Holdings Group IT Facilities Replacement and Donation

The Group's IT facilities are replaced upon passing their usable lifespan or warranty period, with others being replaced and upgraded when it is found that their specifications are no longer sufficient for the performance required of them. When replacing or recycling such facilities, the first step is the destruction of magnetic disks and storage media to avoid potential leaks of personal or confidential information. Should the equipment itself still be usable, the Foundation will then donate it to an organization in rural Taiwan in need of such equipment; otherwise, it will be sold for recycling. To avoid wasting resources and ensure we are being socially responsible, replaced computer equipment is donated to Fu Jen Catholic University's Center of Care Services for Rural Area Education Taiwan or the Hualien New Life Church in order to help rural children gain access to digital learning resources and bridge the digital divide between urban and rural Taiwan.

### IT Equipment Replacement Statistics for the Group in 2015

Unit: Units

Item	Treatment Method			Total
	Sold	Donated	Scrapped	
Computer	252	52	3,854	4,158
Screen	1,108	—	1,808	2,916
Printer	1	—	206	207
Print Server	—	—	54	54
Fax	—	—	41	41
Photocopier	31	—	—	31
PC Server	13	—	204	217
Notebook Computer	10	—	66	76

## Yuanta Bank ATM Upgrading and Management

The replacement history of Yuanta Bank ATMs is found below. Processing of replaced ATMs is handled in line with Yuanta Bank's relevant management guidelines, with the replaced machines processed by qualified and environmentally friendly vendors under the supervision of Yuanta Bank employees, with said vendors then undertaking categorization of parts and recycling as appropriate.

## Yuanta Bank ATM Upgrades

Unit: ATM Machines

Item	2013	2014	2015
<b>Number of ATMs Replaced</b>	—	—	95
<b>Ordinary ATMs (A)</b>	298	297	193
<b>Accessible ATMs (B)</b>	47	47	155
<b>Total ATMs (C=A+B)</b>	345	344	348

## Yuanta Securities Energy-Efficient Lighting Plan

As part of implementing energy-saving policies, Yuanta Securities has replaced all lighting with T5 energy-saving lamps (920 in headquarters, 828 in branches). Previously, T8 lamps were used for lighting, and analysis has shown that the switch to T5 has improved energy efficiency by 33%. On top of this, regular inspections are done of the lighting and air conditioning systems on all floors, ensuring that these systems are turned off in unused conference rooms, server rooms, and office spaces. In 2015, 161 Yuanta Securities locations' outdoor signage lighting was changed to T5 lamps (a total of 6,976 lamps), with 30 locations also replacing indoor T8 lighting with cold cathode fluorescent lamps (a total of 2,932 lamps). Into the future, we will further review practical electricity saving measures and promote energy-saving lighting replacement in more locations.



• Yuanta Funds holds a beach cleaning activity

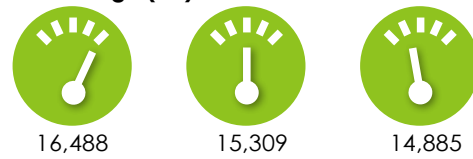
## Water Usage Management G4-EN22

100% of the water used by this company is from local water supplies, with no direct access to groundwater, waterways, or any other sources of water. Water at our offices and operating locations is provided for the use of employees and customers, producing no significant impact on the environment through waste water. All water used is processed through the sewage system, after which it is released into waterways or the ocean. As such, there are no concerns regarding major leaks or threats to the environment. The Building's waste water treatment facilities include a sewage treatment tank and dedicated sewage line. Sources of waste water include toilets and garbage collection areas, while miscellaneous drainage is handled by the processing facilities on the fifth basement floor and the dedicated sewage line on the first floor in accordance with the demands of both environmental law and green architecture.

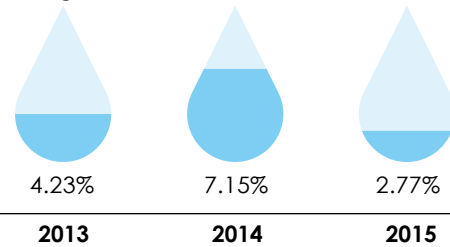
Through the use of water-saving equipment, rainwater recycling systems, and employee education in water-saving measures, along with new auto-sensing water-saving facilities, water usage for the Financial Building continued to decrease in the 2013-2015 period, with some 424 m<sup>3</sup> of water saved in 2015 compared to 2014, primarily through reinspection of the water usage of the toilets in the building. Subsequent readjustments reduced cistern volume by 1/4, combining with other efforts to achieve a 2.77% reduction in water consumption. Into the future, we will continue to plan more comprehensive water resource management policies and measures, hoping to further reduce our consumption of water, wasting of natural resources, and impact on environmental water resources caused by our operations.

## Water Usage Statistics for Yuanta Building

### Total Water Usage (m<sup>3</sup>)



### Water Savings Rate



## 7.4 Supplier Management G4-12 F55/DMA

All procurement by the Group is done through a fair and transparent process of negotiations in order to avoid conducting transactions with any suppliers with murky ethical records. The suppliers are also required to jointly adhere to the Company's Integrity Management principles. With regard to the procurement of physical products from suppliers contracted to the Company, since June 2013 the Company has laid out the Integrity Management Best Practices and Behavioral Guidelines and Guidelines for Integrity Management. We have also set out Key Points for Procurement, Requisition, and Verification and a Procurement Contract Signing Checklist and Integrity Declaration, facilitating evaluations of contracts with external suppliers regarding the outright purchase and sale of products they own. The Declaration of Commitment to Integrity that is attached to the checklist is to be signed by 100% of suppliers and serves as evidence that the signatory has completed the checklist. Additionally, when the Company signs a procurement contract, the supplier is expected to 100% comply with the integrity clauses and the Integrity Management Best Practices and Behavioral Guidelines. We also conduct capability assessments and audits of both new and old suppliers to reduce purchasing risk. On top of this, as each year's procurement contracts are renegotiated, we conduct Supplier Evaluations, using these to ensure the quality of our products and services while also effectively managing and reducing operating costs.

As well as helping our suppliers understand our integrity management principles, corporate social responsibility strategies, and supplier management guidelines, we also require our suppliers to sign an integrity management commitment, and only those

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who sign said commitment and have no prior record of fraud, corruption, or bribery are signed with, helping jointly realize our integrity management principles. In 2015, our principal suppliers can be categorized as IT (IT, networking, hardware, software), construction/maintenance (room equipment, wiring), printing, or other (uniforms, gifts, consumables, miscellaneous). Procurement

projects are primarily arranged with domestic Taiwanese suppliers, and in 2015 the ratio of purchasing expenses in New Taiwan dollars and foreign currencies was approximately 99:1. In 2016, we worked with suppliers Chunghwa Telecom, Taiwan Power Company, and Taiwan Water Corporation to fully move to paperless electronic statements, jointly reducing paper consumption.

**Supplier Selection Process of the Group**



**Requiring Suppliers to Sign Human Rights and Environmental Sustainability Commitment**

Since November 2015, we have requested all 589 major suppliers of all group subsidiaries sign an environmental sustainability and human rights commitment, clearly laying out the working conditions, occupational health & safety, environmental

protection, and labor rights protections expected of suppliers under the law. Currently, this commitment has had a response rate of 92.2%. The Group and all Subsidiaries will continue to follow-up on this commitment requirement with suppliers, taking practical action to move suppliers toward optimal corporate social responsibility and setting a response target of 100% for 2017.

## Environmental Sustainability and Human Rights Commitment Status, 2015

Item	Supplier Category								Total Plants	Total Recycling	Recycling Percentage
	IT		Construction/Maintenance		Printing		Other				
	Number	Amount	Number	Amount	Number	Amount	Number	Amount			
Yuanta Financial Holdings	51	51	17	17	6	6	43	30	117	104	88.9%
Yuanta Securities	53	42	20	20	8	7	30	29	111	98	89.1%
Yuanta Bank	51	51	17	17	6	6	43	30	117	104	88.9%
Yuanta Life	29	29	14	14	9	9	36	36	88	88	100%
Yuanta Funds	3	3	1	1	3	3	14	14	21	21	100%
Yuanta Futures	17	17	14	13	6	3	13	12	50	45	90%
Yuanta Securities Finance	7	7	4	4	0	0	8	8	19	19	100%
Yuanta Asset Management	1	1	0	0	1	1	25	25	27	27	100%
Yuanta Venture Capital	1	1	1	1	1	1	4	3	7	6	85.7%
Yuanta Investment Consulting	14	14	7	5	2	2	9	9	32	30	93.8%
<b>Total</b>	<b>227</b>	<b>216</b>	<b>95</b>	<b>92</b>	<b>42</b>	<b>38</b>	<b>225</b>	<b>196</b>	<b>589</b>	<b>542</b>	<b>92.2%</b>

## 7.5 Green Purchasing

Yuanta Financial Holdings uses e-mail to promote green purchasing and related concepts among our staff and the purchasing departments of our subsidiaries. In these emails, we explain green purchasing and how to prioritize legally compliant green products; we also list out government-approved green products, including those that have received Green Mark approval from the EPA; those that are in line with our requirements for use of renewable materials, low pollution, recyclability, and resource efficiency; and other products with the same or similar functionality than others, but with greater potential to benefit society or reduce social costs. In addition, we also implement training programs for purchasing staff, share with them relevant information, and helping make green purchasing decisions regarding products and services.

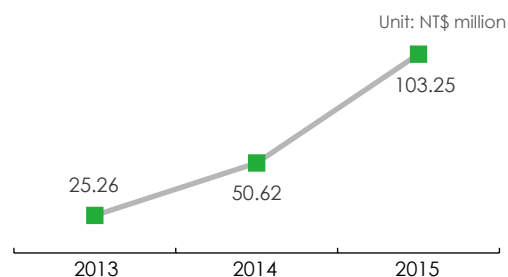
To implement green purchasing, the Group prioritizes purchasing of products and consumables certified as environmentally friendly, energy efficient, or fuel efficient by the government. Office renovation projects are conducted primarily with green building materials, and we also urge the use of green engineering methods that create minimal harm to the natural environment and the proper processing of engineering waste. This is collectively considered as an aspect of environmental sustainability, and reduces our impact on the environment.

Through the coordination of business and purchasing, we will continue to promote the use of environmentally certified materials among our suppliers, as well as promoting the concepts of environmentally friendly, green consumption, encouraging our partners to adhere to and spread them. Statistics show that in 2015, the Group's green purchasing by value has doubled over 2014, already surpassing NT\$100 million. The bulk of our green purchasing was energy-efficient lighting and appliances, and Green Mark labeled consumables. The area in which green purchases accounted for the greatest percentage is energy-efficient appliances (77.13%), with energy-efficient lighting second (7.1%).

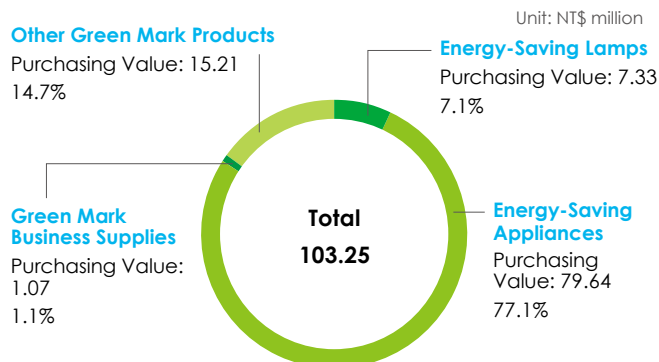


• Award for Excellence in Green Purchasing, 2015

### Green Purchasing Statistics of the Group G4-EN31



### Green Purchasing Proportions for the Group, 2015



From 2011 through 2016, the Group has worked with the Taipei City Government on the Public Sector Companies and Groups Green Purchasing Project, actively promoting green purchasing events. Thanks to our superlative performance, for five consecutive years (2011-2015) we have been recognized by the Taipei City Government as setting the benchmark, and we intend to continue building on our environmental awareness, passing the concepts on to all of our employees and doing our part to help the planet.

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## Supporting the Community

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Yuanta Financial Holdings and its Subsidiaries have a long-standing commitment to supporting and caring for the community, and are committed to “giving back to society as we benefit from it”. Through the Yuanta Cultural and Educational Foundation, we actively participate in a variety of cultural, educational, and community philanthropic activities, helping to foster a higher standard of culture, health, and lifestyle while upholding our corporate social responsibility.

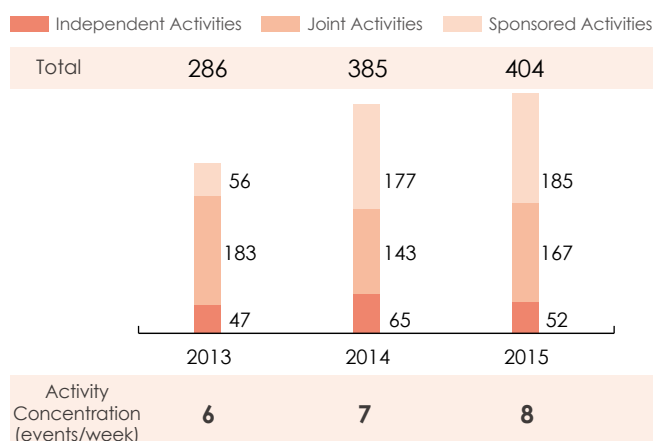
## 8.1 The Yuanta Cultural and Educational Foundation G4-EC1 G4-SO1

The Yuanta Cultural and Educational Foundation were founded in 2002 with the belief that charity demands constant investment. Ever since then, the Foundation has been actively involved in social charity and improving education for the underprivileged, helping underprivileged children learn and grow, and fostering confidence. We have always been committed to showing love, trust, and responsibility toward all parts of the community.



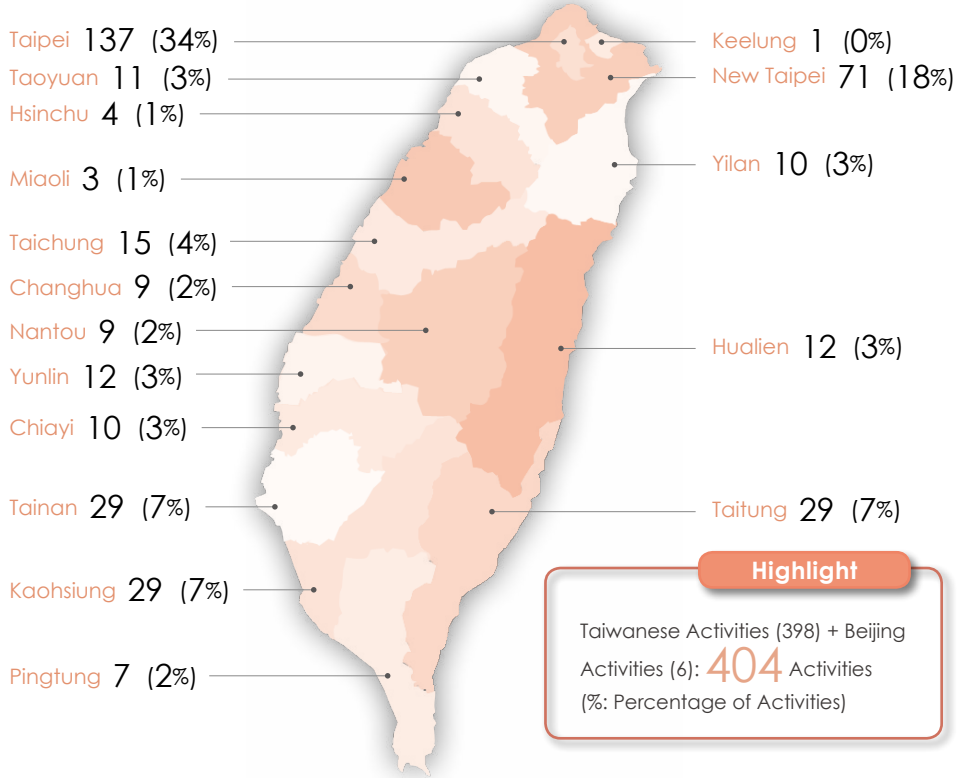
The Foundation strives to create a better society for all starting with education in four main directions: Public Welfare and Community Education, Awarding Academia and Training Talent, Safe Societies and Learning the Law, and Advancement of the Arts and Cultural Education. Through this, we are able to take concrete actions to realize our corporate social responsibility. In 2015, the Foundation held a total of 404 activities, comprising 52 self-run activities, 167 joint activities, and 185 sponsored activities. Working hand-in-hand in a spirit of kindness, we are able to build a charitable platform to help even more people's dreams take flight.

### Yuanta Cultural and Educational Foundation Activity Statistics, 2013-2015



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**Yuanta Cultural and Educational Foundation Activities by City/County in 2015**

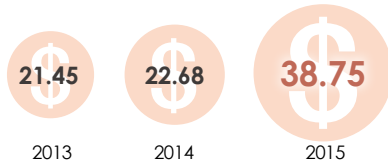


"Care, care, and care again!" That is the motivating position behind the Foundation's charitable efforts. In 2015, a total of 1,389 volunteers from Yuanta's staff participated in volunteer activities, 53% of whom were female, 47% male. This shows that Yuanta employees are eager to participate in serving the community regardless of their gender, and with their help we have been able to serve as many as 150 thousand people. Additionally, in 2015 the Foundation invested some NT\$38.75 million into charitable activities, with Public Welfare and Community Education activities accounting for the highest percentage (62.1%), followed by Awarding Academia and Training Talent (17.3%).

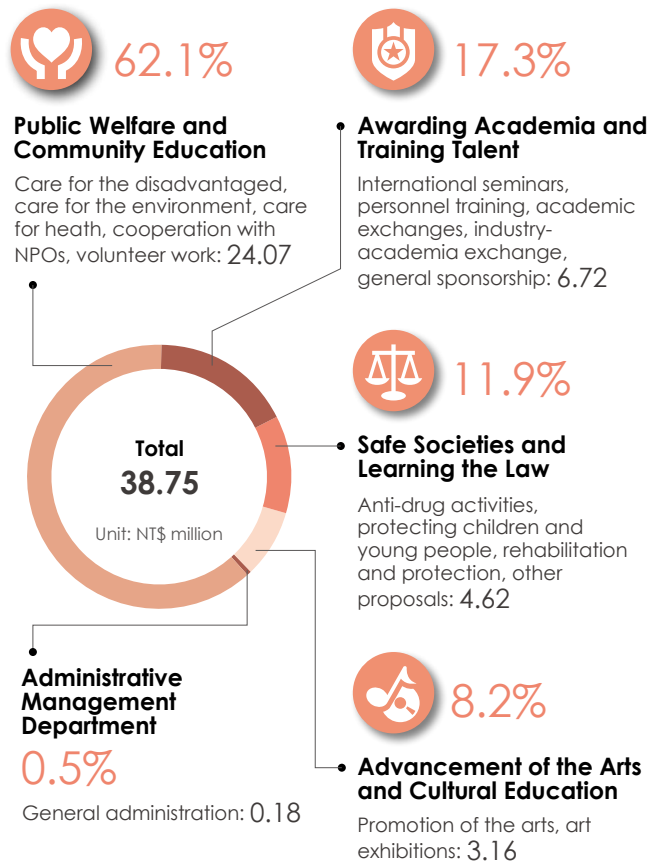
**Charitable Performance of Yuanta Cultural and Educational Foundation**



**Total Value of Charitable Activities Expenses (NT\$ million)**



**Yuanta Cultural and Educational Foundation Expenditure on Social Philanthropic Events, 2015**



Harnessing the resources of the Group's subsidiaries, the Foundation has used operating locations throughout Taiwan and brought together local staff to volunteer, thus we provide a combination of charitable services and take practical action to inject more positive energy into the community. In 2015, the sum total of donations gathered by subsidiaries was NT\$46.2 million. Every Thursday the Foundation holds project review meetings, selecting partners and sponsorship plans solicited from throughout society through application of its evaluation criteria and annual budget.

Through monthly electronic newsletters and annual reports posted to the company website, the Foundation describes in detail its efforts to help the underprivileged, foster healthier lifestyles, care for the community, protect the environment, cultivate talent, foster industry-academia exchanges, sponsor the arts, and encourage education in the law. In addition to sharing this information with the whole company, we also hope to encourage others to get involved and help make Taiwan's dreams come true by helping children and adults alike. In this way, we hope to realize the Foundation's commitment to "making dreams more than just dreams."

### Donation Income for Yuanta Cultural and Educational Foundation, 2013-2015 (focused on Yuanta Financial Holdings subsidiaries)

Unit: NT\$ million

Subsidiary	2013	2014	2015
Yuanta Securities	14	17.6	16.65
Yuanta Securities Finance	3.5	2.64	2.3
Yuanta Funds	3.5	4.4	4.6
Yuanta Bank	7	11	13.85
Yuanta Futures	3.5	3.96	4.65
Yuanta Venture Capital	1.75	2.65	2.30
Yuanta Asset Management	1.75	2.2	1.85
<b>Total</b>	<b>35</b>	<b>44.45</b>	<b>46.2</b>

## 8.2 Public Welfare and Community Education G4-S01

Yuanta is a long-time supporter of disadvantaged groups, sparing no effort in using education to help underprivileged children stand firm in modern society, embrace their passions and visions, and actualize themselves. To help provide education to children in remote rural areas, as well as offer guidance and support, we established the Yuanta Dreams Taking Off Scholarship program. Through this program, we assist children in completing their educations, building their self-confidence and channeling the care and concern of society into the power of will. Yuanta also strives to

provide not only material assistance to groups in need, but also to share with them the love of society through our volunteer efforts.

The Foundation's efforts in regards to public welfare and community education are built around six elements: the Dreams Taking Off Project, assisting the Hualien-Taitung area, caring for children and young people, caring for the environment, promoting health and well-being, and working with NPOs. Highlights and results of these efforts in 2015 are laid out below:



### (1) Yuanta Dreams Taking Off Project

#### Yuanta Dreams Taking Off Scholarship

##### Funding Education, Fostering Ambition

The Foundation considers education an important force in people's lives, and one that cannot be interrupted. Good education can transform lives and change society for the better, and as such, in spite of challenges and difficulties, with dedication to learning we can always find a chance to succeed. In 2011, the Foundation launched the Yuanta Dreams Taking Off Project, and thus far, from among its 367 scholarship recipients, the project has helped foster 21 outstanding college students.

The Yuanta Dreams Taking Off project focuses on cultivating talent in rural, remote parts of Taiwan. In 2015, 132 students from secondary, tertiary, and vocational schools passed the review process, with applicants coming from 8 schools including Taoyuan City's Jieshou Junior High School, Jianshan Junior High School in New Taipei City, and Taitung County's Zhongxiao Yanshen Middle School.



Upper: As part of the Yuanta Dreams Taking Off Scholarship Development Camp, students complete self-awareness courses and learn to understand one another like family

Lower: Foundation chair Ma Wei-Chen (center, white shirt) with college-aged recipients of Yuanta Dreams Taking Off Scholarships

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## Digital Tutoring 2.0

### Connecting Remote Communities with a Comprehensive Learning Network

The Ministry of Education first launched the Digital Tutoring program in 2006, and in concert with that the Foundation and the Fu Jen Catholic University Center of Care Services for Rural Area Education in Taiwan teamed up to launch the Yuanta Dreams Taking Off project in 2011. This project incorporates computers, the Internet, videoconferencing facilities, and an online educational platform to help college students and children in remote areas to learn and interact in schooling and in life. As of December 2015, this project has tutored 1,002 rural students and 621 marginalized urban students for a total of 1,623 students.

Yuanta responded to the call of then-Minister of Education Wu Se-Hwa for interconnected resources, providing educational resources to help more children learn. Through project partner Fu Jen Catholic University, the Ministry of Education has encouraged more young people in remote areas to keep their passion for learning alive, to lay down solid plans for their futures, and to persistently pursue their dreams. The Chunghwa Telecom Foundation, which is handling the communications side, has helped the project overcome the difficult challenge of connecting Taiwan's outlying islands. With their help, we have been able to help students of all ages successfully complete twice-weekly real-time learning sessions, providing an outstanding model of industry-academia-government cooperation.

In 2015, Yuanta sponsored the Wugu Catholic Church in New Taipei City and Keelung City's Sacred Heart Senior High School, as well as supporting two children with rare disorders with online education and tutoring. In addition to bridging physical distance, the project has also supported children wanting to continue their educations through scholarships. We hope that students of all ages will know that if they encounter any troubles in their education, all of us at Yuanta are behind them, encouraging them and motivating them to pursue their dreams one step at a time.



• Students from Fu Jen Catholic University use their spare time to tutor children from around Taiwan, working with the Dreams Taking Off project to help rural children complete their educations.



• Minister of Education Wu Se-Hwa (second left), deputy chief executive of the Yuanta Cultural and Educational Foundation Tsao Hsiu-Yun (far left), vice-president of mission at Fu Jen Catholic University Fr. Leszek Niewdana (far right), a tutor from Wugu Catholic Church (third left) and Fu Jen Catholic University tutor Hsieh Chia-Hsun (third right) celebrate learning outcomes at the Ministry of Education's national launch of Digital Tutoring 2.0.



• In 2015, the Foundation was honored by the Ministry of Education with the "Achievement in Promoting Rural Digital Education by a Business" award.

## (2) Caring for Hualien and Taitung

### Mennonite Christian Hospital Festival Activities

#### Sending Warmth and Love during Annual Festivals

The Mennonite Christian Hospital serves some 400 underprivileged patients in the Hualien-Taitung area each year. For some of these patients, who don't qualify as being from middle- to low-income households and thus find it difficult to get social assistance, the

combined pressures of illness and bills can be hard to bear without adequate financial support. Yuanta has long had a friendly cooperative relationship with the Mennonite Christian Hospital. The MCH team has deep roots in Hualien, and we are



• Patients enjoy some of society's seasonal warmth at the new year's feast

both touched and humbled to work with them on this charitable platform and spread word of MCH's hard work to more people.

MCH and the Foundation cooperate throughout the year to send warmth and joy to those who can't be with their families on these special occasions, as well as holding a big celebration for the Mid-Autumn Festival. In addition, the Foundation and Yuanta volunteers organize a big feast for staff and patients at MCH every Chinese New Year. These MCH-Yuanta get-togethers have been running for 8 years now, helping patients and their families enjoy a little seasonal warmth and get some much-needed supplies despite their tough economic situations.

### (3) Caring for Children and Young People

#### Yuanta Happy Day

#### A Lucky Year of the Goat and a Bright School Year

Yuanta Happy Day has been held every year since 2012, with 2015 marking the first time the event has been held at the National Taiwan Science Education Center in Taipei. The event was warmly received by charitable groups and volunteers alike, expanding to two days in 2015; in the latter half of the year, a second Yuanta Happy Day was held in Kaohsiung, giving children in the south their chance to take part.

##### 1. Full of Energy and Brimming with Happiness

In January 2015, Yuanta held the "Lucky Year of the Goat and Happy New Year" Yuanta Happy Day event, inviting children from 11 locations, including the Taipei Children's Welfare Center, Bethany Children's Home, Muhsiang Children's Home, Keelung Family Support Center, and Yilan Family Support Center. A total of

256 children participated, their imaginations stimulated through fun and entertaining science activities and their perspective on science broadened.

Yuanta brought together a team of 60 employees and family members from across our subsidiaries to serve as volunteers, accompanying the children through an unforgettably happy day and experiencing for themselves the joy of giving. The Foundation also put together special goodie bags for the children, including sports clothing, sneakers, and athletic jackets, all things necessary for modern school children. We hope that with these gifts, they will be more driven to study, and to make sure every day is full of energy and brimming with happiness.

Upper: Giving the Children of Yilan Family Support Center a Happy New Year  
Lower: Yuanta Happy Day for the Year of the Goat—Bringing New Hope and Education to Underprivileged Children



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## 2. Kaohsiung's First Yuanta Happy Day

In 2015, the Yuanta Happy Day event expanded, with Kaohsiung hosting its first Yuanta Happy Day in September of that year. A total of 332 children from nine organizations in Kaohsiung and Tainan, including Kaohsiung City's Longxing Elementary School, the Northern and Southern Kaohsiung Family Support Centers, Namasia Children's Services, and Tainan's Social Care Association, were invited to take part.

A total of 83 volunteers from Yuanta Financial Holdings and all subsidiaries also took part, helping the children enjoy a joyful journey through the world of science. Kaohsiung's National Science and Technology Museum hosted the event, organizing four special experiential exhibitions: "Post Typhoon Morakot Reconstruction Hall," "Exploring Transportation Dreams," "Climate Change Hall," and "Disease Prevention Boot Camp." Each offered the children informative and entertaining experiences, along with professional guides to help make sure they got the most from the day.



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1. Considerate volunteers from the Yuanta Financial Holdings family help underprivileged local children experience the wonder of science during Yuanta Happy Day.
2. Volunteers greet children arriving at the event and help them with their team stickers.
3. Thanks to the detailed explanations given by the guide, the children gain a better understanding of climate change and learn to be more environmentally aware.
4. After getting their gift bags after lunch, the children can barely hide their excitement in anticipation of wearing their new clothes to school.
5. Volunteers help children from Houbi Elementary School prepare lunch.

## (4) Caring for the Environment

### “Valuing Water and Educating the Next Generation” Grassroots Taiwanese Charity

#### Yuanta and Business Today Lead the Way in Water Savings

Water conservation not only helps to address water shortages, but also to protect the environment. Should Taiwan build another reservoir, that would only cause further damage to the natural environment, and by saving water, we can reduce the demand for water, indirectly protecting the environment. To cultivate a younger generation that understands and values water resources, in 2015 Yuanta Financial Holdings, the Yuanta Cultural and Educational Foundation, and Business Today worked together to hold the “Valuing Water and Educating the Future” grassroots charitable event. This event aimed to not just teach children the concepts of sustainable water resource management, but to have them learn to put those concepts into practice in their daily lives.

30 elementary school students were invited to participate through the Kico cultural and educational organization. The children were guided around the Water Resources Education Center by the center’s guides as well as taking part in interactive checkpoint games, gaining a deeper understanding of water resources. In addition, the guides gave the children insight into understanding, using, and valuing water resources through the center’s themed display area, rainwater usage models, water conservation exhibit, interactive multimedia displays, 3D films, and family recreation area. Through this, the students were able to really immerse themselves in our water resources and appreciate how valuable each and every drop is.



Upper: Yuanta Cultural and Educational Foundation CEO Robert C.S. Yang (rear, third right), Deputy CEO Tsao Hsiu-Yun (rear, second right), Business Today president Andy Liang (rear, fourth right), and Taipei Water Department commissioner Chen Chin-Hsiang (rear, fifth) were all present at the “Valuing Water and Educating the Future” grassroots event.

Lower: In the interactive exhibit area, elementary school children learned to appreciate the value of water through games.

## (5) Promoting Health and Well-Being

### The “Liver Screening Train” Goes Full Steam Ahead into Rural Taiwan

#### Free Hepatitis and Liver Cancer Screenings

The Foundation and the Liver Disease Prevention & Treatment Research Foundation (aka Liver Foundation) have enjoyed a partnership that is entering its 8th year. In 2015, the two cooperated on 4 events, one each in Linkou, Meinong, Xinshe, and Jinshan. Each event saw Yuanta staff eager to volunteer in the hopes of helping protect the health of rural Taiwanese with the assistance of the Liver Foundation.

To help get medical resources to remote parts of the country, the Liver Foundation has provided screenings in 179 rural towns through the “Save the Livers” project, helping nearly 5,000 Taiwanese remain strong providers for their families and get early warnings against the pain of liver disease. Since the start of our cooperation with the Liver Foundation in 2007, Liver Foundation statistics show, Yuanta volunteers have been involved in every single screening event, from filling in information to checking results. There has been a 0% failure rate, and our volunteers have helped ensure those results get into the hands of the residents on time. Looked at from this perspective, Yuanta has shown itself to be an extremely trustworthy company.



• Yuanta volunteers help residents double-check information and cheerfully help them through the screening process.

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## 2015 Public Welfare and Community Education Performance Statistics

Topic	Project Title	2015 Performance	See More Information
"Yuanta Dreams Taking Off Project"	Yuanta Dreams Taking Off Scholarships—Driving Ambition	In 2015, a total of 132 students benefited from these scholarships. Between 2011 and 2015 we have cultivated a total of 21 outstanding college students.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
	Digital Tutoring 2.0—Connecting Remote Communities with a Comprehensive Learning Network	Between 2011 and 2015 we served a total of 1,623 people	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
	Summer School and Winter School—Working Hard, Always Learning	Between 2011 and 2015, a total of 340 people benefited from this project.	<a href="#">More</a>
"Caring for Hualien and Taitung"	Mennonite Christian Hospital Festival Activities—Spreading Love	In 2015, a total of 50 Yuanta volunteers participated, serving 1,650 people.	<a href="#">More</a> <a href="#">More</a>
	Taiwan Aboriginal Baseball Development Association Cup—Experiencing the Joy of Baseball	In 2015, a total of 900 people participated.	<a href="#">More</a>
	Yuanta Newspaper Delivering to the Mountains—Bridging the Urban-Rural Educational Divide	In 2015, a total of 500 people benefited from this project.	<a href="#">More</a>
"Caring for Children and Young People"	Taiwan Fund for Children and Families Self-reliant Kids Awards—Recognizing the Future Hope of Taiwan	In 2015, a total of 23 children received awards.	<a href="#">More</a>
	Yuanta Happy Day—A Lucky Year of the Goat and a Bright School Year	In 2015, a total of 143 Yuanta volunteers participated, serving 588 children.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
	Yushan Beneath the Stars Concert—Taiwan's Most Romantic Springtime Experience	In 2015, a total of 3,000 people attended.	<a href="#">More</a>
	Donate Books, Spread Love—Sharing the Power of Knowledge	In 2015, a total of 421 books were kindly donated.	<a href="#">More</a>
"Caring for the Environment"	Valuing our Water Resources—Yuanta and <i>Business Today</i> Lead the Way	In 2015, a total of 30 elementary school students took part.	<a href="#">More</a>
"Promoting Health and Well-Being"	Yuanta Loving Heart Blood Drives	In 2015, Yuanta Loving Heart Blood Drives collected 1,637 bags of donated blood; Between 2011 and 2015, a total of 4,954 bags have been donated.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
	The "Liver Screening Train" Goes Full Steam Ahead into Rural Taiwan	In 2015, a total of 111 Yuanta volunteers participated. Between 2007 and 2015, a total of 3,000 people benefited from this project.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
"Working with NPOs"	Yuanta Volunteer Day—Helping Small Farmers and Promoting the Arts	In 2015, a total of 727 Yuanta staff and family members joined the festivities.	<a href="#">More</a>
	Educational Foundation Annual Conference—Educating a New Future in Rural Taiwan	In 2015, a total of 720 people attended.	<a href="#">More</a>
	Yuanta Charity Cake Donations—Happiness and Sweetness Surging	In 2015, a total of 1,020 cakes were donated.	<a href="#">More</a>
	Sharing Resources, Adding Love—Accompanying Underprivileged Groups through Festivals	In 2015, a total of 1,870 people took part.	<a href="#">More</a>
	Yuanta Public Interest Lectures—Caring for the Underprivileged	In 2015, a total of 1,200 people participated.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>

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

### 8.3 Awarding Academia and Training Talent

Yuanta is committed to training financial professionals, creating a pool of reserve talent through internships, scholarships, and academic competitions. By actively sponsoring academic conferences and industry-academia exchanges, the Foundation helps elevate domestic financial research and promote the exchange of information between the academic and professional

sides of the financial world. In 2015, Yuanta held 12 academic and training events, with over 4,500 people taking part.

With regard to "Awarding Academia and Training Talent," the Foundation approaches the issue from three directions—cultivating talent, academic research, and industry-academia exchange. Highlights of our 2015 efforts and results are as below:

**(1) Cultivating Talent** FS16/DMA

**Yuanta Cup Case Study Competition**

|| National Taiwan University of Science and Technology and National Cheng Chi University Take the Lead, with All Awards Donated to Charitable Groups

The 2015 EMBA Business Management Federation Yuanta Cup Intercollegiate Case Analysis Competition was held to a rapturous reception at National Cheng Chi University on May 2, 2015. Since starting with only two schools participating (NTU and NCCU), over the past 9 years the competition has expanded to welcome participants from 17 different schools.

The Yuanta Cup Case Analysis Competition of 2015 involved not only a judging panel made up of invited professors from the field, but also senior industry figures such as Yuanta Financial Holdings Chief Risk Officer Kuo Hsuan-Min, Electronic Commerce Office CEO Wang Chun-Chien, *Wealth Magazine* Editor-in-Chief Liang Pao-Hua, and Pou Chen Group Vice President Yang Hsiao-Tung. This gave the students the opportunity to get practical, action-oriented insight, and after the competition many remarked on



• A group photo from the 2015 EMBA Business Management Federation Yuanta Cup Intercollegiate Case Analysis Competition

how much they had learned. This year, competition awards totaling NT\$295,000 were donated to 9 charitable groups, creating a win-win-win situation for competitors, organizers, and charitable groups.

**(2) Academic Research** FS16/DMA

**"Prospects for Financial Liberalization and Internationalization" Conference**

|| Bringing Together the Domestic Elite and Enhancing Taiwan's Financial Competitiveness

The Yuanta-sponsored "Prospects for Financial Liberalization and Internationalization" Conference was held at Taichung's Asia University on the 5th and 6th of June, 2015, with 160 top financial scholars and industry elites from Taiwan and abroad invited. The conference primarily focused on exploring financial and policy issues currently facing Taiwan, and on putting forward appropriate insights. A total of 23 seminars and 86 papers were presented, with a total audience of 650 listening and learning. The conference also specially presented Best Paper Awards, offering grants to 10 winners of NT\$50,000 each to participate in top international meetings in the finance world (AFA, WFA, and EFA). These grants were aimed at encouraging scholars to continue their work and expand their horizons while also promoting the domestic and international academic worlds and fostering real-world interactions and exchanges.



• The 10 recipients of Best Paper Awards at this year's conference

The Foundation has long been involved in sponsoring financial academic conferences to help spur the growth, both in terms of depth and of breadth, in Taiwan's financial academia. Such conferences provide a platform for scholars of finance to present their papers and discuss research efforts, fostering exchange. Such efforts help cultivate top talent in Taiwanese finance and create bridges between the industrial, academic, and governmental sectors.

**(3) Industry-Academia Exchange**

**11th International Summit Forum on Corporate Governance**

|| Bringing Together Industry, Academia, and Government to Share New Blueprints for Corporate Governance

With Yuanta's sponsorship, the Taiwan Corporate Governance Association hosted the 11th International Summit Forum on Corporate Governance on November 5th and 6th, 2015, at the National Cheng Chi University Center for Public & Business Administration Education. In recent years, corporate governance around the world has begun transitioning from a government-led model to one of engagement with a diverse range of stakeholders. For this forum, experts in the field from Taiwan and abroad were invited to share their perspectives and experience around a theme



of "strengthening internal and external corporate governance mechanisms and improving the efficiency of the Taiwanese capital markets," providing a valuable and specific reference for corporate governance in Taiwan.

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## 2015 Performance in Awarding Academia and Training Talent

Topic	Project Title	2015 Performance	See More Information
"Cultivating Talent"	Yuanta Summer Grad Student Program—Educating Excellence and Banking Talent	In 2015, a total of 19 people participated. Between 2007 and 2015, a total of 143 people have taken part.	<a href="#">More</a> <a href="#">More</a>
	Yuanta EMBA Intercollegiate Case Analysis Competition	In 2015, a total of 1,000 people took part.	<a href="#">More</a>
	Accounting Elite Cup Debate Competition	In 2015, a total of 350 people took part.	<a href="#">More</a>
	Digital Accounting and Social Innovation Competition	In 2015, a total of 300 people took part.	<a href="#">More</a>
"Academic Research"	National Taiwan University and Renmin University of China EMBA Gathering—Expanding Case Studies Across the Sinosphere	In 2015, a total of 100 people participated.	<a href="#">More</a> <a href="#">More</a>
	Financial and Economic Policy Symposium—Sustainable Development of Finance in Taiwan	In 2015, a total of 60 people took part.	<a href="#">More</a>
	Setting Deep Roots of Exchange—Enhancing Taiwan's Financial Competitiveness	In 2015, a total of 650 people took part.	<a href="#">More</a>
	Finance Summit Forum	In 2015, a total of 1,000 people took part.	<a href="#">More</a>
	International Conference on Global Economics and Governance—Expanding Economic Globalization	In 2015, a total of 500 people took part.	<a href="#">More</a>
	Securities and Finance Specialist Conferences—Creating a World Class Platform for Academic Exchange	In 2015, a total of 220 people took part.	<a href="#">More</a>
"Industry-Academia Exchange"	Financial Academic Conferences—Analyzing the Present of and Prospects for Taiwan	In 2015, a total of 60 people took part.	<a href="#">More</a>
	International Summit Forums—Sharing New Blueprints for Corporate Governance	In 2015, a total of 300 people took part.	<a href="#">More</a>

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

## 8.4 Safe Societies and Learning the Law

The Foundation's efforts to promote safety in communities are primarily oriented around education about the law, investing in anti-drug efforts, facilitating the safety of mothers and children, and providing rehabilitation for former inmates. Through our actions to support the underprivileged and those looking for a fresh start, we hope to enhance the awareness of the importance

of learning the law among the general public and thus boost their involvement in such learning processes.

With regard to "safe societies and learning the law," the Foundation approaches the issue from three directions—anti-drug activities, former inmate rehabilitation, and protection of children and young people. Highlights of our 2015 efforts and results are as below:

### (1) Former Inmate Rehabilitation

#### Yuanta Receives Achievement Award from Executive Yuan

##### Giving Our All to Promote Rehabilitative Care for Ex-inmates

At an event celebrating the 70th anniversary of Ex-inmate Rehabilitative Care Day on November 11, 2015 in the CPC Guoguang Conference Hall, President Ma Ying-jeou presented awards to 10 outstanding ex-inmate rehabilitative counselors. The Foundation also received an Executive Yuan Award for Achievement in Inmate Education and Protective Services that day. We were the year's only commercial group to receive this award.

To integrate vocational training and work while also promoting cultural and artistic events in detention centers as an effective means of art therapy, the Foundation has taken the lead





in bringing both commercial and social welfare groups into detention centers to provide care for inmates. We have also taken on the promotion of artistic vocational training in detention centers, as this both offers inmates a way to learn new skills and also enables them to produce unique and distinctive products. In 2015, the Foundation selected Taipei Prison to host a sand painting class, training inmates in drawing techniques and aesthetic appreciation in hopes of helping them cultivate a new skill in a short period of time and preparing them to produce sand paintings as a self-run business. The sand paintings produced through this class were donated to serve as public art installations or for items in charity auctions to help correctional institutions, with the money donated to helping the underprivileged.

- In 2015, the Foundation received the Executive Yuan's Award for Achievement in Inmate Education and Protective Services, and on December 3, representatives received a special audience with President Ma Ying-Jeou at the invitation of the Ministry of Justice.

## (2) Anti-Drug Activities

### Yuanta and Paper Windmill Arts and Educational Foundation Visit Campuses

#### "Saving Faust" Anti-Drug Project Visits Junior High Schools Around Taiwan

The Foundation has worked with the Paper Windmill Arts and Educational Foundation since November 2012 on the "Saving Faust" anti-drug campus performance tour, which plans to eventually perform at all 932 junior high schools in Taiwan.

According to Ministry of Justice statistics, users of category 3 drugs are trending younger. To help ensure our younger generation doesn't destroy itself with drugs, the "Saving Faust" project hopes to use theater to inspire the youth of Taiwan to just say no. The goal is to get students to accept the anti-drugs message and maintain vigilance against them.

The Paper Windmill theatrical troupe invites students to take part in each performance. With students in central and southern Taiwan less frequent viewers of theatrical performances, the chance to not only see one, but also participate in one, makes this a cherished opportunity. The Foundation hopes that through humor and entertainment, these students will better understand

the serious threat of harm that drugs pose. By the end of December 2015, 297 junior high schools had already been visited, with a total audience of 160 thousand students.



- Minister of Education Wu Se-Hwa (third right), Political Vice Minister of Justice Wu Chen-Huan (fourth right), and Foundation CEO Robert C.S. Yang traveled to New Taipei City's Zhongping Junior High School as part of the "Saving Faust" anti-drugs education project.



- Actors (larger image) introduce commonly used drugs to schoolchildren with images, reminding the children to stay away from them; the children (smaller images) are engrossed and respond enthusiastically

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### (3) Protecting Children and Young People

#### April 28: Child Protection Day

##### Listening to the Voices of Abused Children

The Taiwan Fund for Children and Families is an advocate for the protection of children, and on April 25, 2015, they held a special event to promote their cause at the National Sun Yat-Sen Memorial Hall entitled "Embracing Abused Children with Love." This marked the fourth consecutive year that this Foundation has served as co-organizer of this event.

Through an audio recording of a child being scolded by his out-of-control mother and 5 situational simulations of abuse, the Fund and the Foundation aimed to get the public to experience what it's like to be physically and psychologically abused, reminding people to pay more attention to those sobs in the corner and help children keep far away from the specter of domestic violence. We hope that through such events, we will be able to raise society's awareness of the issue of child protection and get everyone to do their part to embrace abused children with love, letting them see that there is light at the end of the tunnel and a life free of fear and violence.



• Thousands of ordinary people listened, blindfolded, to the voice of an abused child

#### 2015 Performance in Safe Societies and Learning the Law

Topic	Project Title	2015 Performance	See More Information
"Former Inmate Rehabilitation and Protection"	Yuanta Receives Achievement Award from Executive Yuan for Promoting Rehabilitative Care	In 2015, a total of 300 people participated.	<a href="#">More</a> <a href="#">More</a>
"Anti-Drug Activities"	Yuanta and Paper Windmill Arts and Educational Foundation Take "Saving Faust" Anti-Drug Project to Junior High Schools Around Taiwan	In 2015, a total of 114 shows were held, with 83,894 students benefiting.	<a href="#">More</a> <a href="#">More</a> <a href="#">More</a>
"Protecting Children and Young People"	April 28: Child Protection Day—Listening to the Voices of Abused Children	In 2015, a total of 1,000 people participated.	<a href="#">More</a>

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

## 8.5 Advancement of the Arts and Cultural Education

In our promotion of arts and culture education, the Foundation works to combine charity and the arts. One example is the Yuanta Public Interest Arts Festival, which provides a voice for the development and hard work of the Taiwanese arts world by inviting social welfare groups and remote schools to take in outstanding artistic performances. In this way, we give children who would otherwise lack opportunities to be exposed to the arts a chance to experience their beauty for themselves.

The Yuanta Public Interest Arts Festival has been held since 2011, and not only provides a fun, free night of artistic performances to those involved in social welfare, but also provides an outlet for relaxation, soul nourishment, and broadening of horizons in the midst of our usual busy lifestyles.

#### Highlight

In 2015, the festival hosted **14** performances and invited **11,275** people to freely take part in the event, a significant success.

### "Yuanta Christmas Charity Dream Arts Feast"



• On December 18, 2015, Yuanta Financial Holdings, the Yuanta Cultural and Educational Foundation, and National Taichung Theater joined forces to hold the Yuanta Christmas Charity Dream Arts Feast.



• Over 800 students from remote areas in Taichung, Nantou, and Miaoli were invited to the National Taichung Theater to take in a performance by French troupe La Machine, joining with Taiwanese artists to perform La Symphonie Mécanique on their distinctive steel instruments. [More](#)

• Taipei Puppet Theater teaches children puppetry skills, engaging them in arts education through interactivity. [More](#)



• Campus arts education is promoted through the children watching a Peking Opera [More](#)



• The Yushan Beneath the Stars Concert, sponsored by the Foundation, drew in over 3,000 people from across Taiwan to enjoy a choir of Aboriginal voices at the foot of Yushan and inspire Aboriginal children to find motivation to learn through music education. [More](#)

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

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



• Yuanta Volunteer Day was held on October 17 at the National Taiwan Museum, with Yuanta staff and their families invited to take in a performance by Judy's Harmonica Ensemble as they spend a fun weekend. [More](#)

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## INDEPENDENT ASSURANCE OPINION STATEMENT

### Yuanta Financial Holding Co., Ltd. 2015 Corporate Social Responsibility Report

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

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

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Yuanta Financial Holdings. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Yuanta Financial Holdings only.

#### Scope

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

1. The assurance covers the whole report focused on systems and activities during the 2015 calendar year on the Yuanta Financial Holdings headquarter including its nine subsidiaries and relevant operations in Taiwan.
2. The evaluation of the nature and extent of the Yuanta Financial Holdings's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

#### Opinion Statement

We conclude that the Yuanta Financial Holdings 2015 Corporate Social Responsibility Report provides a fair view of the Yuanta Financial Holdings CSR programmes and performances during 2015. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Yuanta Financial Holdings and the sample taken. We believe that the 2015 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Yuanta Financial Holdings's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta Financial Holdings's description of their approach to AA1000 Assurance Standard and their self-declaration in accordance with the core option of GRI G4 guidelines were fairly stated.

#### Methodology

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

- review of issues raised by external parties that could be relevant to Yuanta Financial Holdings's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 30 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

## Conclusions

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

### Inclusivity

This report has reflected a fact that Yuanta Financial Holdings has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Yuanta Financial Holdings's inclusivity issues.

### Materiality

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

### Responsiveness

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

### GRI-reporting

Yuanta Financial Holdings provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Yuanta Financial Holdings's social responsibility and sustainability issues.

### Assurance level

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

### Responsibility

This CSR report is the responsibility of the Yuanta Financial Holdings's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence

The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
02 May, 2016



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

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## GRI G4 Content Index (including G4 Sector Disclosure—Financial Services)

This report's GRI G4 content index (including G4 sector disclosure index—financial services) was assured by the independent party, British Standards Institution (BSI).

© Fully disclosed ○ Partially disclosed

GENERAL STANDARD DISCLOSURES				
	GRI Indicators	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
<b>Strategy and Analysis</b>				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	○	1. A Message from the Chairman	3
<b>Organizational Profile</b>				
G4-3	Report the name of the organization	©	About this Report	1
G4-4	Report the primary brands, products, and services	©	4.1 About the Company	20
G4-5	Report the location of the organization's headquarters	©	About this Report	1
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	©	4.1 About the Company	20
G4-7	Report the nature of ownership and legal form	©	4.1 About the Company	20
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	©	4.1 About the Company	20
G4-9	Report the scale of the organization	©	About this Report 4.1 About the Company 4.2 Operating Status	1 20 23
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	©	6.1 Talent Recruitment and Retention	52
G4-11	Report the percentage of total employees covered by collective bargaining agreements	©	6.4 Reasonable Remuneration and Benefits/The labor union of Yuanta Life Insurance has neither developed nor signed any collective bargaining agreement	60
G4-12	Describe the organization's supply chain	©	7.4 Supplier Management	70
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	©	4.1 About the Company 4.2 Operating Status	20 23
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	©	4.4 Integrity Management and Legal Compliance 4.5 Risk Management and Internal Auditing	33 35
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	©	3.4 Participation in Public Associations and Initiatives	17
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization participates	©	3.4 Participation in Public Associations and Initiatives	17
<b>Identified Material Aspects and Boundaries</b>				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	©	4.1 About the Company 4.2 Operating Status	20 23
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	©	3.3 Reviewing Material Issues and Aspects	15
G4-19	List all the material Aspects identified in the process for defining report content	©	3.3 Reviewing Material Issues and Aspects	15
G4-20	For each material Aspect, report the Aspect Boundary within the organization	©	3.3 Reviewing Material Issues and Aspects	15
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	©	3.3 Reviewing Material Issues and Aspects	15
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	©	About this Report	1
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	©	3.3 Reviewing Material Issues and Aspects	15
<b>Stakeholder Engagement</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization	©	3.2 Stakeholder Engagement	12
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	©	3.2 Stakeholder Engagement	12
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	©	3.2 Stakeholder Engagement	12
G4-27	Report 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. Report the stakeholder groups that raised each of the key topics and concerns	©	3.2 Stakeholder Engagement	12

GRI Indicators		Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
<b>Report Profile</b>				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	⊙	About this Report	1
G4-29	Date of most recent previous report (if any)	⊙	About this Report	1
G4-30	Reporting cycle (such as annual, biennial)	⊙	About this Report	1
G4-31	Provide the contact point for questions regarding the report or its contents	⊙	About this Report	1
G4-32	a.Report the 'in accordance' option the organization has chosen b.Report the GRI Content Index for the chosen option (see tables below) c.Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	⊙	About this Report Appendix	1 87
G4-33	a.Report the organization's policy and current practice with regard to seeking external assurance for the report b.If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c.Report the relationship between the organization and the assurance providers d.Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	⊙	About this Report 3.1 Promotion and Management of CSR	1 10
<b>Governance</b>				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	⊙	4.3 Corporate Governance Organization	27
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	⊙	3.1 Promotion and Management of CSR	10
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	⊙	3.1 Promotion and Management of CSR	10
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	⊙	4.3 Corporate Governance Organization	27
G4-38	Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	⊙	4.3 Corporate Governance Organization	27
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	⊙	4.3 Corporate Governance Organization	27
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved	⊙	4.3 Corporate Governance Organization	27
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	⊙	4.3 Corporate Governance Organization	27
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	○	4.3 Corporate Governance Organization	27
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	⊙	4.3 Corporate Governance Organization	27
G4-44	a.Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment b.Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	○	4.3 Corporate Governance Organization	27
G4-45	a.Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b.Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	○	4.5 Risk Management and Internal Auditing	35

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GRI Indicators		Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	⊙	4.5 Risk Management and Internal Auditing	35
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	⊙	3.1 Promotion and Management of CSR 4.3 Corporate Governance Organization	10 27
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	⊙	3.1 Promotion and Management of CSR 3.3 Reviewing Material Issues and Aspects	10 15
G4-51	a.Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b.Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	○	4.3 Corporate Governance Organization 6.4 Reasonable Remuneration and Benefits	27 60
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	⊙	4.3 Corporate Governance Organization/The Company has not hired external consultants for compensation design. 6.4 Reasonable Remuneration and Benefits	27 60

**Ethics and Integrity**

G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	⊙	4.4 Integrity Management and Legal Compliance	33
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	⊙	4.4 Integrity Management and Legal Compliance	33
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	⊙	3.2 Stakeholder Engagement 4.4 Integrity Management and Legal Compliance	12 33

**SPECIFIC STANDARD DISCLOSURES (Including G4 Sector Disclosure Index—Financial Services)**

Material Aspects	DMA and Indicators		Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
Economic Performance	DMA	Generic Disclosures on Management Approach	⊙	4.2 Operating Status	23
	G4-EC1	Direct economic value generated and distributed	⊙	4.2 Operating Status 8.1 The Yuanta Cultural and Educational Foundation	23 74
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	⊙	5.4 Products and Services that Benefit the Environment 7.2 Promoting Green Operations 7.3 Environmental Performance Management	46 66 68
	G4-EC3	Coverage of the organization's defined benefit plan obligations	⊙	6.4 Reasonable Remuneration and Benefits	60
	G4-EC4	Financial assistance received from government	⊙	4.2 Operating Status/The Company did not obtain government subsidies from 2013 to 2015.	23
Effluents and Waste	DMA	Generic Disclosures on Management Approach	⊙	7.3 Environmental Performance Management	68
	G4-EN22	Total water discharge by quality and destination	⊙	7.3 Environmental Performance Management	68
	G4-EN23	Total weight of waste by type and disposal method	⊙	7.3 Environmental Performance Management	68
Products and Services	DMA	Generic Disclosures on Management Approach	⊙	7.2 Promoting Green Operations	66
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	⊙	7.2 Promoting Green Operations	66
Overall	DMA	Generic Disclosures on Management Approach	⊙	7.1 Green Corporate Culture	64
	G4-EN31	Total environmental protection expenditures and investments by type	⊙	7.1 Green Corporate Culture 7.5 Green Purchasing	64 72
Employment	DMA	Generic and Aspect-specific Disclosures on Management Approach	⊙	6. Caring for Employees 6.4 Reasonable Remuneration and Benefits	51 60
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	⊙	6.1 Talent Recruitment and Retention	52

Material Aspects	DMA and Indicators	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
Employment	G4-LA2	⊙	6.4 Reasonable Remuneration and Benefits	60
	G4-LA3	⊙	6.3 A Safe and Healthy Workplace	59
Labor/ Management Relations	DMA	⊙	6.4 Reasonable Remuneration and Benefits	60
	G4-LA4	⊙	6.4 Reasonable Remuneration and Benefits	60
Occupational Health and Safety	DMA	⊙	6.3 A Safe and Healthy Workplace	59
	G4-LA5	○	6.4 Reasonable Remuneration and Benefits	60
	G4-LA6	⊙	6.3 A Safe and Healthy Workplace	59
	G4-LA7	⊙	6.3 A Safe and Healthy Workplace/ The company is in the financial services industry, and due to the particular nature of this industry, did not have workers with high incidence or high risk of diseases related to their occupation.	59
	DMA	⊙	6.2 Cultivating Talent	56
Training and Education	G4-LA9	⊙	6.2 Cultivating Talent	56
	G4-LA10	⊙	6.2 Cultivating Talent 6.5 Performance Evaluation and Skill Improvement	56 62
	G4-LA11	⊙	6.5 Performance Evaluation and Skill Improvement	62
	DMA	⊙	6.4 Reasonable Remuneration and Benefits	60
Equal Remuneration for Women and Men	G4-LA13	⊙	6.4 Reasonable Remuneration and Benefits	60
	DMA	⊙	8. Supporting the Community	73
Local Communities	G4-SO1	⊙	8.1 The Yuanta Cultural and Educational Foundation 8.2 Public Welfare and Community Education	74 76
	G4-SO2	⊙	The company's locations are all in metropolitan areas; it does not have any negative impact on local communities.	—
	FS13	⊙	5.5 Products and Services that Benefit the Community	48
	FS14	⊙	5.5 Products and Services that Benefit the Community	48
	DMA	⊙	4.4 Integrity Management and Legal Compliance 6.2 Cultivating Talent	33 56
Anti-corruption	G4-SO4	⊙	6.2 Cultivating Talent	56
	G4-SO5	⊙	4.4 Integrity Management and Legal Compliance/In 2013-2015, the Company did not have any cases of corruption.	33
	DMA	⊙	5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	43
Product and Service Labeling	G4-PR3	⊙	5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	43
	G4-PR4	⊙	4.4 Integrity Management and Legal Compliance	33
	G4-PR5	⊙	5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	43
	FS15/DMA	⊙	4.4 Integrity Management and Legal Compliance 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	33 43

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Material Aspects	DMA and Indicators	Extent of Reporting	Related Report Section(s) and Explanatory Notes	Page(s)
Product and Service Labeling	FS16/DMA	Initiatives to enhance financial literacy by type of beneficiary	⊙ 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys 6.1 Talent Recruitment and Retention 6.2 Cultivating Talent 8.3 Awarding Academia and Training Talent	43 52 56 81
	DMA	Generic Disclosures on Management Approach	⊙ 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	43
Marketing Communications	G4-PR6	Sale of banned or disputed products	⊙ 3.2 Stakeholder Engagement 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys	12 43
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	⊙ 4.4 Integrity Management and Legal Compliance	33
Customer Privacy	DMA	Generic Disclosures on Management Approach	⊙ 5.2 Customer Privacy and Information Security Management	42
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	⊙ 5.2 Customer Privacy and Information Security Management	42
Product Portfolio (Sector specific Aspects)	DMA	Aspect-specific Disclosures on Management Approach	⊙ 5. Strengthening Customer Service	37
	FS1/DMA	Policies with specific environmental and social components applied to business lines	⊙ 5.4 Products and Services that Benefit the Environment 5.5 Products and Services that Benefit the Community	46 48
	FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines	⊙ 4.5 Risk Management and Internal Auditing	35
	FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	⊙ 5.4 Products and Services that Benefit the Environment	46
	FS4/DMA	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	⊙ 3.1 Promotion and Management of CSR 4.3 Corporate Governance Organization	10 27
	FS5/DMA	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	⊙ 3.2 Stakeholder Engagement 7.4 Supplier Management	12 70
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	⊙ 4.1 About the Company 4.2 Operating Status	20 23
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	⊙ 5.1 Digital Financial Services 5.5 Products and Services that Benefit the Community	38 48
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	⊙ 5.1 Digital Financial Services 5.4 Products and Services that Benefit the Environment	38 46
	Audit (Sector specific Aspects)	DMA	Aspect-specific Disclosures on Management Approach	⊙ 4.5 Risk Management and Internal Auditing
FS9		Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	⊙ 4.5 Risk Management and Internal Auditing	35
Active Ownership (Sector specific Aspects)	DMA	Aspect-specific Disclosures on Management Approach	⊙ 4.2 Operating Status	23
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	⊙ 3.2 Stakeholder Engagement 4.1 About the Company 4.2 Operating Status	12 20 23
	FS11	Percentage of assets subject to positive and negative environmental or social screening	⊙ 4.2 Operating Status 5.4 Products and Services that Benefit the Environment	23 46
	FS12/DMA	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	⊙ 4.2 Operating Status/ Yuanta Financial Holdings proactively participates in the policy making process of the invested companies via the Electronic Voting Platform for Shareholders.	23

## UN Sustainable Development Goals (SDGs)

SDGs	Business Theme	Related GRI indicators	Related Report Section(s) and Explanatory Notes	Page(s)
1. End poverty in all its forms everywhere	Access to financial services	FS6, FS7, FS13, FS14, FS16/ DMA	4.1 About the Company 4.2 Operating Status 5.1 Digital Financial Services 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys 5.5 Products and Services that Benefit the Community 8.3 Awarding Academia and Training Talent	20 23 38 43 48 81

SDGs	Business Theme	Related GRI indicators	Related Report Section(s) and Explanatory Notes	Page(s)
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Infrastructure investments	G4-EC1	5.4 Products and Services that Benefit the Environment	46
	Occupational health and safety	G4-LA6, G4-LA7	6.3 A Safe and Healthy Workplace	59
3. Ensure healthy lives and promote well-being for all at all ages	Waste	G4-EN23	7.3 Environmental Performance Management	68
	Water quality	G4-EN22	7.3 Environmental Performance Management	68
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Education for sustainable development	G4-43	4.3 Corporate Governance Organization	27
	Employee training and education	G4-LA9	6.2 Cultivating Talent	56
5. Achieve gender equality and empower all women and girls	Equal remuneration for women and men	G4-LA13	6.4 Reasonable Remuneration and Benefits	60
	Gender equality	G4-LA1, G4-LA9, G4-LA11	6.1 Talent Recruitment and Retention 6.2 Cultivating Talent 6.5 Performance Evaluation and Skill Improvement	52 56 62
	Parental leave	G4-LA3	6.3 A Safe and Healthy Workplace	59
6. Ensure availability and sustainable management of water and sanitation for all	Sustainable water withdrawals	G4-EN27	7.2 Promoting Green Operations	66
	Waste	G4-EN23	7.3 Environmental Performance Management	68
7. Ensure access to affordable, reliable, sustainable and modern energy for all	Water quality	G4-EN22	7.3 Environmental Performance Management	68
	Infrastructure investments	G4-EC1	5.4 Products and Services that Benefit the Environment	46
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Access to financial services	FS6, FS7, FS13, FS14, FS16/DMA	4.1 About the Company 4.2 Operating Status 5.1 Digital Financial Services 5.3 Safeguarding Customer Rights and Conducting Satisfaction Surveys 5.5 Products and Services that Benefit the Community 8.3 Awarding Academia and Training Talent	20 23 38 43 48 81
	Earnings, wages and benefits	G4-LA2	6.4 Reasonable Remuneration and Benefits	60
	Economic performance	G4-EC1	4.2 Operating Status	23
	Employee training and education	G4-LA9, G4-LA10, G4-LA11	6.2 Cultivating Talent	56
	Employment	G4-10, G4-LA1	6.1 Talent Recruitment and Retention	52
	Equal remuneration for women and men	G4-LA13	6.4 Reasonable Remuneration and Benefits	60
	Freedom of association and collective bargaining	G4-11	6.4 Reasonable Remuneration and Benefits	60
	Labor/management relations	G4-LA4	4.2 Operating Status 6.4 Reasonable Remuneration and Benefits	23 60
	Occupational health and safety	G4-LA6, G4-LA7	6.3 A Safe and Healthy Workplace	59
	Parental leave	G4-LA3	6.3 A Safe and Healthy Workplace	59
	Resource efficiency of products and services	G4-EN27	7.2 Promoting Green Operations	66
	Youth employment	G4-LA1	6.1 Talent Recruitment and Retention	52
	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Access to financial services	FS6, FS7	4.1 About the Company 4.2 Operating Status 5.1 Digital Financial Services 5.5 Products and Services that Benefit the Community
Environmental investments		G4-EN31	7.1 Green Corporate Culture 7.5 Green Purchasing	64 72
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10. Reduce inequality within and among countries	Access to financial services	FS7, FS13, FS14, FS16/DMA	4.1 About the Company 4.2 Operating Status 5.1 Digital Financial Services 5.5 Products and Services that Benefit the Community	20 23 38 48
	Equal remuneration for women and men	G4-LA135	6.4 Reasonable Remuneration and Benefits	60
10. Reduce inequality within and among countries	Responsible finance	FS1/DMA, FS2/DMA, FS3/DMA, FS4/DMA, FS5/DMA, FS9/DMA, FS10, FS11, FS15/DMA	3.1 Promotion and Management of CSR 3.2 Stakeholder Engagement 4.1 About the Company 4.2 Operating Status 4.5 Risk Management and Internal Auditing 5.4 Products and Services that Benefit the Environment 5.5 Products and Services that Benefit the Community	10 12 20 23 35 46 48

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12. Ensure sustainable consumption and production patterns	Resource efficiency of products and services	G4-EN27	7.2 Promoting Green Operations	66
	Waste	G4-EN23, G4-EN27	7.2 Promoting Green Operations 7.3 Environmental Performance Management	66 68
13. Take urgent action to combat climate change and its impacts*  * Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.	Environmental investments	G4-EN31	7.1 Green Corporate Culture 7.2 Promoting Green Operations	64 66
	GHG emissions	G4-EN27	7.2 Promoting Green Operations 7.3 Environmental Performance Management	66 68
	Risks and opportunities due to climate change	G4-EC2	5.4 Products and Services that Benefit the Environment 7.2 Promoting Green Operations	46 66
	Anti-corruption	G4-SO3, G4-SO4, G4-SO5	4.4 Integrity Management and Legal Compliance 4.5 Risk Management and Internal Auditing 6.2 Cultivating Talent	33 35 56
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Effective, accountable and transparent governance	G4-39, G4-41	4.3 Corporate Governance Organization	27
	Ethical and lawful behavior	G4-56, G4-57, G4-58	3.2 Stakeholder Engagement 4.4 Integrity Management and Legal Compliance	12 33
	Inclusive decision making	G4-37, G4-38, G4-40, G4-45	4.3 Corporate Governance Organization 4.5 Risk Management and Internal Auditing	27 35
	Protection of privacy	G4-PR8	5.2 Customer Privacy and Information Security Management	42
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	Environmental investments	G4-EN31	4.2 Operating Status 3. Yuanta CSR	23 9

Note: As the Company is under financial service industry, the products or services it provides can not be corresponded completely to the orientation and content of Sustainable Development Goals No.11, 14 and 15. Therefore, there are no disclosures or corresponding indicators to the above-mentioned SDGs in this table.

## ISO 26000 Social Responsibility Guidelines

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Category	Core Subjects and Issues	Related Report Section(s) and Explanatory Notes	Page(s)
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Yuanta Financial Holdings



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