

2018

Corporate Social Responsibility Report



2018

CSR REPORT



About this Report

Yuanta Financial Holding Co., Ltd. (hereinafter referred to as Yuanta Financial Holdings) was established on February 4, 2002. Its headquarters is located in Taipei, Taiwan. It is the only financial holdings company in Taiwan that has development in two core businesses of securities and banking. We focused on Taiwan as our main operating area.

The core values are "seizing opportunities to create wealth for customers", "focusing on performance and enhancing employee welfare", and "innovating value to increase shareholder benefits". While deepening the development of financial business and creating profits, we also attach great importance to the development of corporate governance, customer rights, employee care, environmental sustainability, and social welfare. We move forward toward our vision of being the "Best Financial Service provider in the Asia-Pacific Region". We start from Taiwan, gradually entering the Korean and China markets, and cooperating with the government's Southward Policy to expand markets in Southeast Asia such as Vietnam, Thailand, and the Philippines. Through the integration of the Group's resources, we provide cross-industry and cross-border complete financial services to meet the full range of financial needs such as customer investment and wealth management, financing plan and financial integration, to realize "local life, global financial management".

Reporting Period

Yuanta Financial Holdings regularly issues non-financial information reports every year and published the "Yuanta Financial Holdings 2018 CSR Report" in June 2019 (hereafter referred to as "this report"). There are both Chinese and English version of CSR reports, and could download from the "Corporate Social Responsibility Section" on the Yuanta Financial Holdings website. This report covers the performance in 2018 (1/1/2018-12/31/2018) of the Group in three dimensions—financial, social, and environmental—as well as the management of the Group and its response to material issues.

Scope and Boundaries of this Report

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

All financial figures within this report are calculated in New Taiwan Dollars (TWD). The calculations of in the different aspects are in adherence to international standards, including the adopted unit.

Within this report, "the Company" shall refer to Yuanta Financial Holdings, while "the Group" shall encompass all Yuanta Financial Holdings and all nine 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 previous report was issued in June 2018.

Report Writing Principles

Sustainable

Compliance Standards

- The Core Options of GRI Standards
- The Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Reports by TWSE Listed Companies
- Integrated reporting (IR)

Financial

Compliance Standards

- International Financial Reporting Standards (IFRS)
- Financial Holding Company Financial Report Preparation Guidelines

Environmental

Compliance Standards

- ISO 14001
- ISO 14064
- ISO 50001

Report Quality Management Process



The information required for the report is provided by each unit which is responsible for confirming the completeness and correctness of the information, and then submitted to the Corporate Affairs Group of the Center for the Promotion of CSR for overall planning and compilation.



The Corporate Affairs Group of the Center for the Promotion of CSR is responsible for coordination and compilation of the information on 2018 sustainability-related performance and target achievement, and direction for future efforts.



Internal

The information required for the report is confirmed by each responsible unit and its supervisor.

External

This report has been verified by the BSI Taiwan through AA1000 AS: 2008 Assurance and GRI Standards. After verification, this report is in accordance with the "Core" option of GRI Standards and the moderate level of AA1000 Type II Assurance.



Submit to the Center for the Promotion of CSR to review the final draft.

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A Message from the Chairman



Looking back on 2018, despite the rapid changes in the financial environment at home and abroad, the Company not only performed well in terms of business, generating after-tax net profits of NT\$18.679 billion, but also in promoting the environmental (E), social (S) and governance (G) aspects of CSR and sustainability practices in concrete ways. The Yuanta Financial Holdings 2018 Corporate Social Responsibility Report has been compiled in accordance with the latest GRI Standards and has undergone assurance by international third-party organizations in an effort to ensure all disclosures meet the expectations of our stakeholders.

In terms of sustainable development, our vision is to become an international benchmark enterprise for sustainability. To this end, we will continue to commit to the concepts of sustainable finance, environmental friendliness, and social prosperity, providing more diverse financial products, greener financial services, and improved customer care. In addition, we will also urge our business partners to join us in focusing on sustainability issues and gradually establish a sustainable business management and service model. The highlights of some of our ESG actions and achievements in 2018 are as follows:

With regard to corporate governance, in 2018, the Company was recognized by internationally renowned finance magazine *The Asset*, which awarded us the Platinum Award for Excellence in Governance, CSR and Investor Relations in the Asian banking and finance sector. We were also ranked in the top 5% of listed companies in the fifth "Taiwan Stock Exchange Corporate Governance Evaluations". The Company is also the first financial holdings company to receive an Excellent certification in the Taiwan Corporate Governance Association's CG6011 (2017) Corporate Governance Evaluation.

Furthermore, in 2018 the Board of Directors established a Sustainability Committee, with the "Center for the Promotion of Integrity Management" and "Center for the Promotion of Corporate Social Responsibility" operating under it, placing CSR promotional work directly under the auspices of the Board. We also established an internal whistleblowing system in accordance with the requirements of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, commissioned external agency to conduct performance evaluations for the Board of Directors through actual site visit, and in line with the new corporate governance blueprint, established the position of corporate governance manager in November 2018 and a new Nominating Committee under the Board in January 2019.

As for environmental sustainability, in 2018, the 316 locations in Taiwan of Yuanta Financial Holdings and our subsidiaries all passed ISO 14064-1 greenhouse gas inventory, making us a financial holdings company with 100% assessment coverage rate in this regard. At the same time, we also implemented energy management systems that meet international standards, along with setting energy goals and implementation plans, earning BSI ISO 50001 certification. In addition, six subsidiaries, including Yuanta Securities, completed the procurement of 500 renewable energy certificates. The Company was praised by the Taipei City Government as setting the benchmark for green purchasing for eight consecutive years, and received recognition from Environmental Protection Agency of the Executive Yuan for seven consecutive years.

In response to the environmental risks caused by climate change, the Company has taken the proactive measure of establishing an environmental management system to boost environmental sustainability. In 2018, we received an A- leadership score by the CDP, not only the best rating the Group has received, but also placing us in the ranks of the financial industry leaders.

With the United Nations launch of the 17 human-oriented Sustainable Development Goals (SDGs), Yuanta not only responded positively through a Five-year CSR Action Plan, but in terms of social prosperity with regard to community engagement and poverty alleviation, the Group held 692 philanthropic activities through the Yuanta Cultural and Educational Foundation in 2018, including Yuanta Family Day, the Dream Big Project, the Yuanta-FJU Dreams Taking-off Project, and the Yuanta Scholarship for Outstanding Underprivileged Talents, benefitting nearly 200,000 people across Taiwan with over 14,500 volunteer hours registered on the public welfare platform.

In terms of financially inclusive products or services (Financial Inclusion), Yuanta Securities launched an innovative smart stock-screener "Mr. Investor" App in 2018, using big data to analyze investment targets and providing a streamlined option for a variety of potential investors, including students, young people, beginners, and the economically underprivileged. This App provides easy and quick access to appropriate and professional financial services for all users. In addition to injury micro-insurance promotion, Yuanta Life will also promote group annuity insurance to help young worker group plan and prepare for their retirement.

Yuanta strives to stay in line with the international trends, including making reference to the spirit of human rights protection and basic principles found in international human rights conventions such as the "UN's Universal Declaration of Human Rights". To this end, we have formulated the "Human Rights Policy" to regulate the protection of human rights in the workplace and provide a safe and healthy working environment, as well as announcing this policy on our official website. For the second year in a row, we conducted a Group-wide Employee Engagement Survey, continuing to work on improvements on labor management relations. At the same time, we formulated and implemented a maternal health protection plan, overwork prevention plan, ergonomic hazard prevention plan, and a preventive plan against encountering wrongful actions in the course of performing one's duties. Through our various health and safety plans, we are taking active measures to care for our employees, and in March 2019, the Company and three subsidiaries (Yuanta Securities, Yuanta Bank, and Yuanta Futures) were awarded the "Healthy Workplace Certification" from the Ministry of Health and Welfare, while Yuanta Life was awarded "Safe Workplace Certification" for outstanding performance on employees' health cares.

Looking forward to 2019, the Company is focused on working toward becoming a constituent stock of the Dow Jones Sustainability Indices (DJSI) and the execution of several initiatives on corporate sustainability development including launching emerging risk identification measures, analyzing risks and opportunities in line with the Task Force on Climate-related Financial Disclosures (TCFD), and formulating the Group's "Sustainable Financial Standards". We will also continue to work side by side with our stakeholders to uphold our responsibilities as a corporate citizen and do our part with regard to corporate social responsibility.

Wang Rong-Jou
Chairman, Yuanta Financial Holdings



2 The Sustainable Management Performance of Yuanta in 2018

Outside Recognition

- FTSE4Good TIP Taiwan ESG Index**
 Chosen as FTSE4Good TIP Taiwan ESG Index Constituent Stock

- CDP**
 Upgraded from Level B to **Level A-**

- Taiwan Stock Exchange Corporate Governance Evaluations**
 Ranked in top **5%** of listed companies

- Wealth magazine**
 Received Excellence Award in Financial Holdings CSR Awards for **3 consecutive years**

- Taiwan Corporate Governance Association**
 Yuanta Financial Holdings, Yuanta Securities, and Yuanta Bank received certificates of **"Excellence"** in Taiwan Corporate Governance Association's CG6011 (2017) evaluation
* Certificates valid from June 12, 2018 to June 11, 2020.

- Common Wealth magazine**
 Yuanta Futures recognized as **"Excellence"** in the Corporate Citizenship Award

- The Asset magazine**
 Platinum Award for Excellence in Governance, CSR, Investor Relations Benchmarking

- Corporate Governance Asia magazine**
 Best Investor Relations Company in Taiwan, Asia's Best CEO (Investor Relations) - Tony Shen

Internal Optimization



Environmental Friendliness



- Green procurement valued at NT\$**66.82 million**; which was praised by the Taipei City Government as the excellent benchmark for eight consecutive years (2011-2018), and was praised by the Environmental Protection Agency of the Executive Yuan as the outstanding performance in green procurement for seven consecutive years (2012-2018)
- Yuanta Financial Holdings and its nine subsidiaries **100%** completed ISO14001 and ISO14064 verification.
- Purchased **500,000 kWh** of Green Power for three consecutive years.
- Completed signing on the **"Sustainable Financial Standards"** across the entire Group.
- Inaugural Supplier CSR Conference** held in February 2019.
- In 2018, Yuanta Bank, and in 2019, Yuanta Financial Holding and Yuanta Life were all praised by the Taipei City Government for the outstanding performances of promoting the **"disabling disposable and melamine tableware"** policy.



Social Prosperity



- Formulated **"Human Rights Policy"** to regulate protection of human rights in the workplace and provide a safe and healthy working environment.
- Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, and Yuanta Futures received **"Healthy Workplace Certification"**; Yuanta Life received **"Safe Workplace Certification"**.
- The Result of 2018 Employee Engagement Survey shown **84%** of participating employees have positive feedback on the overall working engagement.
- Expected to issue **Taiwan ESG Index ETF products** in 2019.
- The Yuanta Group and Yuanta Cultural and Educational Foundation held 692 philanthropic activities, benefiting nearly 200,000 people across Taiwan. The number of **volunteers invested** in the public welfare platform has exceeded **14,500 hours**.



Corporate Governance

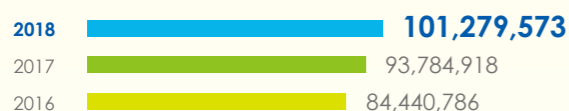


- Established the Board-level **"Sustainability Committee"**, with the **"Center for the Promotion of Integrity Management"** and the **"Center for the Promotion of Corporate Social Responsibility"** under the Committee.
- Formulated the **"Taxation Governance Policy"**.
- Formulated the **"Whistleblowing System and Implementation Measures"**.
- Set up Corporate **Governance Supervisor**.
- In January 2019, the board of directors passed the establishment of the **"Nominating Committee"**.

Financial Performance

The Yuanta Group

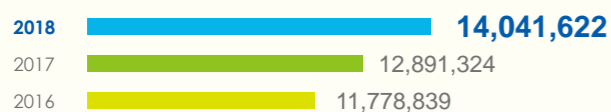
Direct Economic Value Unit: NTD thousand



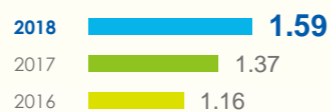
Distributed Economic Value Unit: NTD thousand



Retained Economic Value Unit: NTD thousand

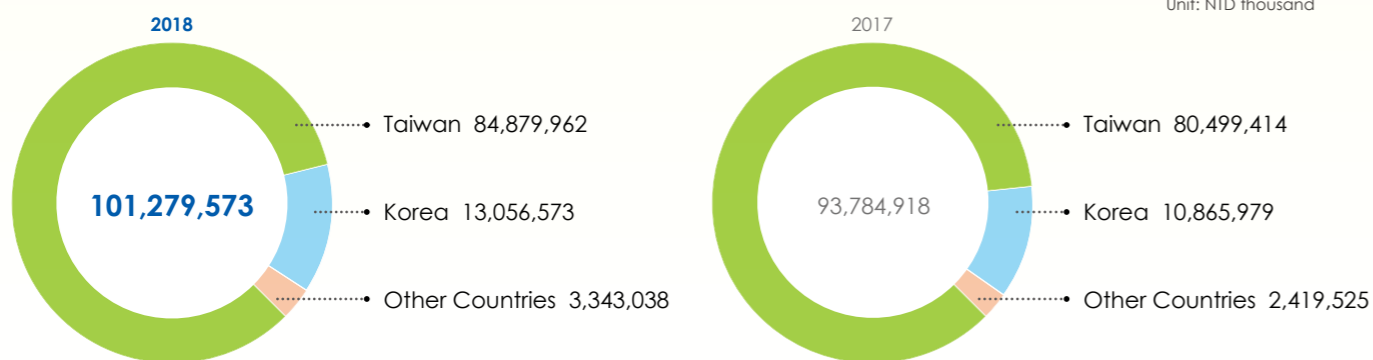


EPS Unit: NTD



Retained Economic Value = Direct Economic Value - Distributed Economic Value

Regional Operating Revenue (Net Income)

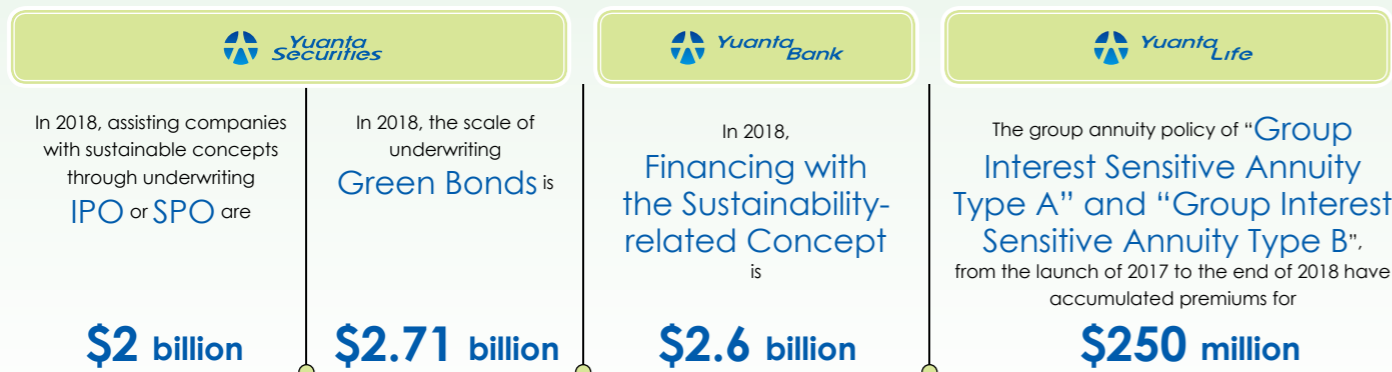


Investment in Philanthropic Activities

Philanthropic activity expenses of Yuanta Cultural and Educational Foundation Unit: NTD 10 thousand



Responsible Financing & Investment and Financial Inclusion

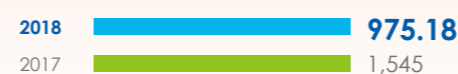


The sustainability-related financing includes the five plus two innovative industries plan and SMEs financing.

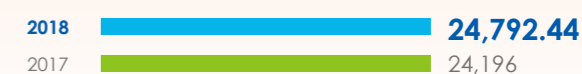
Energy and Climate Change

Greenhouse Gas Emissions

Scope 1



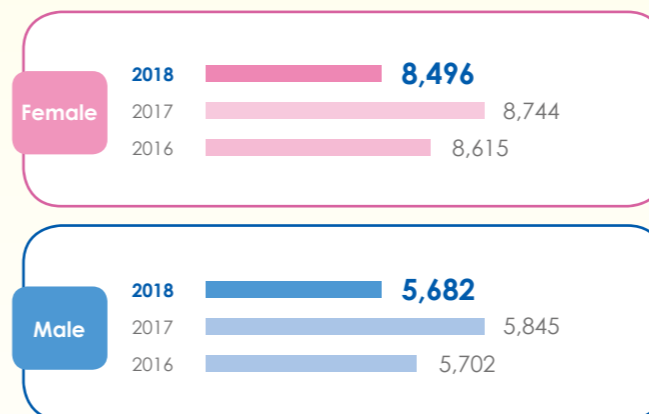
Scope 2



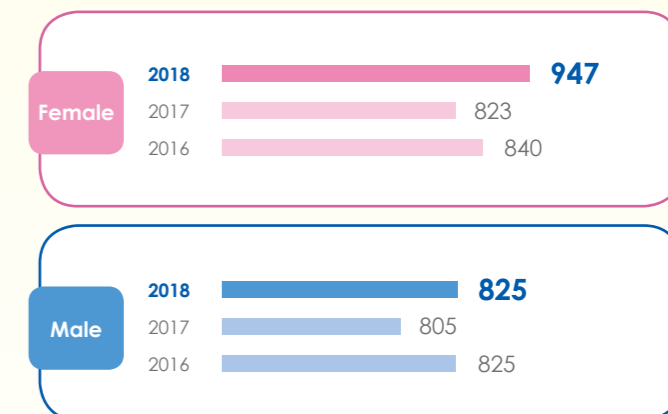
Greenhouse gas emissions have 100% covered Yuanta Financial Buildings and all operating sites of the nine subsidiaries since 2017.

Human Capital

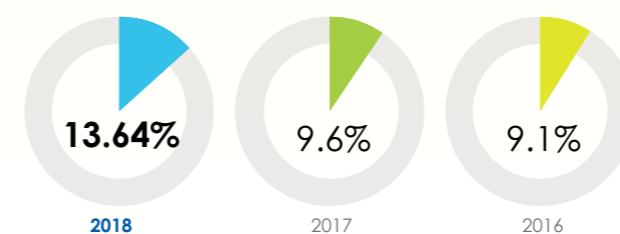
Employees (including overseas) for the Group Unit: people



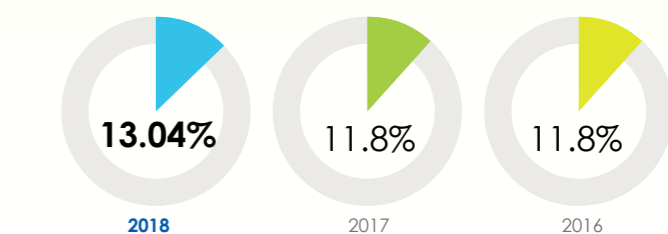
Domestic Managerial Employees Unit: people



New Employee Rate of Domestic Full-time Employee



Employee Departure Rate of Domestic Full-time Employee



New or Departure Rate = (Total Number of New or Departure Employees / Total Number of Employees at the End of the Year) x 100

Average Training Hours per Domestic Full-time Employee Unit: hours



Occupational Health and Safety

Injury Rate (IR)



Lost Day Rate (LDR)

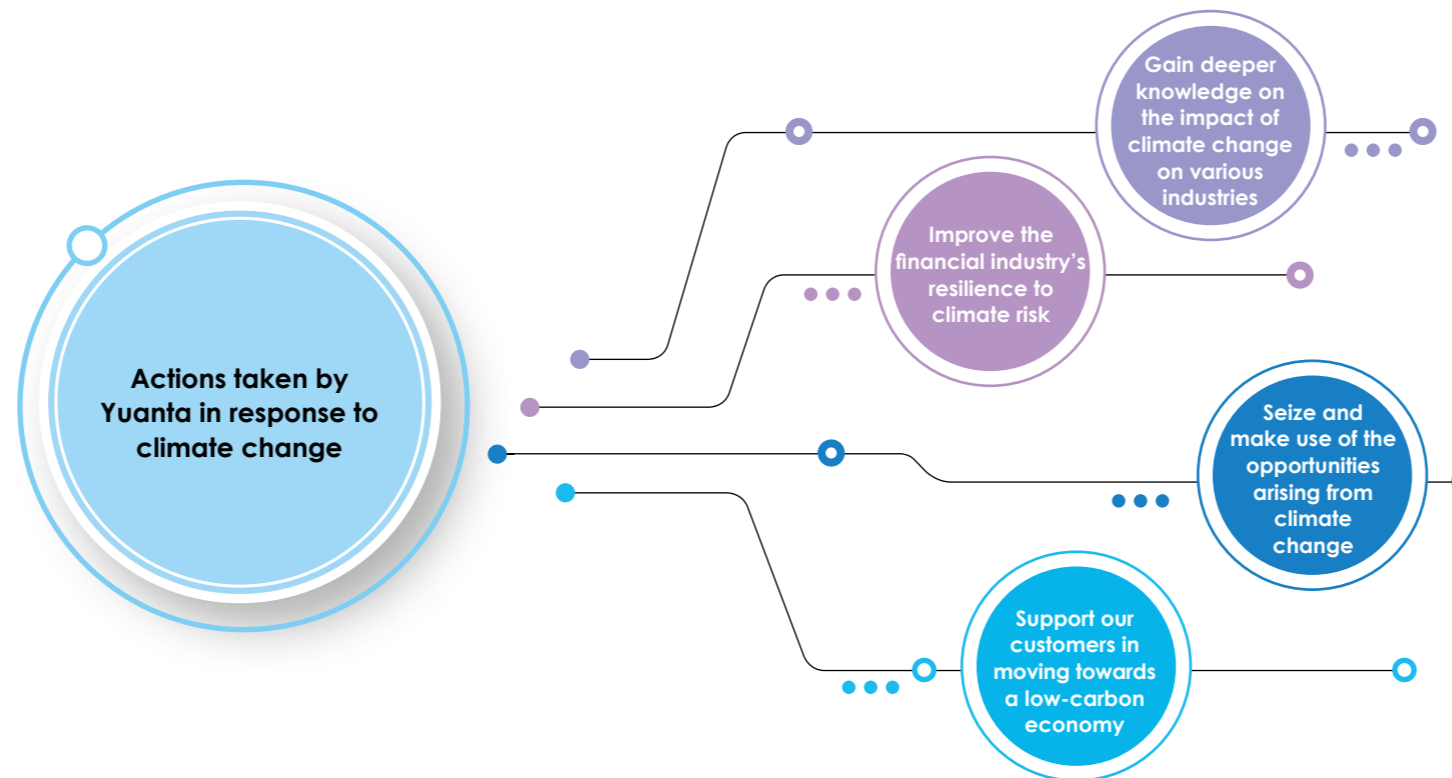


Injury Rate (IR) = (Total number of work-related injury and work-related ill health / total annual working hours) x 1,000,000.

Lost Day Rate (LDR) = (Total lost days of disabling injury / total annual working hours) x 1,000,000.

Yuanta Financial Holdings Group Climate-related Risks and Financial Impact

Yuanta Financial Holdings provides a full range of financial products and services, including securities, insurance, banking, futures, funds, investment consulting, venture capital, and asset management. We understand that the financial industry will play a pivotal role in the global fight against climate change. Therefore, we are working to gradually improve the methods for the identifying and managing climate-related risks and opportunities, and develop and implement the corresponding strategies to enhance the capability of the Company and our customer to move toward low-carbon operations as a part of our contribution toward the global development of the green economy. We actively support the work of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose the progress and results of the year in line with the TCFD Recommended framework.

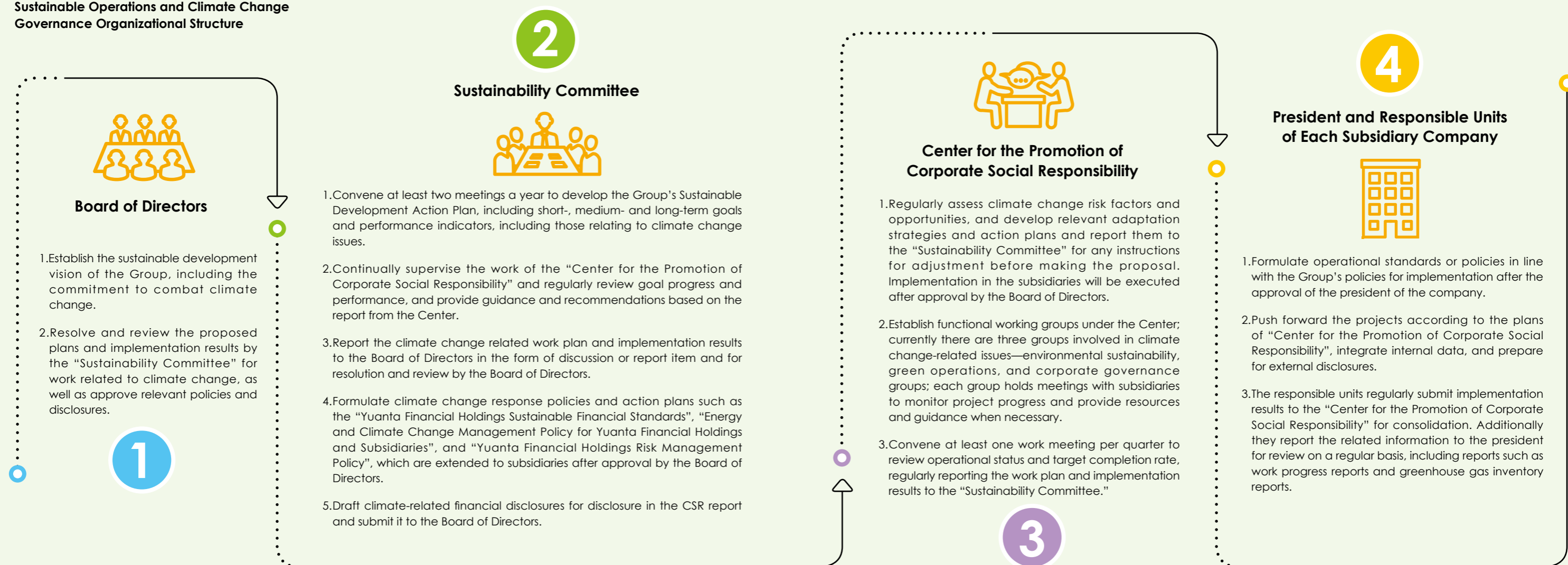


【Governance】

In recent years, as climate change has intensified, the risks and unpredictability that have come with it have gradually increased. To reduce the potential operational impact of climate change on Yuanta Financial Holdings and its subsidiaries, the Company has incorporated climate change as an important part of our corporate governance and business strategy, while consideration is made to link it to sustainable performance and rewards systems, demonstrating its commitment to sustainable development.

The "Sustainability Committee" established under the Board of Yuanta Financial Holdings, with the president of Yuanta Financial Holdings as the convener and membership composed of independent directors. The committee is directly responsible for supervising and managing the risks and opportunities related to climate change and sustainability issues. In terms of the implementation of specific actions related to climate change, the Center for the Promotion of Corporate Social Responsibility under the Sustainability Committee is responsible for promoting the Group's sustainability policies and related business plans, while also guiding and assisting subsidiaries in achieving their stated goals and regularly reporting the results to the Sustainability Committee. Each subsidiary is directly or indirectly supervised and managed in this regard by the respective presidents to assist in the promotion and implementation work of the Center for the Promotion of Corporate Social Responsibility. The specific job functions are as follows:

Sustainable Operations and Climate Change Governance Organizational Structure



【Strategy】

We strive to understand the impact of climate change on the Company, as well as the risks and opportunities it will bring, in order to build up the Company's business resilience. Through the efforts of the Sustainability Committee, Yuanta Financial Holdings and its subsidiaries have identified and assessed climate-related risks and opportunities based on their respective business characteristics. During the identification process, in addition to international trends and the corresponding policies and regulations of the respective operating locations, we also referred to the assumptions provided in reports issued by industry associations, NGOs, and credit rating agencies— such as the

Intergovernmental Panel on Climate Change (IPCC), Moody's, and Standard & Poor's (S&P)— before assessment of the potential positive and negative financial impacts of the identified risks and opportunities on the Company. Next, the Sustainability Committee will then gather the related units to develop the response strategies and adaptation measures for the various climate change risks and opportunities. The risks and opportunities currently identified by Yuanta Financial Holdings and its subsidiaries and their possible financial impacts are as follows:

Risk Categories	Description of Risks	Transition Risk—Policies and Regulations	Transition Risk—Technology	Transition Risk—Market	Transition Risk—Reputation	Physical Risk	Physical Risk
	Affected Time Frame	Mid-term	Mid-term	Mid-term	Short-term	Long-term	Long-term
	Geographical Extent of Impact	Global	Global	Global	Global	Taiwan	Global
	Value Chain Position of Impact	Customer	Customer	Investor	Company Operations	Customer	Customer
	Financial Impact	Revenue decrease	Revenue decrease	Divestment by investors	Divestment by investors	Operating costs increase	Revenue decrease
	Description of Opportunities	Investment in Renewable/Green Energy	Innovation in Products and Services	Market Opportunities	Market Opportunities	Operational Flexibility	Other Opportunities
Affected Time Frame	Mid-term	Mid-term	Long-term	Short-term	Long-term	Long-term	
Geographical Extent of Impact	Taiwan	Taiwan	Global	Global	Global	Taiwan	
Impact on Business and Strategy	Products and Services	Products and Services	Products and Services	Investors	Company Operations	Company Operations	
Financial Impact	Revenue increase	Revenue increase	New sources of income	New sources of income	Revenue increase	Operating costs decrease	

Note: The time frame of risks and opportunities affecting the company are defined as follows: short-term for possible occurrence under one year, mid-term for possible occurrence within one to three years, and long-term for possible occurrence for three or more years.

【 Risk Management 】

Climate risks directly and substantially contribute to investment and credit risks, and risks associated with extreme weather events and regulations, markets, policies, technologies, and reputations while transitioning toward a low-carbon economy may possibly damage our business activities and cause property losses, affecting the value of the Company's assets and customers' ability to repay loans. As such, Yuanta Financial Holdings considers climate change a strategic business risk and has incorporated associated identification, assessment, and management into the Company's overall risk framework. Our methods for managing climate risks are as below:

01

Integrating climate risk into the risk management framework

Yuanta Financial Holdings and its subsidiaries have established a complete risk management organizational structure, policies, and management measures, covering the various risks in the course of operations (including market risk, credit risk, exposure concentration risk, market liquidity risk, asset liability matching risk, insurance risk, operational risk, compliance risk, and legal risk). Additionally, emerging risks including climate risk have also been integrated into risk management. Details of our risk management framework, policies, and principles are available on the Yuanta Financial Holdings website (<http://www.yuanta.com/en/IR02/IR0203/>).

02

Climate risk management process

The risk management procedures include identification, measurement, monitoring, and management reporting of risks to prevent any risk events (including climate risks) that may harm the company or its assets.

- 1. Risk identification:** Determine the attributes and types of risks applicable to each line of business by means of analysis.
- 2. Risk measurement:** Make reasonable estimate of the risk characteristics that may cause or influence potential losses. For quantifiable risk characteristics, appropriate quantitative methods are used to measure the degree of risk; for unquantifiable ones, appropriate qualitative methods are used to present the degree of risk.
- 3. Risk monitoring:** Assess the actual risk level based on the risk limit of each line of business to ensure that risks are in line with the company's authorization.
- 4. Risk reporting:** Report risk management-related information to the relevant management personnel. Adjustments should be made to the reporting level, content, and frequency of risk reports according to the nature of the risks and their impact on the Company's business, profitability, and net worth.

03

Adapting to climate-related risk exposure

Our customers are from a diverse range of industries and are subject to varying degrees of climate risk impact. If they suffer losses incurred by climate change, Yuanta's asset value will also be affected. In order to properly reduce, transfer, assume, or control the impact of climate risks on the Company's transactions, the Risk Management Department of Yuanta Financial Holdings engages in discussions with external consultants and refers to industrial climate risk reports and financial market trends issued by professional agencies. Through gathering the climate risk factors of various industries, quantifying and assessing the climate risk levels for the industry, and then conducting comprehensive analyses of investment by industry and of credit lines, Yuanta establishes its climate risk assessment tool for the industry. If a customer is identified as a potential risk, extra caution will be taken in assessing whether to go engage in the transaction. Through analysis using the climate risk assessment tool, Yuanta Financial Holdings has identified the steel, cement, plastics, and automotive industries as industries with potential climate risks and will develop corresponding management strategies based on the findings to counter or control the risks associated with the transaction on the Company.

【 Indicators and Targets 】

Climate change, carbon reduction, and energy conservation issues have been identified as the major themes of Yuanta Financial Holdings' CSR efforts over the past three years. In order to properly manage the risks and opportunities arising from climate change, and meet the expectations of stakeholders, we have set climate-related key indicators, including greenhouse gas emissions, green power subscriptions, water resource consumption, and waste production levels, with KPIs set for each respective category. In addition, we regularly disclose implementation progress and related performance in our CSR reports and actively participate in international sustainability assessments and initiatives such as the Dow Jones Sustainability Index (DJSI), Carbon Disclosure Project (CDP), and Science-Based Targets (SBT) to measure our progress in related work.

Latest Development on Climate-related Goals by Yuanta Financial Holdings

Target(s)



- Reduce carbon by 5% by 2020 (Baseline Year 2017)
- Set SBT carbon reduction targets

2018 Performance

Total emissions in 2018 are 24,792.44 tons of CO₂e (Scope 1 + Scope 2).

Greenhouse Gas Emissions

In response to global trends in carbon reduction and energy conservation, in 2018 Yuanta Financial Holdings completed a greenhouse gas inventory of Yuanta Financial Building and all 316 business locations of its 9 subsidiaries with a completion rate of 100% completed a 100% of 316 operating locations and received ISO 14064-1:2018 external assurance. Yuanta will continue to implement energy and carbon management on the operational side of the Company, in helping to reduce operating costs.

Target(s)



From 2018 to 2021, the cumulative number of purchases will reach 2,000 (a cumulative total of two million kWh).

2018 Performance

In 2018, the procurement of Renewable Energy Certificates (T-RECs) accumulated to 500 (500,000 kWh).

Green Power Procurement

In response to the Taiwan government's encouragement of green energy development and the possibility of mandatory requirement on renewable energy use in the near future, the Company aims to join the green energy investment market as early as possible to reduce operating costs or the risk of penalties.

Target(s)



5% reduction by 2023 (Baseline Year: 2018)

2018 Performance

Water consumption in 2018 is 212,402 m³.

Water Consumption

Yuanta's water consumption is primarily from everyday use; however, considering that our main business locations in Taiwan tend to suffer water shortages every winter, water-saving equipment has been installed to improve water usage efficiency.

Target(s)



5% reduction by 2023 (Baseline Year: 2018)

2018 Performance

Non-recyclable waste in 2018 is 2,931,558 kg.

Waste Production

Yuanta does not generate large amounts of waste or complex waste products in the course of our operations. However, as a part of our commitment to be environmentally friendly, we strive to reduce waste and carefully select recycling companies to ensure that waste is handled legally and properly after disposal, in a manner causing the least harm to the environment.



3 Sustainable Governance and Stakeholder Communication

“Sustainability Committee” Taking Sustainable Governance to the Highest Level

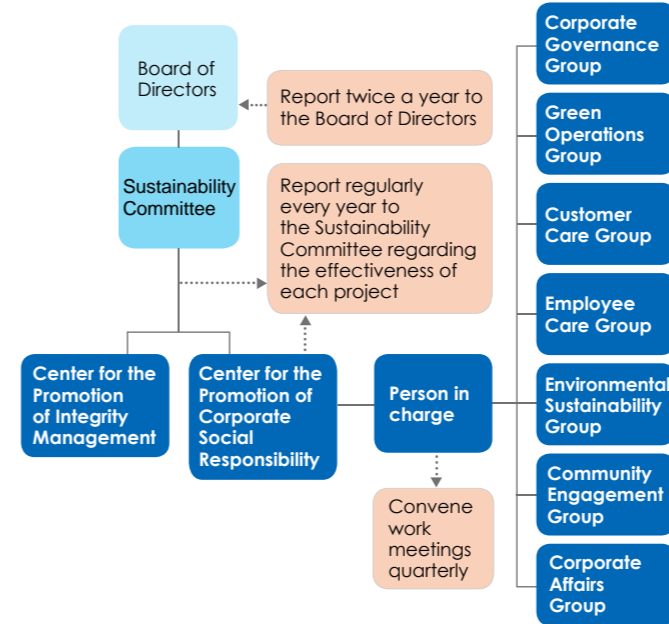
To fully implement the Company’s corporate sustainable management philosophy and put in place sound corporate governance, in November 2018, Yuanta Financial Holdings established the “Sustainability Committee” beneath the Board of Directors, composed of the Company president as the convener and four independent directors as its members. Through the establishment of this committee, the Company aims to strengthen the Board’s integrity management and practice of corporate social responsibility.

In conjunction with the establishment of the “Sustainability Committee”, the “Corporate Social Responsibility Work Promotion Center” was renamed as the “Center for the Promotion of Corporate Social Responsibility”, accompanied by organizational restructuring. In January 2019, the “Corporate Social Responsibility Guidelines” and “CSR Policy and Management Measures” were amended, with the operations of the respective functional workgroups adjusted to work with their promotional units and boost the integration of their operations. Each group convenes a meeting each quarter, continuously tracking the progress of work and accomplishment of targets, reviewing and evaluating management measure effectiveness, and implementing and promoting various sustainability-related projects.

Primary Responsibilities of the Sustainability Committee

1. Assist in integrating values of integrity management and corporate social responsibility into the Company’s business strategy.
2. Adhere to the laws and regulations to formulate relevant measures to ensure integrity management and implement corporate social responsibility.
3. Supervise and implement the Company’s integrity management and corporate social responsibility policies, and evaluate their effectiveness.
4. Other matters related to the setting, supervision, and implementation of the Company’s integrity management and corporate social responsibility policies.

Sustainable Governance Operating Model

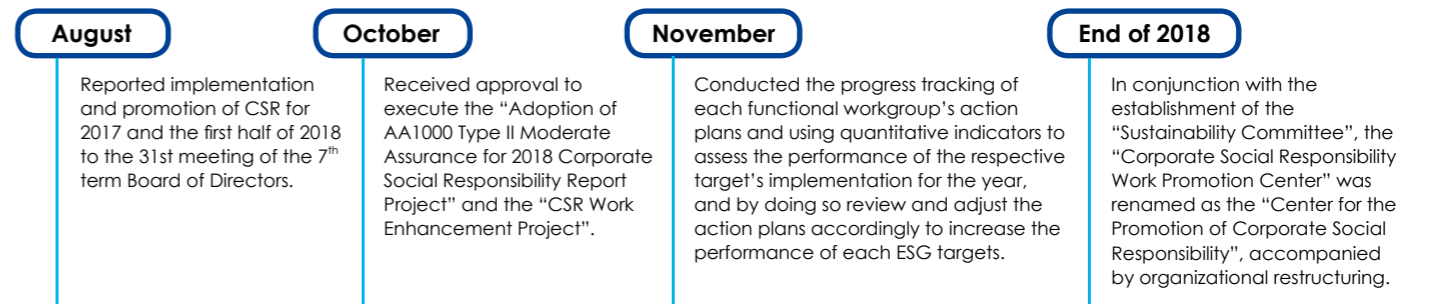


The Corporate Social Responsibility Policy of Yuanta

1. Strengthen the quality of corporate governance.
2. Value the rights and interests of employees, cultivate talent, and create a healthy and safe working environment.
3. Actively work to conserve energy and to reduce carbon consumption to ensure environmental sustainability.
4. Adhere to ethical and integrity management guidelines.
5. Expand social engagement and give back to the community.
6. Protect the rights and interests of customers and win their trust long term.
7. Provide accurate, timely, and transparent Company information to investors.

Operations of the Center for the Promotion of Corporate Social Responsibility in 2018

To review the implementation of various ESG projects, the Center for the Promotion of Corporate Social Responsibility tracked and quantified the effectiveness of each project in 2018 for the 2016–2020 “Center for the Promotion of Corporate Social Responsibility Action Plan”. From there, the Center then made adjustments according to the actual progress of each functional workgroup, revising the targets and making changes to some group leaders according to the operations of each group to strengthen and integrate the operations of the functional groups and carry out various work initiatives.



Our Vision and Strategies toward Sustainability

The Company’s vision is to become an international benchmark enterprise for sustainability. In working toward this goal, the Company has been putting continuous efforts into implementing the concepts of sustainable finance, environmental friendliness, and social prosperity through our corporate culture and business practices, providing more financial products, greener financial services, and improved customer care. Together with our business partners, we hope to bring more attention to the issues of sustainability and gradually establish a sustainable business management and service model.

Sustainable Development Strategy Blueprint

2016-2017

Goals

Establish corporate sustainability management and service Models.

Development Scope

Yuanta Financial Holdings, Securities, Bank, and Life.

Execution Strategy

- Formulate mid-/long-term integrated strategies
- Establish the workgroups for the Group
- Focus on key points and action plans

2018-2020

Goals

Become constituent member of Dow Jones Sustainability Emerging Markets Index.

Development Scope

Yuanta Group

Execution Strategy

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

2021-2025

Goals

Become an international benchmark enterprise for sustainability.

Development Scope

Yuanta Group and the suppliers

Execution Strategy

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

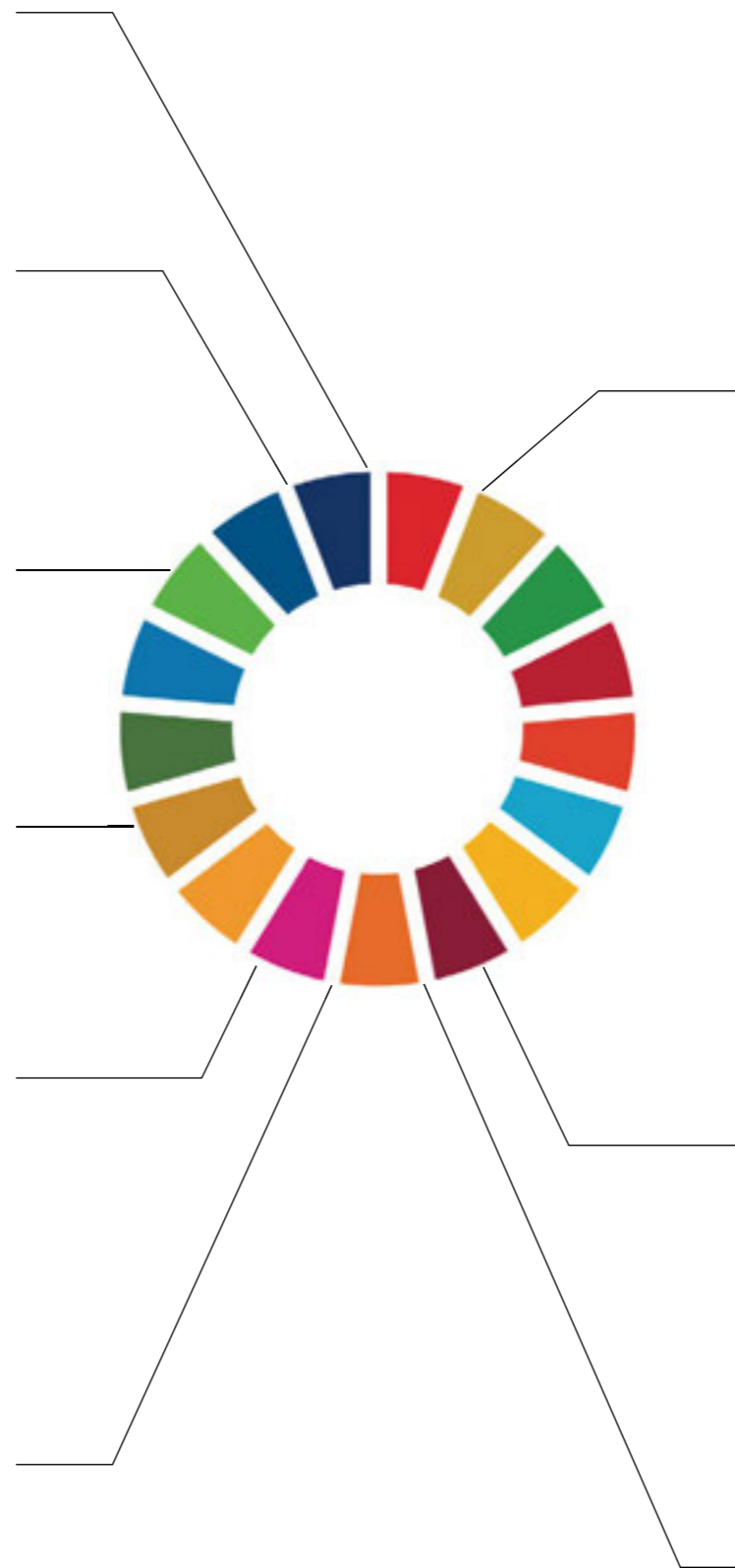
Sustainable Value Creation

In order to achieve our vision of sustainable development, with sustainable management practices as our basis, the Company set the goals to 2016–2020 “Center for the Promotion of Corporate Social Responsibility Action Plan” in 2016 as our approach to realize our strategic blueprint and response in support of the UN Sustainable Development Goals (SDGs). In the future, we will continue to track the status of implementation by each workgroup and conduct rolling review of the action plan as deemed necessary according to international development trends and the Company’s development, in hope to further enhance our sustainability competitiveness.



Six Capitals Framework	Capital Investment in 2018	Sustainability Management Practices 2016–2020 Center for the Promotion of Corporate Social Responsibility Action Plan	Capital Outcome
Financial Capital Effective use of financial resources to create economic value	Operating Expenses NT\$531.12 million Employee Remuneration and Welfare NT\$237.01 million	18 Material Topics Management 	2018 Yuanta Financial Performance Unit: NTD thousand Direct Economic Value: 101,279,573 Allocated Economic Value: 87,237,951 Retained Economic Value: 14,041,622
Intellectual Capital Boosting quality of financial services through innovative R&D, digital finance, and patents	Yuanta Securities developed “ Mr. Investor ” app Yuanta Futures launched “ Yuanta Futures Wizard ” mobile order placement app		2018 EPS of Each Subsidiary Yuanta Securities: 1.64 Yuanta Bank: 1.16 Yuanta Life: 0.32 Yuanta Securities Finance: 1.26 Yuanta Venture Capital: 0.90 Yuanta Futures: 4.31 Yuanta Funds: 4.43 Yuanta Asset Management: 1.54 Yuanta Investment Consulting: 0.13
Human Capital Strengthen talent cultivation and focus on the development of employee occupational capabilities	Domestic Talent Development and Cultivation Expenses NT\$42.13 million Employees invested a total of 483,962 hours into studies to improve their workplace competitiveness		2018 Customer Satisfaction Survey of Each Subsidiary Yuanta Securities: 99.03% Yuanta Bank: 88.26% Yuanta Life: 97% Yuanta Futures: 95.3% Yuanta Funds: 98.8% The overall customer satisfaction ratio: 96.37%
Natural Capital Improve utilization efficiency of natural resources	Green Procurement Amount NT\$66.82 million Three Major Environment-related ISO Management Systems Certification Fee NT\$6.412 million		2018 Warrants Tied to Sustainability Solar Power: 186 Wind Power: 196 Water Resources: 7
Social and Relationship Capital Giving back to society and building trust to achieve goals of social prosperity	Yuanta Cultural and Educational Foundation Charitable Investments NT\$68.08 million 1,982 of Voluntary Participants		2018 Human Capital Output Positive evaluation of Employee Engagement is 5% higher than the previous year and 7% higher than Taiwan's financial industry. Positive evaluation of Learning Development is 5% higher than the previous year and 7% higher than Taiwan's financial industry.
			GHG Emissions (Scope 1 + Scope 2) Units: tonnes of CO ₂ e 2018: 25,767.52 2017: 25,741.00
			Yuanta Cultural and Educational Foundation Self-organized Charitable Activities: 74 Co-organized Charitable Activities: 411 Sponsored Charitable Activities: 207

Completion Progress	2016–2020 “Center for the Promotion of Corporate Social Responsibility Action Plan”	Results	SDG(s) Addressed
100%	Center for the Promotion of Corporate Social Responsibility reporting elevated to the Board of Directors	Established the Sustainability Committee under the Board in November 2018	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
100%	Stakeholder questionnaires added	Launched when the new corporate website went online in June 2018	Peace, Justice and Strong Institutions
100%	Commissioned external organization to conduct Board of Directors performance evaluations	Evaluations completed in Q4 2018	
65%	Integrate subsidiaries' customer service surveys and establish satisfaction survey procedures for each subsidiary	The process of establishing surveys will be standardized according to the specific characteristics of each subsidiary's line of business	
100%	Set human rights policies to demonstrate our respect and responsibility for human rights protection	Completed in 2018	10 REDUCED INEQUALITIES
Ongoing	Formulate the green finance policy	Expected to be completed in 2019	Reduce Inequality
Ongoing	Formulate Group's sustainable financial product development strategy	Arranged workgroup for organizational assessment of "Formulation of Group's Sustainable Financial Product Development Strategy"	
Ongoing	Green finance talent development plan	Each subsidiary has appointed employee to participate in relevant external training courses	
Ongoing	Issue green bonds	Yuanta Securities bond department participated in the issuance of three green bonds in 2018	
Ongoing	Promote green finance (Introduce products including responsible investment, responsible products and green credit)	Yuanta Securities, Yuanta Bank, and Yuanta Life have developed relevant products based on the nature of their respective lines of business	
Ongoing	Provide green financial products platform and marketing services with an user-friendly digital environment and investor interests at heart	Yuanta Securities launched AI-based "Mr. Investor" app	
Ongoing	Plan carbon footprint and carbon neutrality certification for ordering system services	Arranged workgroup for organizational assessment of "Carbon Footprint and Carbon Neutrality Certification" for ordering system services	
Ongoing	Promote the establishment of low-carbon ordering system services	Yuanta Bank investment in efficient form-free operations were implemented in 2018	
Ongoing	Securities ordering system uses green electricity	Yuanta Securities subscribed to 200 Renewable Energy Certificates in 2018 (equivalent to 200,000 kWh of green power), partially to supply power for the ordering system	
100%	Carried out employee engagement surveys and disclosures	Publish 2017 employee engagement survey results and follow-up action results, and invite employees to participate in 2018 employee engagement survey	
Ongoing	Strengthen employee benefits program (Employee Benefits System Diversification Plan)	Yuanta Financial Holdings and direct subsidiaries' benefits committee members convened meetings with Human Resources Department personnel to discuss the adjustment to of the existing benefits system and proposed benefits plan to be added	
Ongoing	Promoted employee health care and pass Healthy Workplace Certification	The Group submitted the results of this year's employee health care activities and applied for Healthy Workplace Certification in 2018	



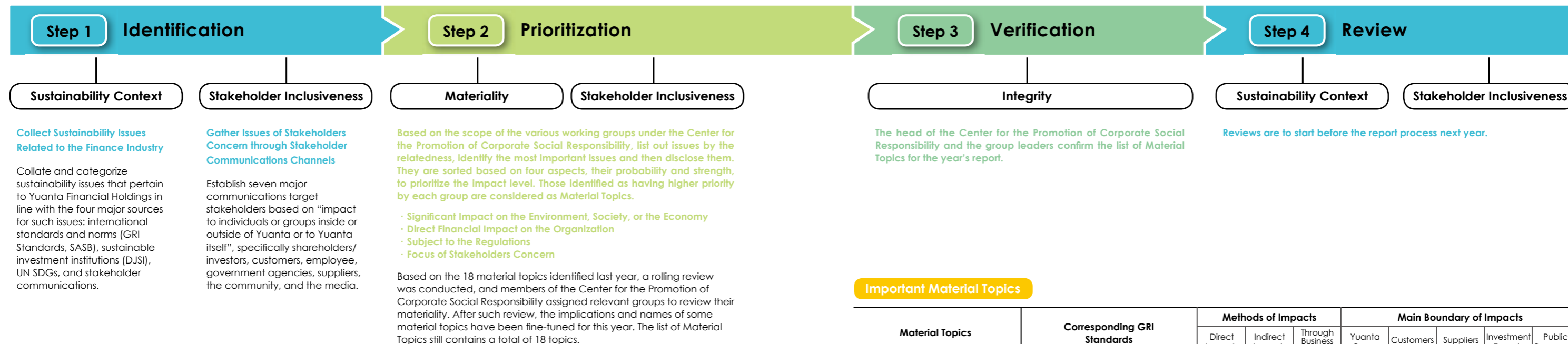
SDG(s) Addressed	2016–2020 “Center for the Promotion of Corporate Social Responsibility Action Plan”	Results	Completion Progress
13 CLIMATE ACTION	Initiate the self-owned building of Yuanta Life to obtain the Green Building Mark Certification	Appointment of a professional company to handle Green Building Mark affairs is completed	100%
	Set a carbon reduction target of 5% compared to the base year by 2020 and gradually replace LED lamps to all Company-owned buildings across Taiwan, starting with Yuanta Financial Building.	Replacement underway across all locations	Ongoing
	Continue to introduce ISO 14064-1 Certification in other subsidiaries	Introduction completed for all subsidiaries.	100%
	Formulate energy policy and develop the appropriate climate change management principles for Yuanta Financial Holdings	Energy and climate change management policy for Yuanta Financial Holdings and its subsidiaries was approved at end of 2017	100%
	Purchase Renewable Energy Certificates	Purchase a total of 500 Renewable Energy Certificates (T-RECs) in 2018	100%
	Carbon emissions—include business travel emissions of subsidiaries into calculation	In line with the annual ISO 14064-1 Inventory Certification, third-party certification was completed before the end of April 2019	Ongoing
	Climate strategy impacts—responding to CDP issues	Received an A- score from CDP in 2018	Ongoing
	Set up solar powered branches in Company-owned buildings	Continuing to assess the feasibility of setting up solar panels in Yuanta Securities/Bank branches	Ongoing
	Setting up green data center	Improve overall energy use efficiency by reducing the energy density through Chunghwa Telecom Server Rooms	Ongoing
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Supply chain management—enacting supply chain risk management	Human rights due diligence survey was conducted for suppliers, and the inaugural supplier CSR conference was held in February 2019
Continue to strengthen green procurement		Continue to strengthen green procurement	Ongoing
Reduce weight of waste for each operating location by 5% compared with the base year by 2023		Conduct recycling and sorting at each operating location	Ongoing
Conduct recycling and sorting at each operating location		Conduct and promote trash sorting	Ongoing
17 PARTNERSHIPS FOR THE GOALS	Reduce daily trash volume at each operating location	Reduce daily trash volume at each operating location	Ongoing
	Water management—measure the water consumption and promote to reduce 5% than base year by 2023	Collect statistics on water consumption at operating locations and evaluate replacement of faucets and promote water conservation	Ongoing
	Increase the number of volunteers and the number of volunteering hours	The amount of volunteering hours recorded on the public welfare platform has exceeded 14,500 hours	Ongoing

Analysis of Material Sustainability Issues

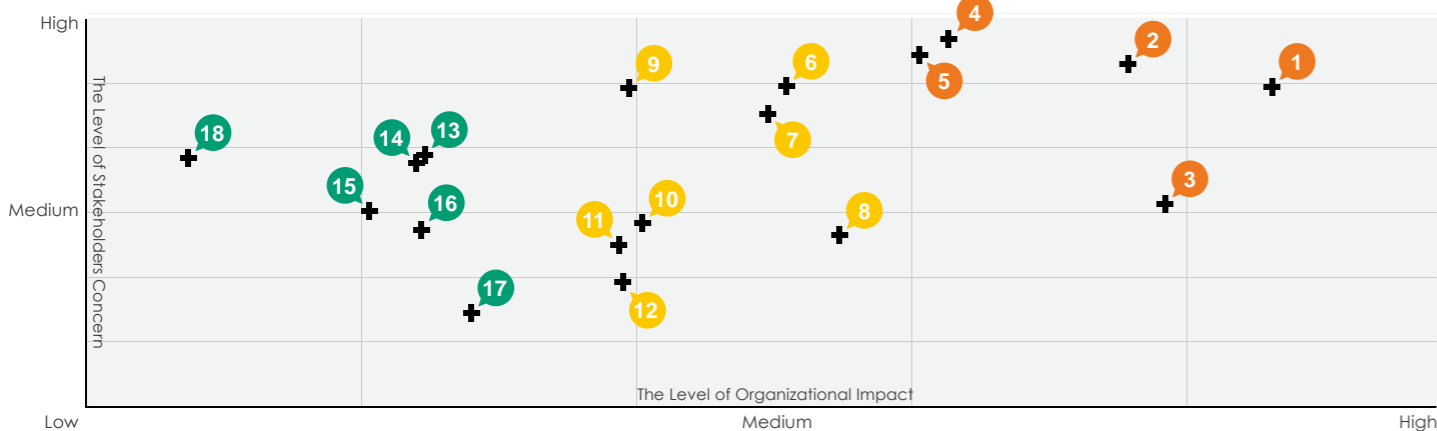
The integration of CSR into our business strategy and focusing on the material topics rooted in the creation of sustainable value is the source of Yuanta Financial Holdings' future competitiveness. We regularly communicate with stakeholders to understand their needs and respond to them. Utilizing the experience of members of the Center for the Promotion of Corporate Social Responsibility, the material topics that may impact the Company's operations are reviewed each year, establishing the cornerstones of our strategies and goals with regard to sustainability and the basis for the disclosure of our performance information in this report.



Process for Identifying Material Topics



Yuanta Financial Holdings Material Topics Matrix



Material Topics List and the Boundary

Critical Material Topics

Material Topics	Corresponding GRI Standards	Methods of Impacts			Main Boundary of Impacts				
		Direct Impacts	Indirect Impacts	Through Business Relationship	Yuanta Group	Customers	Suppliers	Investment Targets	Public Community
1. Energy and Climate Change	GRI 103 - GRI 305-1 - GRI 305-2 - GRI 306-1	○		○	○			○	
2. Responsible Financing	GRI 103 - FS 7 - FS 8	○	○	○	○	○			
3. Legal Compliance and Auditing	GRI 103 - GRI 419-1	○			○				
4. Talent Development and Management	GRI 103 - GRI 404-1 - GRI 404-3	○			○				
5. Customer Relation Management & Legal Compliance	GRI 103	○		○	○	○			

Important Material Topics

Material Topics	Corresponding GRI Standards	Methods of Impacts			Main Boundary of Impacts				
		Direct Impacts	Indirect Impacts	Through Business Relationship	Yuanta Group	Customers	Suppliers	Investment Targets	Public Community
6. Procurement & Supplier Management	GRI 103 - GRI 308-1 - GRI 414-1	○		○	○		○		
7. Occupational Health and Safety	GRI 103 - GRI 403-9	○			○				
8. Employment	GRI 103 - GRI 401-1 - GRI 401-3 - GRI 402-1	○			○				
9. Anti-Money Laundering & Anti-Terrorist Financing	GRI 103	○		○	○				
10. Water and Wastes	GRI 103 - GRI 303-3	○			○				
11. Financial Inclusion	GRI 103 - FS 14	○	○	○	○	○		○	○
12. Customers Privacy	GRI 103 - GRI 418-1	○			○	○			

Tracking Material Topics

Material Topics	Corresponding GRI Standards	Methods of Impacts			Main Boundary of Impacts				
		Direct Impacts	Indirect Impacts	Through Business Relationship	Yuanta Group	Customers	Suppliers	Investment Targets	Public Community
13. Poverty Alleviation	GRI 103	○	○		○	○			○
14. Volunteer Engagement	GRI 103 - G4 Sector Disclosure-Financial Services G4-EC1	○	○		○				○
15. Responsible Investment	GRI 103 - FS 7 - FS 8	○	○	○	○	○		○	○
16. Economic Performance	GRI 103 - GRI 201-1	○			○			○	
17. Marketing and Labeling	GRI 103 - GRI 417-3	○	○	○	○	○			
18. Cultivate Financial Talents	GRI 103	○	○		○	○			○

Stakeholder Engagement and Topics of Attention

Communication and Appeal Channels for Yuanta Financial Holdings

To facilitate the timely communication of stakeholders with the Company and also improve the supervisory function of the Board of Directors and the Audit Committee, Yuanta Financial Holdings continues to strengthen stakeholder communication channels. We anticipate that the use of diverse communication routes will enable the collection of even more opinions and issues of concern from stakeholders.



2007	2015	2018	2019
<ul style="list-style-type: none"> Formulated rules for "Comments and Appeal to the Audit Committee by Stakeholders" Audit Committee established dedicated mailbox for "Comments and Appeal to the Audit Committee by Stakeholders" 	<ul style="list-style-type: none"> "Investor and Stakeholder Relations" section moved to "Investor Relations" → "Investor Services" "Stakeholder Engagement" section is set up under "CSR" section 	<ul style="list-style-type: none"> Expanded Stakeholder Questionnaires to "CSR" Section Set up whistleblowing system, announced the independent mailbox and hotline on corporate website dedicated for whistleblowing. 	<ul style="list-style-type: none"> Convened the inaugural supplier CSR meetings Integrate and establish Satisfaction Surveys of Each Subsidiary

Major Positions on Public Associations

Participating Company	Public Association	Position Held
Yuanta Financial Holdings	The Bankers Association of Taipei	Chairman serves as president
	The National Federation of Taiwan Bankers Association	Chairman serves as managing supervisor
	The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Chairman serves as alternate director
Yuanta Securities	Taiwan Securities Association	Chairman serves as union president
	Trust Association of R.O.C.	Managing supervisor
	Asian Financial Cooperation Association (AFCA)	Association vice president
Yuanta Bank	Taiwan Stock Exchange	Director
	Taiwan Bankers Association- Electronic Payment Committee	Member
Yuanta Life	The Insurance Association of R.O.C.	<ul style="list-style-type: none"> President serves as consultant and member representative Serve as the member of 20 projects subcommittees
		Taiwan Depository & Clearing Corporation (TDCC)
Yuanta Futures	Taiwan Futures Exchange	<ul style="list-style-type: none"> President serves as a director Member of Settlement Committee
	The Futures Association of R.O.C.	<ul style="list-style-type: none"> Chairman serves as vice president President serves as convener of Cross-Strait Affairs Committee Member of various business committees (Brokerage Committee, Proprietary Trading Committee, Consultancy Committee, Cross-Strait Affairs Committee, Management Affairs Committee, Trusts Business Committee, International Affairs Committee, Auditing and Legal Compliance Committee, Disciplinary Committee, Finance Committee, Education and Training Committee)
Yuanta Funds	Securities Investment Trust & Investment Consulting Associate of R.O.C.	Supervisor
	The Pension Fund Association of R.O.C.	Director
Yuanta Investment Consulting	Securities Investment Trust & Consulting Associate of R.O.C. (SITCA)	Member of Investment Consultancy Affairs Group



Stockholders and Investors

Topics of Concerns

- | | |
|-------------------------|----------------------------|
| Operational Performance | Brand Image |
| Shareholders' Equity | Information Transparency |
| Corporate Governance | Legal Compliance |
| Integrity Management | ESG Information Disclosure |

Communication Methods

- Set up Chinese/English websites and "Investor Relations" area regularly
- Hold Shareholders Meeting annually
- Attend two-way communication meetings with institutional investors aperiodically
- Participate in domestic and international Institutional Investors' Conference
- Accept credit ratings every year
- Issue Corporate Annual Report and CSR Report annually
- Disclose the latest information on the Market Observation Post System (MOPS) and company webpage aperiodically



Government Agencies

Topics of Concerns

The Financial Supervisory Commission Banking Bureau, in accordance with its supervisory needs, has requested the Company provide relevant information

Clarify media reports on important news regarding the Company and its subsidiaries in accordance with the requirements of the Taiwan Stock Exchange

Respond to Taiwan Stock Exchange questionnaire data

Notifications of latest regulatory announcements and filing reminders

Credit rating results

Communication Methods

- Occasional email responses to the Financial Supervisory Commission Banking Bureau
- Occasional issuances of important information by relevant units of the Company
- Occasional responses and filings to Taiwan Stock Exchange questionnaire system by relevant units of the Company
- Occasional notifications to relevant units of the Company
- Responses to Market Observation Post System within two days of receipt of credit rating results



Current Employees

Topics of Concerns

- Occupational Health and Safety
- Employment Communications
- Employee Benefits
- Learning and Development
- Performance Evaluations
- Corporate Social Responsibility
- Ethical Behavior and Legal Compliance Promotion

Communication Methods

- Annual occupational health and safety training; regular testing of air quality, water quality, and lighting; regular health consultation services
- Quarterly labor-management meetings; meetings of various frequencies, including weekly, monthly, and yearly business performance reviews and committee meetings
- Employee appeal mailbox, internal communications channels, and electronic newsletters
- Annual employee engagement surveys
- ESOP, labor pension fund; monthly Employee Benefits Committee meetings
- Monthly and quarterly club activities, biennial employee health checks
- Regular training courses such as Summit Forum and the "Yuanta E-Academy"
- Semi-annual performance evaluations and feedback
- Regularly invite employee to participate in charitable activities
- Regularly offer digital training courses and testing



Potential Employees

Topics of Concerns

- Talent cultivation
- Knowledge of financial industry and workplace environment
- Employment matching

Communication Methods

- Occasional cooperation with courses, career counseling, and professional guidance; annual/half-year internships
- Regular talks, industry & academia cooperation; receiving occasional visits
- Regular posts on Facebook fan page, job recruiting websites, and recruitment section of official website; campus recruitment activities every March-June



Customers

Topics of Concerns

- | | |
|-----------------|----------------------------------|
| Service Quality | Information Security Transaction |
| Customer Equity | Privacy Protection |
| Risk Management | Innovative Financial Products |
| Brand Image | |

Communication Methods

- Set up Customer Service and Appeal Hotline in the "Investor Relations" area regularly
- Set up Customer Service Center, providing customer service telephone number and online customer service mailbox regularly
- Develop online services and mobile services app regularly
- Hold wealth management seminars, lectures and forums, etc. regularly
- Conduct customer satisfaction surveys and hold campaign activities
- Provide daily/monthly newsletter and various investment research reports



Media

Topics of Concerns

- | | |
|-------------------------------|------------------|
| Operational Performance | Legal Compliance |
| Innovative Financial Products | |

Communication Methods

- Unscheduled media presentations, press conferences and advertisements
- Unscheduled incident explanation



Community

Topics of Concerns

- | | |
|--------------------------|--|
| Community Revitalization | Charitable Donations |
| Elderly Care | Care for the Underprivileged |
| Conservation Activities | Scholarships for the Financially Disadvantaged |
| Health Care | |

Communication Methods

- Conduct occasional community care and neighborhood visit events
- Organize annual "Dream Big" project
- Promote annual charity blood drive
- Hold charitable events around conservation and the environment
- Regularly participate in public organizations and associations
- Collaborate with NPOs/NGOs through self-organized, co-organized activities, or sponsorships
- Regularly hold and support community welfare, academic, artistic, and conservation activities



Suppliers

Topics of Concerns

- Carbon Reduction and a Business Philosophy that Ensures Environmental Sustainability
- Integrity Management and Data Privacy Protection
- CSR Response
- Responsible Human Rights Policy

Communication Methods

- Continue to conduct supplier management in accordance with the Key Points for Supplier Management and conduct supplier evaluations in Q1 each year
- Agree to adhere to Group's principles of business integrity, confidentiality, and personal information protection and sign a human rights and sustainability commitment
- Hold human rights and environmental issues promotion training as part of negotiation meetings for transactions valued at NT\$1 million or higher
- Hold suppliers conferences



Inaugural Supplier CSR Conference—Promoting a Supply Chain of Responsible Purchasing

Yuanta Financial Holdings has long been concerned with supplier management. In addition to requiring all suppliers to sign our "Environmental Sustainability and Human Rights Commitment" and "Integrity Commitment Statement" as part of procurement contracts, nearly 80 suppliers were invited to attend the Group's inaugural Supplier CSR Conference in February 2019. At this conference, concrete management norms for the Group's procurement operations and the concept of responsible procurement were laid out, inviting attendees to do their part in working with Yuanta to achieve the vision of sustainable operations.



4 Corporate Governance

Why It Matters?

In recent years, new regulations on the financial industry and a renewed focus by countries on the prevention of money laundering and countering terrorist finance have reminded the financial industry of the need to be committed to good corporate governance. In particular, the newest corporate governance blueprint published by Taiwan's Financial Supervisory Commission (FSC) aims to reinforce the implementation and effectiveness of corporate governance along five major axes, namely "Reinforcing Corporate Governance and Corporate Social Responsibility Culture," "Effective Directorship," "Promoting Shareholder Activism," "Boosting the Quality of Information Disclosure," and "Strengthening Compliance with Relevant Laws and Regulations."

The core values underpinning the corporate culture at Yuanta Financial Holdings are seizing opportunities to create wealth for customers, focusing on performance and enhancing employee welfare, and innovating value to increase shareholder benefits. Throughout, we are committed to the pursuit of excellence in corporate governance and the creation of economic value. As the Company's overseas business group and scale of reinvestment continue to gradually expand, we continue to enhance the

Group's corporate governance culture, building on our past foundation and in adherence to the various governance-related policies and regulations set out by governments.



Economic Performance

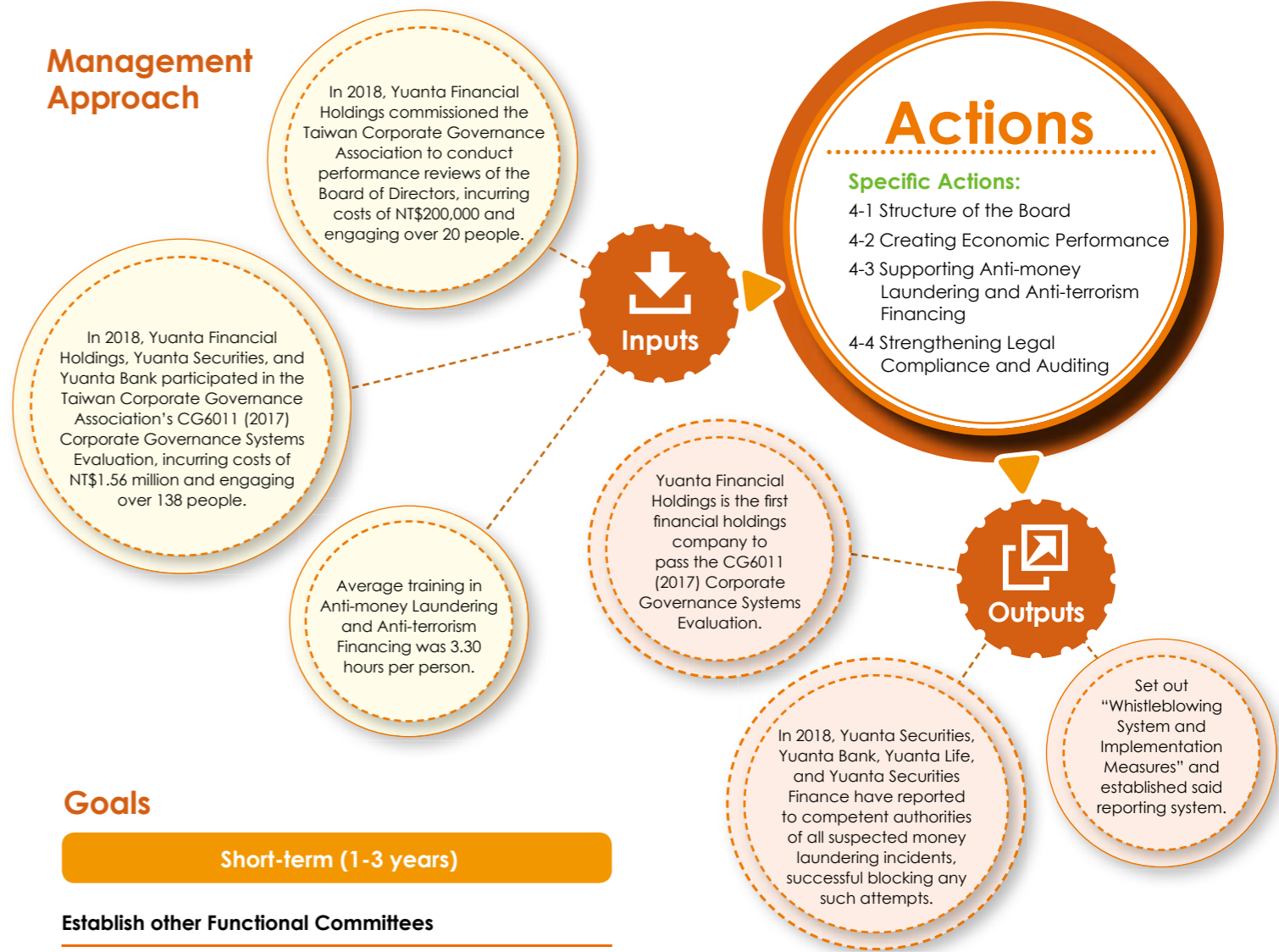


Anti-money Laundering and Anti-terrorism Financing



Legal Compliance and Auditing

Management Approach



Goals

Short-term (1-3 years)

Establish other Functional Committees

2018 Progress

In order to fully enact our sustainable operations philosophy, implement corporate governance, and strengthen the Board of Directors' management of CSR and integrity management, at the 34th session of the 7th Board on November 28, 2018, the establishment of the Sustainability Committee was approved.

In order to ensure the robust functioning of the Board of Directors and strengthen management mechanisms, on January 23, 2019, the 36th session of the 7th Board of Directors saw the passage of the establishment of a Nominating Committee.

Establishing Internal Reporting System

2018 Progress

At the 31st session of the 7th Board of Directors on August 29, 2018, the Company discussed and approved the "Whistleblowing System and Implementation Measures", and on August 31, 2018, a reporting hotline and reporting e-mail are set up and publicly disclosed.

Establish Corporate Governance Manager Position

2018 Progress

In line with the new corporate governance blueprint from the Financial Supervisory Commission (2018-2020), requiring the position of Corporate Governance Manager to be established starting from 2019. On November 28, 2018, at the 34th session of the 7th Board of Directors, the Board passed the proposal for the Chief Secretary of the Board of Directors to serve as the Head of Corporate Governance.

Medium-term (3-5 years)

Elevate Center for the Promotion of Corporate Social Responsibility to report under the Board of Directors

2018 Progress

Underneath the Sustainability Committee were established the "Center for the Promotion of Integrity Management" and the "Center for the Promotion of Corporate Social Responsibility", created from restructurings of the Integrity Management Committee and Corporate Social Responsibility Work Promotion Center respectively.

Taiwan Corporate Governance Association CG6011 (2017) Corporate Governance Evaluation

2018 Progress

The Company is the first financial holdings company to receive an Excellent certification in the Taiwan Corporate Governance Association CG6011 (2017) Corporate Governance Evaluation. (Certification valid from 6/12/2018-6/11/2020)

Future Plans

The Company plans to participate in the Taiwan Corporate Governance Association CG6011 (2017) Corporate Governance Evaluation again in 2020.

Long-term (5 years or more)

Rank in top 5% among listed companies in Taiwan Stock Exchange corporate governance evaluation

2018 Progress

1. The results of 4th Corporate Governance Evaluation were announced in May 2018, ranking Yuanta in the top 6% to 20% of TWSE-listed companies.
2. The 5th Corporate Governance Evaluation self-assessment was performed in December 2018 to January 2019.
3. Study on the new and changed indicators for the 6th Corporate Governance Evaluation began in January 2019.

Future Plans

1. With the results of the 5th Corporate Governance Evaluation announced in May 2019, the Company earned the ranking of top 5% of listed companies and will study the actions to be undertaken in order to improve on the indicators which Company did not score.
2. The 6th Corporate Governance Evaluation self-assessment will be performed in December 2019 to January 2020.

Outsource performance evaluation of the Board of Directors

2018 Progress

In July 2018, the company commissioned the Taiwan Corporate Governance Association to conduct a performance evaluation for the Company's Board of Directors, as well as a site visit on December 26. The preliminary report on evaluation was received on January 23, 2019, and relevant information was disclosed on the Company's official website.

Future Plans

The company also plans to outsource the performance evaluation for the Board of Directors again in 2021.

Duties and Responsibilities

As the highest corporate governance body of the Company, the Board of Directors is also responsible for the leadership and supervision of the Company's operations. The selection of Board members is built on a diverse set of considerations around what is needed for the operations of the Company, the manner of those operations, and the Company's developmental needs. Board members are also required to have the knowledge, skills, and literacy necessary to perform their duties in these regards. In implementing mechanisms for corporate governance, legal compliance, and risk management and in line with the need for tight "teamwork" and strict "discipline", the Company has been able to stand strong in the midst of a turbulent financial environment, protecting the assets of our customers and shareholders and pursuing stable ongoing growth.

Policy and Commitment

The Company's "Scope of Duties for Board Members of Yuanta" clearly lays out the primary duties and responsibilities of directors, while those of governance divisions, senior executives and basic employees are clearly laid out in the "Division of Authority and Responsibilities" and the "Hierarchical Chart of Responsibilities", putting in place a comprehensive, hierarchical system of internal authorization. Additionally, independent directors account for 31% of Board members, with their role and function regarding both the Board and the Company's operations clearly laid out in the "Scope of Duties for Independent Directors."

Performance evaluations of the Board of Directors take place at least once every three years, conducted by either an independent third-party institution or outside experts, with the results of such evaluations reported to the most recently

convened meeting of the Board of Directors (functional committees). 2018 marked the point at which the Board of Directors needed to commission such an evaluation, and after reviewing various external institutions, the Taiwan Corporate Governance Association was commissioned for the first such performance evaluation for the Board. After review, the Board of Directors was found to have demonstrated a proactive approach to sustainable development, with the approval to expand the function of Integrity Management Committee to incorporate the corporate social responsibility affairs and replace it with "Sustainability Committee" under the Board receiving particularly high acceptance.

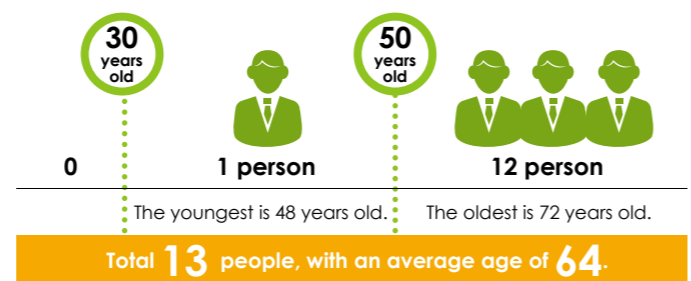
In light of the results of this evaluation, the Board is also considering adjusting its member composition. In order to improve the performance of its Board of Directors, Yuanta Financial Holdings has established the "Guidelines for Self-Assessment for Board of Directors and Functional Committees." As part of these guidelines, the Board of Directors (functional committees) are to conduct a performance self-assessment at least once every year, with each director (including independent directors) completing a performance self-assessment questionnaire at the end of each year. The results of these shall be completed prior to the next routine meeting of the Board (functional committee) in the following year. Additionally, performance evaluations of the Board of Directors shall be conducted by either an independent third-party institution or outside experts at least once every three years, with the results reported to the most recently convened meeting of the Board of Directors (functional committees).

4-1 Structure of the Board

On June 16, 2016, the Company convened the 2016 Annual Meeting of Shareholders to elect the 7th term Board of Directors (including independent directors) with the directors to serve a term of three years, from June 16, 2016, through June 15, 2019. All directors were re-elected. The Board of Directors is comprised of 9 directors and 4 independent directors. All 13 are male, with an average age of 64 and average tenure 5.7 years. There are no age restrictions for serving on the board of directors, and there are no separate executive directors. The members of the Company's Board of Directors have professional backgrounds and rich experience in the worlds of finance, industry, and academia.

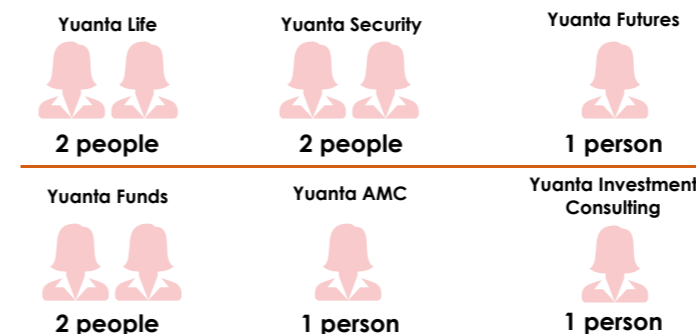
The chairman of the Company Board is Mr. Wang Rong-Jou, and the president is Mr. Tony Shen. The Board meets at least once each month, and in 2018 met a total of 13 times with an average attendance rate of 98%, meaning that the majority of directors and independent directors attended each meeting in person. Those who are for any reason unable to attend must commission other directors to represent them in accordance with Company regulations.

The Age Distribution of Directors



The Yuanta Group focuses on the diversity of the Board of Directors' composition. In addition to their professional backgrounds and practical experience, we also focus on gender equality. In 2018, a total of 6 of the 9 Yuanta's subsidiaries had female directors or supervisors, and going forward into the future we will continue to work to boost the number of women involved in corporate governance and business decisions in line with principles of gender equality, thus helping inject more diverse perspective into the Group's development for the sake of sustainable operation.

Number of Female Directors and Supervisors



Data Base Date: January 31, 2019

Remuneration Policy for Directors and Senior Executives

(1) Directors (including independent directors)

A. Board Directors and Independent Directors

The distribution ratio of Company directors' remuneration shall be handled in accordance with the provisions of Article 33 of the Articles of Incorporation. If there remains a surplus after accumulated losses are deducted from revenues in the final accounts, no more than 0.9% of that balance shall be allocated to remuneration for directors. The distribution of directorial remuneration is based on the norms of the industry, and takes into account a reasonable relationship with future risks. Actual allocation is based on the results of the directors' self-assessments, their attendance at meetings, ongoing training, and negative qualifications, calculated on a pro-rata basis according to the number of days they held office that year. With regard to remuneration for independent directors, the Board of Directors is authorized to set it after considering the norms in the industry. In order to avoid direct or indirect conflicts of interest, the remuneration for independent directors is fixed and to be paid out on a monthly basis, and the allocation of company directorial remuneration is not applicable to independent directors. In accordance with the provisions of the Company's Articles of Incorporation, directorial travel expenses and expenses pertaining to the attendance of meetings are also paid out in line with industry standards.

B. Chairman and Vice Chairman

The remuneration and benefits of the chair of the Board of Directors shall be determined by the Remuneration Committee and the Board of Directors according to their participation in and contribution to the Company's operations, and shall be determined according to industry standards; In addition, the pensions of the chairman and vice chairman shall be determined in accordance with the Company's Articles of Incorporation and the "Guidelines for Pensions for the Chair and Deputy Chair of the Board of Directors" through review by the Board in line with industry standards and the chair/deputy chair's participation in and contribution to the Company's operations.

(2) President (CEO)

A. Remuneration Policy

According to the Company's operating strategy and annual business plan, the president sets annual work targets and assessment criteria. 70% of the work targets are business development goals, including financial profitability and ROE achievement rate of Yuanta Financial Holdings and its subsidiaries, the rates of achievement of core business and growth-driving business for each subsidiary, and effectiveness in sustainable development and CSR; the remaining 30% are the internal management goals, including supervision of the rate of achievement of co-marketing targets of each subsidiary, the selection and cultivation of a successor team, and the implementation of legal compliance and internal controls. These two sets of targets provide the primary foundation for the evaluation of the president's performance and related bonus. Additionally, in line with the Company's performance management guidelines, there will be both mid-term and end-

of-term performance appraisals, with the president's pay subject to change through effective linkage with the results of each goal, their performance evaluation, and the Company's profits. The results of the president's performance evaluation and the corresponding performance bonuses shall be submitted to the Remuneration Committee for deliberation and the Board for approval.

The annual remuneration of the president is determined not only based on the standard for the financial holdings industry, but also to an assessment of their overall contribution to the Group in terms of operational management and performance. There is a positive correlation between the annual remuneration amount and overall annual performance contributed by the president.

In order to ensure and deal with future risk-adjusted profits, the Company has put in place a method for awarding bonuses to senior executives. The senior executive bonus is awarded based on the company's operating performance and consideration of the deferred issuance of future risk factors. At the time of disbursement, a certain proportion will be deferred for disbursement due to risk considerations. The variable compensation of the president is deferred for one year in a proportion of no more than 15% in form of a stock ownership trust, giving it a correlation with the Company's profits and share price. In case there are some other major risk events affecting Company goodwill, the Company shall respond by arranging for other methods, tools, or a longer deferral period, as well as report to the Remuneration Committee to discuss the changes or the reduction/non-issuance of bonuses. In this way, the president shares in Company's future risks and is incentivized to encourage the Company's sustainable operations and development.

B. Remuneration Measure Matrix

The variable compensation of Yuanta Financial Holdings and the subsidiaries' presidents is highly correlated with the rates of annual target achievement and the performance evaluation results.

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

Categories	Ratio	Descriptions
Strategic Objectives	20%	The effectiveness of the annual key strategy implementation, such as capital allocation planning and execution, dividend policy planning and execution, bank consolidation synergy, new business advice, etc.
Operational Objectives	50%	According to different line of business, the set financial indicators include: revenue achievement rate, ROE, operating expense ratio, performance achievement rate, capital adequacy ratio, capital utilization efficiency, common stock equity ratio, financial holdings and peers' double leverage ratio/ net debt ratio / asset-liability ratio, the income structure of life insurance, new business value (NBV), etc.
		Include: the transformation of business and revenue structure, peer competitive advantage, Group domestic and international operating management and business synergy, the business progress of blue ocean strategy, etc.
Sustainable Objectives	30%	The main contents include: Group sales and business support effectiveness, succession echelon and talent development indicators, compliance and internal control management indicators.

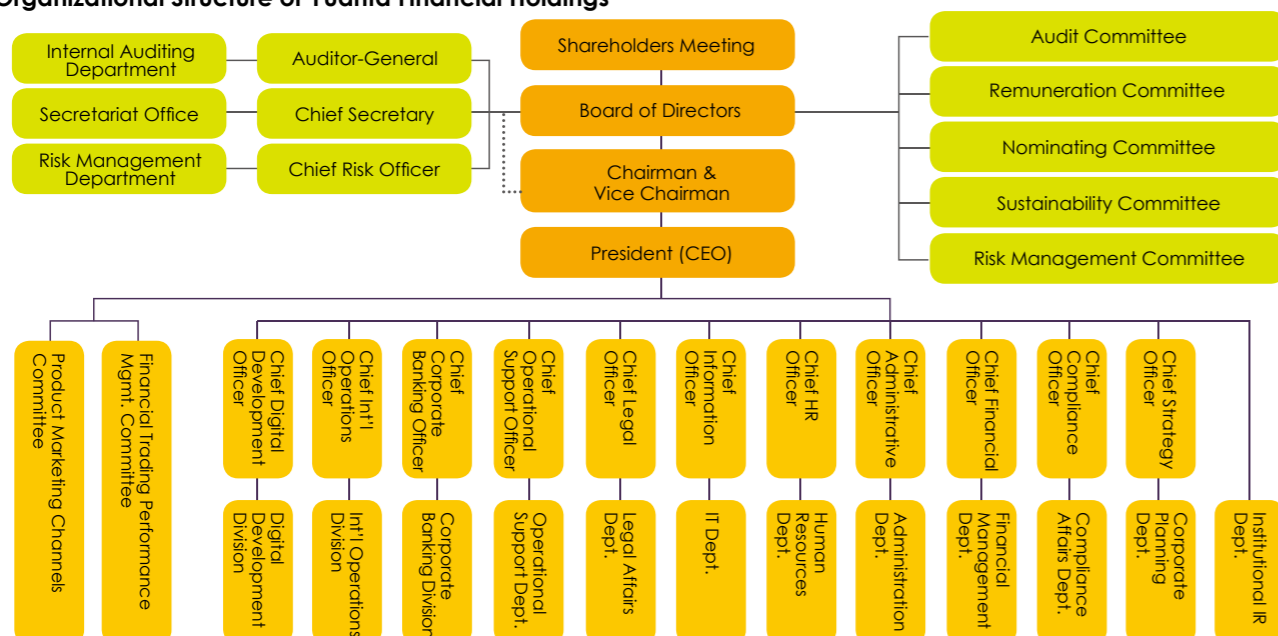
Communication Channels

In order to ensure the implementation and tracking of corporate governance, the Group's Board of Directors passed a motion to appoint the chief secretary of the Board of Directors as a dedicated corporate governance manager in 2018, responsible for supervising the Secretariat Office in heading up corporate governance affairs. In addition, to strengthen corporate governance oversight measures, the Board also passed the "Whistleblowing System and Implementation Measures" in the same year, establishing a hotline and email for whistleblowing and assigning the Legal Compliance Department and Auditing Department respectively to the processing and investigation of reports. The "Whistleblowing System and Implementation Measures" not only set out the process for investigation of cases and the standards for their subsequent handling, but also clearly requires that the personnel handling reports make written declaration to keep the identity of the whistleblower and the content of the report confidential. Whistleblowing reports which have been verified following an investigation shall be handled in accordance with the procedures below:

The Process of "Whistleblowing System and Implementation Measures":

1. Immediately require the subject of the whistleblowing report to cease the improper behavior, and prepare any necessary preventive or emergency response measures.
2. Require the relevant department to submit a written report reviewing the matter and setting out corrective measures to be taken; after receiving the report, the investigating unit shall follow up with the relevant department until the improvements have been completed.
3. In cases where major violations have occurred or where the improper actions have caused material damage to the Company, the relevant department shall report directly to the Audit Committee on its review of the matter and corrective measures to be taken.
4. In order to protect its reputation and interests, when necessary, the Company shall take legal steps to seek compensation for damages incurred.

The Organizational Structure of Yuanta Financial Holdings



Note:
 1. Thus the Company, on November 28, 2018, at the 34th session of the 7th Board of Directors, passed the expansion of the Integrity Management Committee into a "Sustainability Committee" under the Board.
 2. On January 23, 2019, the 36th session of the 7th Board of Directors passed the establishment of a "Nominating Committee".

The Operating Status of Each Functional Committee

Yuanta Financial Holdings has reinvested in 9 major subsidiaries including securities, banking, and life insurance. In order to enhance the sharing benefits of the Group's customers and operating networks, Yuanta and the subsidiaries have dealt with each functional business through each functional group, besides regular management meetings. The key features of related functional committees are as follows:

Financial Trading and Performance Management Committee

(Established in 2007)

Main Responsibilities

Responsible for coordinating and supervising the Group's financial trading affairs, with main responsibilities including assisting with drafting the trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating rates and supervising operational performance.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- Currently convened by the president of the Yuanta FHC, with the chairman of Yuanta Futures as deputy convener, the chairman of Yuanta Investment Consulting, the president of Yuanta Bank, the president of Yuanta Futures, the executive vice president of Yuanta Securities, the CFO and the Chief Risk Officer of Yuanta FHC are the members, which make up this eight-person committee. Meetings are convened at least once a month, with more meetings convened as necessary.
- 2018 Average Attendance Rate: 91%.

Product Marketing Channels Committee

(Established in 2009)

Main Responsibilities

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.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- Convened by the president of Yuanta FHC with members comprised of relevant managers from the Company and its subsidiaries. Meetings are convened at least once per quarter, with more meetings convened as necessary.
- In 2018, the committee convened 4 meetings. The Average Attendance Rate is 77 %.

Operating Status of Each Committee

Audit Committee

(Established in 2007)

Main Responsibilities

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.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- The committee is composed of four independent directors who were elected at the 2016 Annual General Meeting. The committee meets at least once a month, convened by independent director Wu Sou-Shan. Further meetings are convened as necessary.
- In 2018, the committee convened 15 meetings.
- Average Attendance Rate: 98%.

Risk Management Committee

(Established in 2012)

Main Responsibilities

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.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- The committee is a non-functional committee of the board and convened by the president of the Company, with members composed of the presidents of the subsidiary companies, chief risk officer of the Company, and other people as deemed appropriate by the convener.
- The committee meets once each quarter, and reports resolutions to the Audit Committee and the board of directors.
- In 2018, the committee convened 5 meetings.
- Average Attendance Rate: 85%.

Sustainability Committee

(Established in 2018)

Main Responsibilities

To implement the philosophy of corporate sustainable operations, the committee strengthens the Board of Directors on integrity management and practices corporate social responsibility.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- On November 28, 2018, the Board of Directors passed the establishment of the "Sustainability Committee", composed of four independent directors and one director, and which meets at least twice a year, convening further meetings as necessary.
- In 2018, the committee convened 2 meetings.
- Average Attendance Rate: 100%.

Remuneration Committee

(Established in 2010)

Main Responsibilities

Assist the board of directors with good managerial focus and faithfully fulfilling the following responsibilities:

- (1) Formulating and regularly reviewing the Company's policies, mechanisms, standards, and structure pertaining to directorial and managerial performance evaluation and remuneration.
- (2) Regularly evaluating and formulating the Company's remuneration of directors and managers.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- The committee is composed of four independent directors and meets at least twice a year; further meetings are convened as necessary.
- In 2018, the committee convened 7 meetings.
- Average attendance rate of 100%.

Integrity Management Committee

(Established in 2014)

Main Responsibilities

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.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- Comprised of managers from the Corporate Planning, Administration, Human Resources, Compliance Affairs, and Internal Auditing Departments and convening meetings half a year.
- In 2018, the committee convened 2 meetings.
- Average Attendance Rate: 90%.

* In 2018, the committee was restructured into the "Center for the Promotion of Integrity Management" under the "Sustainability Committee".

Nominating Committee

(Established in January 2019)

Main Responsibilities

In order to improve the function of the Board of Directors and strengthen management mechanisms, the selection of directors (including independent directors) follows a nomination system in accordance with regulation, and the Board is responsible for relevant nomination and review processes.

Operating Status (Organizational Status, Number of Meetings in 2018, Average Attendance Rate)

- On January 23, 2019, the Board of Directors passed the establishment of the "Nominating Committee", composed of three directors (including two independent directors), and which meets at least twice a year, convening further meetings as necessary.

Center for the Promotion of Integrity Management

This Company is committed to the concepts of probity, transparency, and responsibility in its operations, and thus works to build strong corporate governance and risk management mechanisms that will in turn foster an environment conducive to sustainable development. Taking Financial Supervisory Commission policy and the Taiwan Stock Exchange's "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and "Integrity Management Best Practices and Behavioral Guidelines" as a template, in 2009 the Company set out the "Yuanta Financial Holdings Co., Ltd., Integrity Management Guidelines" (hereafter referred to as the "Integrity Management Guidelines") and "Yuanta Financial Holdings Co., Ltd., Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines").

The "Integrity Management Guidelines" are closely linked to the relevant internal control standards, laying out measures to avoid inappropriate actions by employee in the interests of ensuring departments adhere to internal controls and best practices, e.g., the Code of Ethical Conduct, Rules for Board Meetings, Audit Committee Organizational Rules, and Standard Procedures for External Donations. Additionally, the Auditing Department will also undertake annual inspections of relevant operations. The "Integrity Management Guidelines" and "Behavioral Guidelines" clearly lay out prohibited bad faith conduct and benefits, including but not limited to forbidding

the giving or receiving of bribes, provision of illegal political donations, giving of inappropriate charitable gifts or sponsorships, and the provision of unreasonable gifts, entertainment, or other inappropriate benefits. Additionally, measures are laid out for preventing high-risk unethical behaviors in the scope of business, such as the giving or receiving of bribes or the provision of illegal political donations, and for the handling of procurement matters in line with the "Conduct Guidelines".

In addition, to help employees have a proper understanding of and judgment regarding the relevant regulations and ethical behavior, we regularly conduct "Regulatory Compliance and Anti-Bribery & Corruption Advocacy" training courses each year. All employees are required to participate in these courses and pass a test. The company also supervises how each subsidiary provides pre-existing training courses in line with planning to continuously reinforce the concepts of integrity management and create a business environment focused on sustainable development.

In 2018, in concert with the establishment of the Sustainability Committee, the Integrity Management Committee was restructured into the Center for the Promotion of Integrity Management, responsible for handling integrity-related operations and reporting on implementation to the Committee on a regular basis. In January 2019, the "Integrity Management Guidelines" were amended to address the implementation of integrity management work.

Risk Management & Opportunity

In order to establish risk management standards for this company and ensure the integrity, effectiveness, and reasonableness of our risk management, the Company has drafted a specific Risk Management Policy to serve as the supreme guiding principle for this company's risk management efforts. Various risk management systems are based on this policy, categorized appropriately in accordance with the category of risk and its potential impact on operational stability and capital security.

This Company's risk management systems cover market risk, credit risk, market liquidity risk, funding liquidity risk, interest rate risk, insurance risk, operational risk, regulation compliance risk, legal risk, and other risks related to business operation. Subsidiaries shall, in line with to this Company's risk management policies and the relevant regulations of the local authorities, establish a suitable business portfolio, business scale, and capital scale risk management systems in order to effectively manage the various risks they assume.

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

The Company's risk management structure includes the board of directors, the Audit Committee, the Risk Management Committee, the management team, the risk management unit, the legal compliance unit, the legal affairs unit, and various business units. Each of the Group's subsidiary companies has also established independent risk management units based on the scale of their business and the nature of their risks, with their duties and responsibilities as lay out below.

Board of Directors

The board of directors holds ultimate responsibility for risk management regarding all operations. Its major duties include approval of the Company's risk management policy and risk management systems, approval of annual risk limits, and supervision of the management and implementation of the Company's risk management systems.

Audit Committee

The Audit Committee assists the board of directors in its risk management role. Its chief responsibilities include review of the Company's risk management policies and risk management systems, review of annual risk limits, and assisting the board of directors in supervising the implementation of risk management systems.

Risk Management Committee

The Risk Management Committee assists the Audit Committee and the board of directors in executing their risk management duties. Its main objectives include review of annual risks limits, review of risk management reports, integration and coordination Company subsidiaries risk management issues, and communication of other important matters relating to risk management.

Management Team

Monitor risks associated with all Company business operations, and ensure that the Company's risk management system can effectively control all relevant risks.

Risk Management Department

Independent and directly responsible to the board of directors, the Risk Management Department is responsible for the drafting of the Company's risk management system, establishing effective methods and systems for measuring risks, controlling and analyzing risks, as well as the timely reporting and early warning of significant risks.

Compliance Affairs Department

The Compliance Affairs Department executes control over compliance risk, ensuring the compliance of business activities and risk management systems with relevant laws, and helping to evaluate any legal risks associated with the Company's operations.

Legal Affairs Department

The Legal Affairs Department executes control over legal risk, and assists in evaluating business and legal documents, contracts, and other matters that may involve legal risk.

Business Units

The Company's business units are responsible for ensuring that all business activities and behavior adhere to the Company's risk management guidelines.

The objective of the Company's risk management is to serve customers while taking into account finance-related business objectives, overall risk appetite, and external legal restrictions to achieve effective risk dispersion, transfer, or reduction and create a win-win-win situation for customers, shareholders, and employees. 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.

First Line of Defense

Various business, operational, and management units must ensure compliance with risk management practices ahead of implementing business plans.

Second Line of Defense

Independent risk management and legal compliance units responsible for planning risk management processes, monitoring risks, and making relevant reports.

Third Line of Defense

Independent auditing unit responsible for checking for compliance with regulations and internal control mechanisms and also their implementation.

The Company and its subsidiaries are primarily engaged in financial services-related business, classified into internal business risks and external business risks according to the products, businesses, targets, and regions involved. The main internal and external operational risk factors, their causes, and response countermeasures are as follows:

External Business Risks

Risk Factors	Causes	Countermeasures
Changes in the Financial Market	The tightening of monetary policy in developed countries and the rise in global risk premiums have led to increased demand for hedging, stimulating the flow of international capital out of emerging markets and in turn causing the local currency exchange rates in those emerging markets to fluctuate. When global capital flows reverse, we can expect currency stability in emerging countries to be affected. The bursting of asset bubbles and sharp falls in currency value may be coincident and mutually reinforcing, which may trigger systemic financial risks.	<ol style="list-style-type: none"> 1. Formulate various risk management mechanisms and various risk limits, and regularly monitor and implement them. 2. Monitor and report the impact of various changes in risk on the company. 3. Evaluate and analyze trends and changes in capital adequacy ratio and the structure of risk-based capital, and ensure adequate liquidity and compliance with statutory capital requirements.
Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)	To ensure systems for preventing money laundering and combating the funding of terrorism can be integrated with the rest of the world and in line with the assessment standards of the Asia/Pacific Group on Money Laundering (APG), the competent authorities have issued practical guidelines and policy directions, while the nine major professional associations have also worked with financial institutions to develop specific measures to prevent money laundering. The competent authorities publish the National ML/TF Risk Assessment Report and have made money-laundering prevention and combating the funding of terrorism a focus of their supervisory efforts, increasing the intensity of punishment.	<ol style="list-style-type: none"> 1. Our subsidiaries have developed anti-money laundering and anti-terrorism financing assessment procedures and established a Risk-Based Assessment Approach. 2. Through the risk assessment process, the subsidiaries incorporate national and industrial risk assessment results into a comprehensive review of key factors in exposure to money laundering and terrorism financing risks to comply with the expected targets of FATF recommendations; 3. Every year, the Company and its subsidiaries regularly carry out "Preventing Money Laundering and Combating the Financing of Terrorism" courses and tests, helping put into practice concepts and behaviors around money laundering prevention.
Consumer Protection	The wealth management business has gradually evolved from a model focused on single commodities like structured products, funds, or policy sales to integrated cross-commodity services like complex derivatives, discretionary management, or asset management. As such, it is increasingly important that we uphold our responsibility to sell the right products to the right customers and exercise good management to protect our customers.	<ol style="list-style-type: none"> 1. The Company and its subsidiaries continue to build and implement systems, including know your customer (KYC) and know your product (KYP) systems and systems for the management of pricing and risk disclosure for complex, high-risk derivatives. 2. The subsidiaries have established wealth management or commodity sales personnel management standards and continue to train wealth managers, commodity salespeople, and business personnel. 3. Established a customer complaints communication platform to reduce disputes, litigation, and compensation for losses regarding improper sales to achieve our triple goals of protecting customers, protecting employees, and protecting the Company.

Internal Business Risks

Risk Factors	Causes	Countermeasures
Cross-border Legal Compliance and Supervision	The business of the Company and its subsidiaries continues to grow in the direction of cross-currency and cross-border business. The cross-border business depends on flexible cross-border management and effective tiered governance capabilities.	<ol style="list-style-type: none"> Continuously cultivate transnational legal talent and accumulate experience in matters related to compliance with foreign laws and regulations, while also effectively strengthening the management of such compliance. Implement a reporting mechanism for major operational risk events in overseas reinvestment projects.
Reinvestment Management	The Company's investment business is mainly located in the emerging markets of Asia and is mostly in a period of development. While pursuing business development and profitability, we still need to accelerate the establishment of various risk management mechanisms to ensure capital movement security and capital stability to achieve a balance between flexible business development and risk control.	The Company has established an early warning and notification mechanism for reinvestment projects. In the event of changes in market trends, exposure to important risk events, major changes in profit and loss, and so on, the Company shall be promptly notified. Through the implementation of this notification mechanism, we are able to improve the Company's ability to stay on top of events and strengthen reinvestment management.
Information Security and Personal Data Protection	<p>The combination of digital technology and financial services provides consumers with different experiences and a different sense of trust, and customer relationships and stickiness will influence customers' future choices.</p> <p>As countries strive to develop financial digitalization and gradually promote innovation practices, information security and the use of personal information are among the most important areas of discussion with regard to legal compliance and supervision issues.</p> <p>The strict supervision and regulatory requirements of the financial industry, in addition to avoiding speculative behavior in financial activities, also protect the security of consumer personal information to maintain the stability and security of the financial industry.</p>	<p>Yuanta Financial Holdings and its subsidiaries have established information security management systems and introduced information security certification.</p> <p>In 2011, Yuanta Financial Holdings introduced the ISO 27001 Information Security Management System (ISMS) standard and passed the BSI certification. The Group continues to conduct annual renewals and three-yearly re-examinations, using the cyclical structure of the PDCA to continually enhance the monitoring and management of information security.</p> <p>In addition, our major securities, banking, and life insurance subsidiaries have also introduced ISO 27001 Information Security Management System (ISMS) and BS 10012 Personal Information Management System (PIMS) standards and certification, reinforcing their information security and personal information protection management mechanisms.</p> <p>To continue strengthening employees' attention to issues of information security and relevant protective regulations, the Company and its subsidiaries regularly carry out "Information Security and Personal Information Protection" courses and tests every year, helping implement mechanisms for the management of information security.</p>

With sustainable development having become one of the main focuses of the finance industry, the Company and its subsidiaries are confronting the challenges of climate change and sustainable management, incorporating climate change into strategic planning and investment considerations to assess the potential opportunities and risks that may come with climate change. Through the introduction of standardized processes and certifications, as well as joining sustainability indices to conform with international trends and evaluation criteria, and strengthen communication and cooperation with stakeholders in the hope of pursuing better performance and corporate value, we are doing all we can to uphold our corporate social responsibility. The impact of climate change on the world has been gradually intensifying, and

the loss of life and property caused by natural disasters has become increasingly serious. The Company is continuing its efforts toward environmental sustainability, striving to meet international standards. In June 2017, in line with the "Task Force on Climate-related Financial Disclosures (TCFD) Recommendation" issued by Financial Stability Board (FSB), we established our TCFD Project. Yuanta have completed climate risk identification by the end of April 2019, and identified the risks and opportunities of climate change on the Company and its subsidiaries. Following on from this, we will continue to engage in further review and evaluation of the financial impact of climate risks on the Company and continue to strengthen our management of such risks.

Results or Follow-up Plans/Actions for Emerging Risks 2019

Risk Factors	Description of Risk	Impacts	Response Plan
Economic and Financial Risks	Increased instability in financial markets due to changes in the global economic environment and potential increases in volatility or corporate default rate	May cause financial asset transaction losses and increases in default rates for the credit loan or financing business, or may affect company capital or solvency	<ol style="list-style-type: none"> Strengthen assessment and analysis of potential risks; Assess the impact of core business on capital adequacy ratio; Assess and measure of various potential or expected losses.

Risk Factors	Description of Risk	Impacts	Response Plan
Environmental Governance (including Climate Risk Management) and Sustainable Management Issues	Violation of relevant laws and regulations related to environmental protection, failure to seize business opportunities related to environmental governance, failure to control risks and opportunities arising from climate change, and failure to meet international trends/standards such as sustainable management.	As the Adaptation Gap Report 2016 of United Nations Environment Programme (UNEP) warns, by 2030 or 2050 the increase in global climate adaptation costs will likely exceed current expectations, so companies must respond ahead of time. In addition, violations of laws and regulations related to environmental protection will result in penalties/damage to the company's reputation, staff and asset losses due to climate change, inability to seize business opportunities through environmental governance/sustainable management failures, or increased operating costs.	<ol style="list-style-type: none"> Identify and establish sustainable management organizations. Promote the implementation of environmental protection measures. Establish the TCFD project and continue to further examine and evaluate the financial impact of climate-related risks on the Company, while continuing to strengthen the Company's management on such risks; Introduce ISO and other international standard certifications; Participate in social philanthropy and social care.
Legal Compliance and Supervision Issues	Violate the anti-money laundering regulations, leak or improper usage of personal data, theft of customer transaction information.	It may cause significant financial losses, infringement of customer privacy, damage the Company's reputation, and incur penalties from the competent authorities.	<ol style="list-style-type: none"> Establish compliance management for anti-money laundering and combating the financing of terrorism mechanisms and related regulations, including management mechanisms for identifying, measuring and monitoring risks of money laundering and terrorism financing. Introduce international standard certifications for personal data protection such as PIMS BS10012. Strengthen controls on outbound emails.
Digital Finance and Information Security Issues	Data leakage, hacking, and fraudulent transaction.	Growing cybersecurity threats and cyber-crime are threatening global finance. According to the latest report from the UK's Financial Conduct Authority (FCA), the number of cases of hacking in the UK financial industry surged more than fivefold in 2017. This highlights that the financial industry has become the main target of hacking, with the potential for major financial losses, damage to companies' reputations, and incurring penalties from the competent authorities.	<ol style="list-style-type: none"> Implementing management systems: Introduce the ISO 27001 Information Security Management System (ISMS) standard and pass the BSI certification to enhance the monitoring and management of information security. Boost ability to respond to sudden security incidents by increasing employee awareness of information security and holding regular exercises focused on information protection and backup. Strengthen defenses: build network firewall; introduce Internet access controls, intrusion detection, spam filtering, and malicious mail Advanced Persistent Threats (APT) systems to prevent intrusions from outside; and use mail audit system, Internet Data Loss Prevention (Internet DLP), and mobile endpoint device DLP systems to strengthen controls on outbound email and data transmission.

Crisis Management

The Company has established a set of "Crisis Management Policy and Procedure Rules" which sets out possible crisis modalities the Company may face and policies and handling procedures for before, during, and after crises; any additions or amendments to these must be put to the Board of Directors for approval. The following is a description of the core of these rules:

"In order to enable the company to confront crises effectively and quickly with sound judgment regarding the situation and a strong integration of staff and resources, thus minimizing the damage and losses caused and quickly returning to normal operations, the Company has set out the Crisis Management Policy and Procedure Rules to serve as the supreme guiding principle in the occurrence of a crisis event and have gone into effective after the approval by the Board of Directors.

Should a crisis occur, a Crisis Management Team should be set up as soon as possible and response mechanisms activated. Appropriate crisis management strategies and procedures should be put to use, minimizing the potential impact both internally and externally, while also protecting the interests of the Company, shareholders, customers, and employees. Additionally, crisis management progress and methods of control shall be properly communicated to both company employees and external media in the event of a crisis. In accordance with regulatory requirements, reports shall be filed with the competent authorities, or information made public through specified methods.

The Company's Crisis Management Team consists of the CEO, executive vice presidents, and managers of each department. When a crisis occurs, the CEO or designated executive vice president shall serve as the team convener, depending on the scope and nature of the incident. At minimum the team shall comprise all executive vice presidents, the spokesperson,

managers from the Audit, Legal Affairs, Compliance Affairs, Risk Management, Corporate Planning, and any other relevant departments, and other relevant parties. The team shall convene for its first meeting as soon as possible in order to keep abreast of the situation. The convener shall report to management and the Directors as necessary in the process of handling the crisis. If the crisis event is legally considered as material information, an announcement shall be made on the Market Observation Post System within the prescribed time limit.

After the crisis incident is dealt with, the team shall propose a plan for the post-crisis recovery stage and implement it accordingly so that Company operations can quickly return to normal. In addition, progress and subsequent handling results should be reported to management meetings."

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.

4-2 Creating Economic Performance

4-2-1 Main Operating Direction for Subsidiaries

Despite the rapid changes in the financial and business environments, Yuanta Financial Holdings Group remains backed by excellent asset quality and risk control capabilities and continues to strengthen our core competitiveness, drive growth, and strengthen our overseas reinvestment returns. The Company's business priorities for the year are as follows:

Yuanta Securities: Innovation and Renovation of Overseas Business

Yuanta Securities continues to develop its stock-based and wealth management businesses, promoting outstanding engineering projects and developing professional investment clients and new customers through customer data analysis and precision marketing to enhance the proportion of wealth management and new business types in overall brokerage revenues. In addition, we provide customers with stable and convenient electronic trading platform tools, with a new generation of mobile ordering systems to be launched in Taiwan and Hong Kong. Meanwhile, overseas reinvestment projects will continue to expand and improve operating performance.

Yuanta Bank: Restructuring for Greater Profitability

Yuanta Bank and Ta Chong Bank completed their merger on January 1, 2018. The focus of operations is on the integration of finance, business, personnel, and information resources to minimize short-term business turnover rate. Additionally, through customer data integration and analysis, the Company aims to further expand the scope and extent of customer transactions, accelerating the return to normal business and to profitability while gradually leveraging the synergistic effect of the merger.

Yuanta Life: Stable Growth

Under its financial management control business plan, Yuanta Life has flexibly adjusted its commodity strategy in response to changes in the market environment. In addition to ongoing promotion of protective long-term commodities, it has also strengthened its line of US dollar products. To reduce hedging costs, the Company will introduce and control wealth management products that meet the needs of the Group's customers in a timely fashion and moderately accelerate the accumulation of assets to gradually realize steady profits.

Yuanta Futures: Innovating, Optimizing, and Linking the World











The Company will continue to develop new types of business through innovation and optimization, strengthening strategic and business development transformation. Through full-scale expansion of overseas business, the Company will seize on the trend of cross-border business and implement opportunities to develop the service and real economies. The Company will also strengthen brokerage channels, introducing Broker (IB) service (a futures trading assistant), corporate business, futures consultants, leveraged traders and expand business in other ways while optimizing IT platform competitiveness, risk control, interactive marketing services, and R&D. Meanwhile, within the scope of the law and authorities' liberalization, we will take a forward-looking approach to the Asian market, combining innovative FinTech development capabilities to provide the best integrated futures services business in the Asia Pacific region.

Yuanta Funds: Actively Expanding Niche Products Overseas

Yuanta Funds continues to build out a comprehensive line of Exchange Traded Funds (ETFs), providing differentiated ETFs, and assisting investors in ETF asset allocation through an automated and interactive smart investment platform. In addition, through the launch of income-based commodities, there will be another option for investor asset protection in portfolios.

Global Locations

As of December 31, 2018, we had a total of 147 securities locations (headquarter and branches) and 145 bank branches in Taiwan, with operations across whole Taiwan and employing 10,986 financial services professionals to provide our customers with a full range of financial services. In recent years, Yuanta Financial Holdings has focused on overseas development, and at present, we have 135 overseas locations and are gradually working toward to becoming an Asia-Pacific regional financial holdings company.

	Operating Locations in Taiwan	Overseas Locations (Overseas Physical Operating Locations)
 Yuanta Financial Holdings	1	-
 Yuanta Securities	147	127
 Yuanta Bank (note)	145	6
 Yuanta Life	8	-
 Yuanta Securities Finance	3	-
 Yuanta Venture Capital	1	-
 Yuanta Futures	5	2
 Yuanta Funds	2	-
 Yuanta Asset Management	1	-
 Yuanta Investment Consulting	1	-

Note:
Yuanta Bank currently has 7 branches that have temporarily ceased business operation.

4-2-2. Revenue Status

Looking back at our overall revenue growth of 7.99% in 2018, we see post-tax profit attributable to the parent company was NT\$18.679 billion, and the EPS was NT\$1.59, again breaking Yuanta's own record. The overseas revenue has reached NT\$16.4 billion, further highlighting the appropriateness of our 2018 operating strategy in bringing growing performance to every shareholder.

The Economic Performance of Yuanta Financial Holdings

Unit: NTD thousand

	2015	2016	2017	2018
Net interest income	15,844,344	19,620,866	23,058,279	25,936,162
Net non-interest income	53,946,804	64,819,920	70,726,639	75,343,411
Service fees and commissions	13,283,098	17,401,417	20,441,508	22,281,465
Insurance business	24,779,209	29,413,918	32,400,843	34,675,722
Investment income	11,364,893	14,208,562	20,310,273	9,054,290
Foreign exchange profit	1,858,778	-1,082,235	-7,240,193	6,109,457
Other income	2,660,826	4,878,258	4,814,208	3,222,477
Subtotal of direct economic value	69,791,148	84,440,786	93,784,918	101,279,573
Operating expenses	38,687,826	48,236,163	50,137,543	53,115,998
Employee salary and benefits	17,843,112	19,145,958	23,081,525	23,690,550
Donate governmental agency	34,856	50,503	55,002	164,931
Donate school fund	3,271	3,720	4,020	2,656
Social welfare	91,331	74,490	81,164	104,766
Political contribution	-	-	-	-
Pay dividends and interest	6,449,718	4,325,818	5,365,642	6,492,536
Income tax expense	1,471,889	674,549	1,806,421	3,665,414
Fines	11,083	76,376	10,220	1,100
Others	-	74,370	352,057	-
Subtotal of distributed economic value	64,593,086	72,661,947	80,893,594	87,237,951
Retained Economic Value (=Direct Economic Value - Distributed Economic Value)	5,198,062	11,778,839	12,891,324	14,041,622

Operating Performance of Each Subsidiary

Unit: NTD thousand

Company Name	Items	2015	2016	2017	2018
Yuanta Securities	Operating income (excluding non-operating income)	17,090,753	14,975,352	18,866,538	20,347,315
	After-tax gains and losses	9,779,037	7,440,723	8,025,674	8,888,331
	EPS	1.77	1.35	1.47	1.64
Yuanta Bank (note)	Operating income (excluding non-operating income)	12,834,872	13,772,326	22,838,288	21,598,465
	After-tax gains and losses	4,946,670	5,594,955	7,998,634	8,607,600
	EPS	1.19	1.31	1.08	1.16
Yuanta Life	Operating income (excluding non-operating income)	34,047,195	38,915,792	42,677,025	47,938,641
	After-tax gains and losses	-2,260,328	-628,042	-159,195	276,802
	EPS	-2.79	-0.77	-0.22	0.32
Yuanta Securities Finance	Operating income (excluding non-operating income)	627,307	550,841	730,947	844,503
	After-tax gains and losses	390,848	310,489	2,089,011	503,077
	EPS	0.78	0.70	5.22	1.26
Yuanta Venture Capital	Operating income (excluding non-operating income)	405,385	270,841	172,815	265,667
	After-tax gains and losses	287,312	180,231	11,311	220,861
	EPS	0.89	0.53	0.05	0.90
Yuanta Futures	Operating income (excluding non-operating income)	2,929,853	2,884,110	2,887,768	3,431,314
	After-tax gains and losses	777,093	835,706	873,286	1,000,045
	EPS	3.35	3.60	3.76	4.31
Yuanta Funds	Operating income (excluding non-operating income)	1,691,872	2,260,536	2,500,679	2,538,278
	After-tax gains and losses	538,648	845,741	1,001,405	1,005,530
	EPS	2.37	3.73	4.41	4.43
Yuanta Asset Management	Operating income (excluding non-operating income)	495,690	394,902	417,609	298,681
	After-tax gains and losses	304,311	277,000	258,864	153,915
	EPS	1.52	1.45	1.83	1.54
Yuanta Investment Consulting	Operating income (excluding non-operating income)	240,660	216,945	206,688	204,125
	After-tax gains and losses	1,864	1,288	489	1,256
	EPS	0.06	0.04	0.03	0.13

Note: Ta Chong Bank was merged into Yuanta Bank on January 1, 2018. Due to the reorganization of the group, the financial statements for the year 2017 were retroactively adjusted in accordance with regulations.

Overseas Market Performance

Yuanta Securities

Since its acquisition in 2016, Yuanta Thailand has gradually moved towards the goal of providing a full range of brokerage businesses. The scope of its business has expanded from traditional brokerage financing to investment banking debt underwriting, warrant issuing, and wealth management. The first warrants were issued in March 2018, and through integration with the Group's resources, the market share was about 9% at the end of December 2018, ranking third in the market.

In Northeast Asia, Yuanta Securities acquired a controlling stake in the listed Korean company Tongyang Securities in 2014, renaming it "Yuanta Securities (Korea)". Since Yuanta Korea's entry into the Company, Yuanta Securities has actively adjusted the subsidiary through augmentation with Taiwan's business and management experience. In 2015, Yuanta Korea turned a profit, and in 2018 delivered a ROE over 9%, making it the highest profit contributing overseas reinvestment subsidiary of the Group.

Yuanta Bank

The Bank's development of overseas locations follows a system by which securities go first, followed by banking. It acquired the Philippines and Korean subsidiaries on August 5, 2015, and April 25, 2016, respectively. In January 2018, after officially merging with Ta Chong Bank, it began formally operating the Hong Kong branch. Utilizing the Group's resources, the overseas locations strengthen their business capabilities building on local characteristics and business projects, while head office continues to assist them in optimizing operating procedures, consolidating infrastructure, strengthening information security systems and management, and implementing compliance and risk management in order to keep up their sound operation.

In Hong Kong, total assets as of 2018 increased from NT\$15.6 billion in 2017 to NT\$18.7 billion, while the balance of deposits grew from NT\$11.8 billion in 2017 to NT\$14.4 billion and the balance of loans grew from NT\$8.5 billion to NT\$10.5 billion, with a lending-deposit spread of approximately 2.4%. Net income was NT\$390 million (approximately 27% growth over the previous year). Pre-provision operating profit was NT\$220 million (approximately 64% growth over the previous year) and post-provision operating profit was NT\$180 million (approximately 31% growth over the previous year).

Yuanta Futures

Hong Kong is one of the most highly financially liberalized regions in the world. The establishment of a Hong Kong subsidiary not only enhances the Company's international image, but also facilitates the securing of talent, information, or introduction of new financial products, trading strategies, and risk management platforms thanks to Hong Kong's financial environment. This will ultimately benefit our customers, the Company, and the growth of Taiwan's futures market.

The Hong Kong subsidiary actively expanded its business in both breadth and depth. From 2017 to 2018, it obtained secondary agent qualifications for Shanghai International Energy Exchange Crude Oil Futures, Dalian Commodity Exchange Iron Ore Futures, and Zhengzhou Commodity Exchange PTA Futures to attract overseas investment and be part of the Chinese futures market; the Hong Kong subsidiary grew significantly in 2018, in terms of the number of accounts opened, trading volume, and customer deposits alike.

4-2-3. Taxation

In response to international trends and the increasingly complex cross-border taxation environment, as well as to strengthen our implementation of sustainable corporate development, in 2018 the Board of Directors passed the Group's "Taxation Governance Policy" to implement the following principles:

1. Comply with the tax regulations of each country in which we operate, and complete the filing and payment of taxes in accordance with the law.
2. Comply with national laws applicable to transactions with related parties and prepare the relevant documents for transfer pricing in each location in accordance with transfer pricing regulations.
3. Through legitimate advance tax planning to avoid double taxation and reduce tax costs, in addition to not engaging in transactions for the purpose of tax avoidance, thus protecting shareholders' rights and creating shareholders' value.
4. Maintain a good, appropriate communicative relationship with the tax authorities, and provide our perspective and experience as part of the industry to help improve the tax environment and national taxation system.
5. Comply with relevant financial and other relevant laws and regulations, and regularly disclose financial information, such as financial statements, to ensure that tax information is open and transparent.
6. Continuously nurture and strengthen professional tax-related functions through education, training, and participation in various taxation-related seminars.

The 2017 and 2018 tax rate in Taiwan is 17% and 20%, respectively, which is lower than the average tax rate for the comprehensive finance industry in 2017 (26.2%) and 2018 (25.31%). Because Taiwan's tax code stipulates that some income is considered tax-free, such as that from securities trading, the rate is thus lower than the national statutory tax rate.

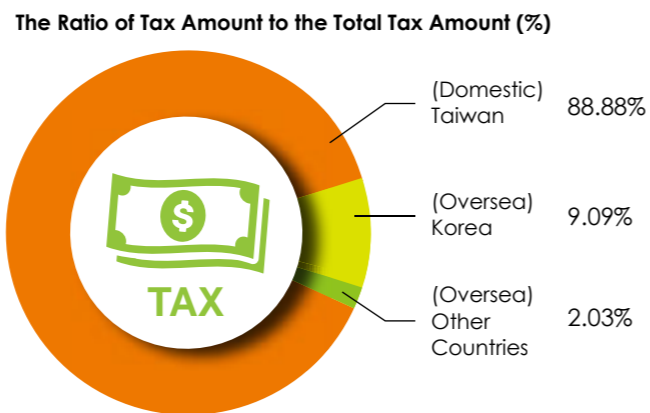
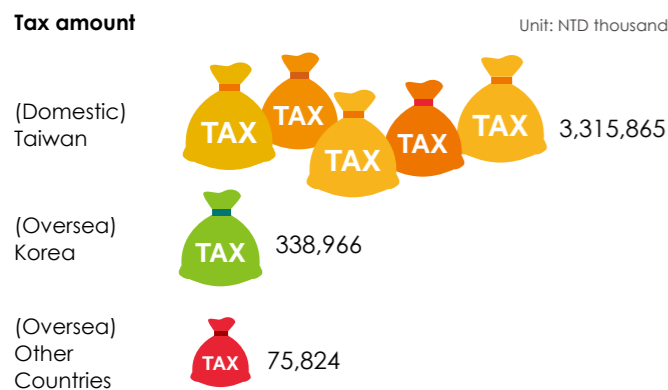
Tax Deduction Recognized by National Taxation Bureau

Unit: NTD thousand

Items	Amounts
Unrecognizable Deduction	0
Donation/Contribution	0
Recognizable Deduction without a Limit Amount	62,431
Donations to aid in national defense infrastructure, support the military, to government at all levels, to the SME Development Fund, and otherwise approved by the Ministry of Finance.	62,431
Recognizable Deduction with a Limit Amount	201,554
Donations to education, culture, philanthropy, charitable groups/institutions, and charitable trusts	201,554
Election donations comply with the Political Donations Act	0
Private schools (Through the school foundation)	130
Donations to the China region	0

Note: Yuanta did not give any improper donations or sponsorships in 2018.

The Domestic and Oversea Tax of Yuanta Financial Holdings



4-3 Supporting Anti-money Laundering and Anti-terrorism Financing

As technology continues to advance and the world is connected ever more closely, efforts to prevent money laundering and the terrorism financing are no longer confined to single countries, but are a major issue affecting economies, livelihoods, and security around the world. As financial institutions can directly access money and financial products, and through our inquiring into and caring for our customers, we understand the investment purposes sources of funds of our customers. As such, through risk management, anti-money laundering, and internal controls, we can directly detect possible money laundering and terrorism financing and enact risk controls or report to the relevant units/agencies. Given all of this, the roles financial institutions play in anti-money laundering and anti-terrorism financing cannot be understated.

The subsidiaries of Yuanta Financial Holdings are mostly in financial services. If they do not meet the anti-money laundering and anti-terrorism financing risk management and related standards, they will face corresponding penalties (such as having to cease issuing financial products, or even cease business operation) and substantial fines. In addition, they may cause the public to be caught up in scandals around money laundering and terrorism financing, causing social and economic chaos and spreading fear. As such, proper handling of anti-money laundering and anti-terrorism financing related operations is imperative for financial institutions.

Yuanta Financial Holdings is committed to implementing and strengthening anti-money laundering (AML) and combating the financing of terrorism (CFT) systems. On September 26, 2018, the 32nd session of the seventh Board of Directors passed amendments to the Company's "Anti-Money Laundering and Combating the Financing of Terrorism Policy" and set the policy as a rule to be followed by all subsidiaries. This was done in response to the third round of Asia/Pacific Group on Money Laundering (APG) Evaluations in November 2018. In addition, the Yuanta Financial Holdings Legal Compliance Department, not only fully assisting the subsidiaries in setting out relevant regulations, handling relevant education and training, and sharing information on anti-money laundering, but also dispatching employees to pre-selected subsidiaries in Taiwan (Yuanta Securities and Yuanta Bank) to conduct internal simulation meetings and discussions, hoping the subsidiaries will perform well when participating in the evaluation.

Responses to APG Evaluation

Yuanta Securities

Actively participate in various seminars or briefings held by the Anti-Money Laundering Office and other authorities, while also setting up a dedicated functional task force in response to the APG Evaluation to understand the risks of money laundering and terrorism financing, strengthen customer review mechanisms, and continuously monitor and report suspicious transactions to reduce related regulatory risk.

Yuanta Bank

Review and revise the relevant AML/CFT regulations and strengthen the overall system; adjust system functionality according to external regulatory and internal operating requirements and improve the efficiency of anti-money laundering operations; increase internally compiled lists (such as negative news, warnings, etc.) and build up the money laundering lists database; strengthen the education and training of employees and boost professional knowledge and experience of the bank overall; strengthen the front-line business checks and counseling and boost implementation efficiency; hold meetings to strengthen the vertical integration between the Three Lines of Defense and the horizontal integration across head office and departments to enhance consensus; commission accountants to carry out assurance/audit reports to facilitate implementation of improvement measures.

Yuanta Life

With reference to the National Risk Assessment Report, administrative guidance from the competent authorities, and information from industry association(s), Yuanta Life makes IT adjustments to optimize the AML-CFT system. In addition, Yuanta Life's Legal and Legal Compliance Department keeps abreast updates to external laws and regulations, adjusting relevant internal control measures and actively preparing APG evaluation materials, such as English translations of relevant documents, collecting case studies, and aggregating data. A dedicated unit conducted interviews with the relevant departments on the effectiveness of AML/CFT campaign and conducted a mock evaluation of the Company's internal departments, enhancing the Company's readiness and experience in responding to external inspections. Accountants were also commissioned to conduct assurance and auditing reports to facilitate the implementation of improvement measures.

Yuanta Futures

Yuanta Futures hires a team of professional consultants to assist with comprehensive AML/CFT measures, and conduct a corporate risk assessment to strengthen the control of high-risk factors and items. Through meetings of the AML/CFT Group, Yuanta Futures comprehensively reviews the Company's internal policies and risk control measures, bringing together the Legal Compliance, Risk Management, IT, Settlement, and Auditing Departments to establish a solid, cross-departmental Three-Line Defense. It also regularly conducts AML/CFT education and training to strengthen the awareness and cultural development of relevant staff to prevent AML/CFT. On the system side, establish comprehensive information sharing policy and procedures and an AML/CFT database, and ensure that the system provides the inspection, review, and management functionality necessary to implement AML/CFT operations.

Yuanta Funds

With reference to the National Risk Assessment Report, conduct an organization-wide risk assessment report and gather staff from the first line of defense through the third line of defense to form an APG AML International Evaluations Response Team to actively participate in external briefings held by the competent authorities, and conduct internal training focused on the APG Evaluations from a professional consulting team, as well as conducting related Q&As and exercises.

Each subsidiary (Securities, Bank, Life, Securities Finance, Futures, Funds, and Investment Consulting) has established relevant internal regulations (including but not limited to AML/CFT policies and procedures) based on the nature and type of business they are involved in. These regulations include: :

- 1 Perform verification of customer identity, continue conducting due diligence on customers, and verify the authenticity of customer documents.
- 2 Verify customer identity through non-documentary means, such as site visits.
- 3 Due diligence policy includes searching lists of terrorist organizations.
- 4 Continually inspect politically exposed persons.
- 5 AML/CFT-related documents are to be kept for at least five years.
- 6 Only particular senior management can approve cases relating to politically exposed persons or with high potential for money laundering or connections to terrorism.
- 7 Internal audits will check whether the relevant processes have been effectively executed every year.

Internal Auditing Related Processes include:

- 1 Checking the effectiveness of AML/CFT programs and whether the relevant regulations are in compliance with legal requirements.
- 2 The auditing method should cover tests of independence, including assessment of the Company's high-risk products, customers, and regions, screening of related transactions, and verifying that AML/CFT regulations have been effectively implemented.
- 3 If non-conformity in implementation of management measures is found, information shall be provided to the responsible manager for review and used as a reference for employees on-the-job training.
- 4 Intentional concealment of major violations and those who fail to disclose such shall be handled by the competent department.



AML/CFT Policies and Practices of Subsidiaries

Yuanta Securities

AML/CFT-related policies and operating procedures shall be approved by the Board of Directors or senior executives and clearly state that the same approval process is necessary for amendments. In 2018, Yuanta Securities successfully reported to the Ministry of Justice Investigation Bureau a case of the customer involved in the scandals of illegal deposits.

Note:
Yuanta Securities has been subject to an "AML/CFT Investigation" by the Financial Supervisory Commission, the deficiencies have been corrected by the competent authorities. With regard to the corrections, Yuanta Securities has completed the improvements at once in compliance with the law.

Yuanta Securities Finance

In 2018, the chairman of the Board of Directors approved amendments to the "AML/CFT Plan" and the "AML/CFT Risk Assessment Procedures." In 2018, Yuanta Securities Finance proactively reported 3 cases of suspected money laundering transactions.

Note:
In 2018, Yuanta Securities Finance was not penalized for violation of any relevant policies or regulations.

Yuanta Bank

Yuanta Bank has established an AML Department and AML/CFT regulations. In 2018, Yuanta Bank received a letter from the Ministry of Justice Investigation Bureau commending the successful blocking of two violations of the Tax Collection Act, one violation of the Securities and Exchange Act, two cases involving fraud, and one violation of the Banking Act of the Republic of China.

Note:
In 2018, Yuanta Bank was not penalized for violation of any relevant policies or regulations.

Yuanta Futures

In 2018, Yuanta Futures conducted reporting operations for a suspected case of money laundering, effectively tracing the flow of funds in a criminal case and promptly detaining the criminal proceeds of major suspects.

Note:
In 2018, Yuanta Futures was not penalized for violation of any relevant policies or regulations.

Yuanta Life

Yuanta Life has set down an "AML/CFT Policy", "AML/CFT Precautions," and "Policy for the Assessment of Money Laundering and Terrorism Financing Risk and Related Prevention Plans," all of which were passed by the Board of Directors. In 2018, Yuanta Life proactively reported 42 cases of suspected money laundering transactions.

Note:
In 2018, Yuanta Life received a fine notification from the Financial Supervisory Commission (No.10704546232) and carefully reviewed the oversights indicated, strengthened the AML/CFT system not only through setting out relevant operating rules by the responsible units in line with their business duties, but also through incorporating AML/CFT-related regulations into the internal system, to be regularly updated to the Board of Directors.

Yuanta Funds

Set out that AML/CFT-related policies and procedures should be approved by the Board of Directors or senior executives. In 2018, Yuanta Funds proactively reported 5 cases of suspected money laundering transactions.

Note:
Yuanta Funds has been subject to an "AML/CFT Investigation" by the Financial Supervisory Commission, which corrective actions are required for the deficiencies identified by the competent authorities. With regard to the corrections, Yuanta Funds has completed the improvements.

Yuanta Financial Holdings arranges for employees to receive "AML/CFT" training courses every year. The courses are focused on different business areas to help employees understand operating norms and risks, and reinforce their financial knowledge with regard to AML/CFT work.

AML/CFT Employee Training of Yuanta Financial Holdings

	2016	2017	2018
Total number of courses	84	170	216
Total training hours (hours)	22,985	31,712	36,278
Total number of trainees	13,988	20,798	30,164
Total number of employees	12,135	11,568	10,986
Average training hours per person (=Total training hours / Total number of employees)	1.89	2.74	3.30

Note: The total number of employees is the number of employees on December 31, 2018.

Except for the employees need to receive "AML/CFT" educational training regularly, the Board members are also arranged to take part in training courses to gain relevant professional knowledge and to embed AML/CFT concepts deeply into the corporate culture.

2018 AML/CFT Educational Training for Board of Directors of Yuanta Financial Holdings and its Subsidiaries

Organizer	Name of the Course				Training Date	Training Hours
Taiwan Securities Association	Domestic and Oversea AML/CFT related Laws and Regulations				2018.3.30	3

Name	Title	Name	Title	Name	Title	Name	Title	Name	Title
Rong Jou Wang	Chairman	Chung Yuan Chen	Director	Kuang Si Shiu	Independent Director	Hsiao Ling Chou	Director	Vincent Chen	Chairman
Ming Ling Hsueh	Independent Director	Ching Shan Hung	Independent Director	Chwo Ming Yu	Independent Director	Shao Hsing Kung	Director	Ya Ping Chuang	Vice Chairman
Yin Hua Yeh	Independent Director	Nai Kuan Huang	Independent Director	Yu De Chuang	Director	Guh Bin Huang	Chairman	Eric Wang	Director
Lai Ping Chi	Independent Director	Kun Hung Lai	Independent Director	Jin Sheng Duann	Director	Kathy Tsao	Director	Ting Shian Huang	Chairman
Sou Shan Wu	Independent Director	Tu Mu Kuo	Independent Director	Song Erh Chang	Director	Hong Quan Huang	Supervisor	Rong Ting Hong	Director
Tony Shen	Director	Chuang Li Chang	Independent Director	Connie Lin	Director	I Lin Yang	Supervisor	Wen Ching Chiu	Supervisor
Wei Chen Ma	Director	Ching Kuang Shen	Director	Tsai Yu Chang	Director	Gavin Peng	Chairman	Shi Chen Huang	Supervisor
Hsien Tao Chiu	Director	Jui Chen Ma	Director	Yu Lan Cheng	Director	Vincent Chen	Director	Allen Wu	Chairman
Jin Long Fang	Director	Lung Fan Lin	Director	Hsu Shu Mai	Director	Katie Tu	Director		
Yueh Tsang Lee	Director	Tony Fan	Chairman	Tien Fu Lin	Chairman	Hsuan Min Kuo	Supervisor		

Organizer	Name of the Course	Training Date	Training Hours	Name	Title
CPA Associations R.O.C. (Taiwan)	Anti-money Laundering Law Compliance and Risk Management	2018.02.13	3	Ching Shan Hung	Independent Director
Taiwan Stock Exchange Co., Ltd.	2018 Securities Dealer Anti-money Laundering Propaganda Seminar	2018.02.22	3	Ming Hong Ho	Chairman
Securities and Futures Institute	Directors and Supervisors (including Independent) Practical Advanced Seminar - Discussion on Money Laundering Prevention and Legal Enforcement	2018.05.03	3	Yow Chih Huang	Director
Taiwan Securities Association	Senior Executive On-Job Training Workshop: Money Laundering Prevention Issues	2018.05.08	3	Ming Hong Ho	Chairman
CPA Associations R.O.C. (Taiwan)	Money Laundering Application Practice and Case Study	2018.07.24	3	Ching Shan Hung	Independent Director
Taiwan Securities Association	The Key of Inventory, Review, Articulation and Authenticity Identification on Offshore Company OBU Juristic Person	2018.09.06	3	Chwo Ming Yu	Independent Director
			3	Yu Feng Ko	Director
Taipei Foundation of Finance	Open Courses - Professional Training Series - Corporate Governance - Money Laundering on Tax and Risk Prevention (No.0013)	2018.10.17	3	Yueng Lin Ma	Director
			3	Nian Ci Ho	Director
Securities and Futures Institute	Directors and Supervisors (including Independents) Practical Advanced Seminar - Discussion on Money Laundering Prevention and Legal Enforcement	2018.11.01	3	Tsung Sheng Liu	Director
			3	Chao Tang Huang	Director

4-4 Strengthening Legal Compliance and Auditing

Legal Compliance

Yuanta Financial Holdings has set out "Standards for Practical Implementation of Legal Compliance", with the "Compliance Affairs Department" to be responsible for planning, management, assessment, and implementation, confirming that all operations and management rules are in compliance with the latest regulations, analyzing or issuing opinions on compliance with laws and internal regulations, assessing the legal compliance of the operations of each unit and subsidiary, and ensuring that legal compliance systems are operating effectively. The Compliance Affairs Department is the main driver behind compliance and reports to the Board of Directors at least once every six months. If major violations of the law or downgrades by financial authorities are found, directors will be notified immediately, and the matter will be referred to the Board of Directors.

In response to Yuanta Financial Holdings' growth plans for its overseas business, and in order to reinforce the management of reinvestment, the Company has approved the reinvestment management measures put forward by the Board of Directors, which clearly sets out the requirements for reports prior to reinvestment, regular reports during reinvestment, and prompt reporting of risk management matters. As the net capital value, business scope, and business scale of the Company's reinvestment business may continue to experience significant growth, Yuanta Financial Holdings Compliance Affairs Department works to strengthen risk control, legal compliance, and internal control management of overseas branches; supervises the establishment of legal compliance systems; and implements compliance reporting mechanisms (including reporting of changes in important local regulations affecting the overseas reinvestment, major violations of laws and regulations found through internal and external audits, etc.), in order to assess the legal compliance status of subsidiaries.

In addition, the "International Operations Division", under the auspices of the president, is responsible for the planning, management, and execution of the international business of the Company and its subsidiaries. In addition to regularly connecting with overseas subsidiaries at performance review meetings and reporting to the Board of Directors, it also supervises subsidiaries' regular convening of "Overseas Unit Management Meetings", reporting the overall meeting results to the Board of Directors which includes the meeting minutes and reported incidents. The Audit, Legal Compliance, and Risk Management Departments of the respective subsidiaries also report to the Board of Directors regarding their respective responsibilities, reporting on the occurrence of any major defect and the status of improvement measures for any major penalty.

Auditing

Yuanta Financial Holdings follows the "Regulations Governing the Implementation of Internal Control and Audit Systems by Financial Holding Companies," which establishes effective corporate governance and internal controls through the "Internal Auditing Department", under the Board of Directors. This department assists the Board of Directors and senior executives to review and evaluate the effectiveness of risk management and internal control operations, as well as to supervise and integrate the affairs of subsidiaries within their responsibility of respective areas.

To strengthen corporate governance, the Internal Auditing Department will incorporate the operation of the Board of Directors, stakeholder transactions, and other important issues related to corporate governance as significant focuses of audits. Additionally, the Group's internal control mechanism and legal compliance self-check audit reports, along with any control

deficiencies or improvements, are to be included as references for the issuing of statements on and evaluating the effectiveness of the internal controls mechanisms of both the Board of Directors and the management of each department. At the end of the year, the Internal Auditing Department will prepare the audit plan for the coming year, planning for at least one audit of the Company's general business and a semi-annual project audit in line with regulations.

Apart from our venture capital and asset management subsidiaries where the audits are conducted by Internal Auditing Department of the Company, the remaining subsidiaries, particularly our securities, banking, and insurance subsidiaries, all have established under the respective board of directors their own auditing departments, adequately staffed with employees designated to conduct the various audit tasks in accordance to the audit plans passed by the respective board of directors. The Company's Internal 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 deficiency findings from the audit tracked and followed-up until they are completely addressed.

In addition, Yuanta Financial Holdings has established a reporting system (whistleblowing mechanism) through the August 29, 2018 passage of the "Whistleblowing System and Implementation Measures" by the Board of Directors. These rules clearly state that the whistleblowing system reporting is to be handled by Compliance Affairs Department, with investigations to be handled by the Internal Auditing Department. The Internal Auditing Department has yet to receive any cases sent for investigation from the Compliance Affairs Department; if a case is received, the contents of the report and related documents will be investigated, and compile the investigation results and recommendations for follow-up action in the written report.

Reporting Channels

Address : No. 66, Sec. 1, Dunhua E Rd., Taipei 105, Taiwan
 Yuanta Financial Holdings Whistleblowing Reports Unit
 Telephone : +886-2-2173-6834
 Website : <https://www.yuanta.com/TW/IR/Governance/Reporting-Mechanism>

"Compliance and Auditing" Policies and Practices of Each Subsidiary

Yuanta Securities

In order to establish a corporate culture of integrity and transparency, Yuanta Securities encourages anyone who discovers that a crime, fraud, or other violation of laws and regulations has been committed in the Company to report it. To this end, on November 28, 2018, the Board of Directors passed the "Reporting System and Implementation Measures". In addition, the Yuanta Securities Compliance Department has established a dedicated manager and a team of seven compliance staffs to ensure that regulatory requirements are being met.

Note:
 Yuanta Securities has not been penalized for violation of any relevant policies or regulations.

Yuanta Bank

In order to ensure that internal control systems are effectively implemented and assist the Board of Directors and the executives in fulfilling their responsibilities, Yuanta Bank has established "Implementation Rules for Internal Auditing," establishing an internal audit system to review and evaluate whether internal control systems are functioning effectively.

In 2018, Yuanta Bank's Compliance Department established two teams, the "Legal Compliance Group" and the "AML/CFT Group". For matters concerning legal compliance, the head legal compliance manager not only handles overall legal compliance affairs, but also assigns legal compliance staff to the planning, management, and execution of legal compliance systems. In addition, the heads of the bank head office business management and domestic business units also serve as compliance managers for their respective units, responsible for compliance with the laws and regulations therein. The Hong Kong branch has also assigned its own specific legal compliance manager.

For overseas branches, Yuanta Bank established the "Management Points of Legal Compliance and AML/CFT for Overseas Branches" (renamed "Management Points of Legal Compliance for Overseas Branches" in January 2019). The main content of this addresses how the executive and staff should handle legal compliance issues, how major legal compliance issues should be reported both promptly and regularly to the Legal Compliance Department, and that legal compliance self-assessments should be carried out at least once every six months, with results submitted to the bank's main Legal Compliance Department for future reference.

Note:
 Yuanta Bank was not penalized for violation of any relevant policies or regulations in 2018.

Yuanta Life

In order to enhance the effectiveness of legal compliance, Yuanta Life has established the "Operating Procedures of Regulatory Change Management" to control the communication of and response to changes in laws and regulations. In addition, the Legal Affairs and Compliance Department set out the "Yuanta Life Reporting System and Implementation Measures," with said department to be the report accepting unit. After confirming the reports, the Audit Department investigates and issues the investigation report.

Yuanta Life's current status in terms of legal compliance personnel is that the organization has one legal compliance manager and a team of six legal compliance staffs (including a specialist group of three to focus on anti-money laundering). In 2018, a total of nine lessons in "Legal Compliance and Auditing," covering six hours, were held to promote legal education, with 1,452 people participating.

Yuanta Life has conducted various auditing operations in accordance with the annual audit plan in 2018, including confirming compliance with information security-related laws and conducting checks of the operating status of IT Department systems development, systems demand management, and IT systems management and maintenance, with no significant abnormalities found.

Note:
 In 2018, Yuanta Life was subject to the ruling of the Financial Supervisory Committee (No. 10704546232), with the improvement on identified deficiencies completed.

Yuanta Futures

Yuanta Futures has a total of three specialist staffs dedicated to compliance, including one compliance manager. In 2018, internal auditors completed the annual audit (including regular tracking of improvements on deficiencies), with no material deficiencies found. In 2018, a total of 1,062 people participated in lessons of "Compliance and Auditing", with four sessions and five hours in sum.

For overseas branches, Yuanta Futures holds regular monthly back office meetings to facilitate understanding and supervision of the compliance measures of overseas branches, as well as occasionally carrying out education for overseas legal compliance staff. In addition, to ensure that they understand the relevant laws and regulations in Taiwan, the parent company sends personnel to overseas branches for inspections from time to time to ensure that each subsidiary is enacting compliance measures.

Note:
 Yuanta Futures was not penalized for violation of any relevant policies or regulations in 2018.

Yuanta Funds

In order to strengthen the effectiveness of legal compliance, Yuanta Funds has established "Management Points for Handling Legal Compliance Evaluations and Processes", which govern planning, management, and execution of legal compliance work. The Legal Compliance Department urges all departments to comply with external laws and regulations when conducting business and assists departments in setting up internal operation rules when necessary. At the same time, it also provides relevant information such as updates and revisions to regulations to various departments and regularly organizes education and training in important legislation and tests. Each year, the Company undertakes legal compliance self-assessments to check whether business execution in each department has violated the law and whether it has been improved. Every half-year, the responsible units report to the Board of Directors and supervisors on the implementation of the legal compliance systems; if any major violations of the law are found or downgraded by the financial authorities, it should notify the directors and supervisors immediately and report to the Board of Directors based on the legal compliance matters. The implementation of legal compliance systems has already been incorporated into auditing work as a key item.

Note:
 In 2018, Yuanta Funds was subject to the ruling of the Financial Supervisory Committee (No. 1070347569), with the improvement on identified deficiencies completed.



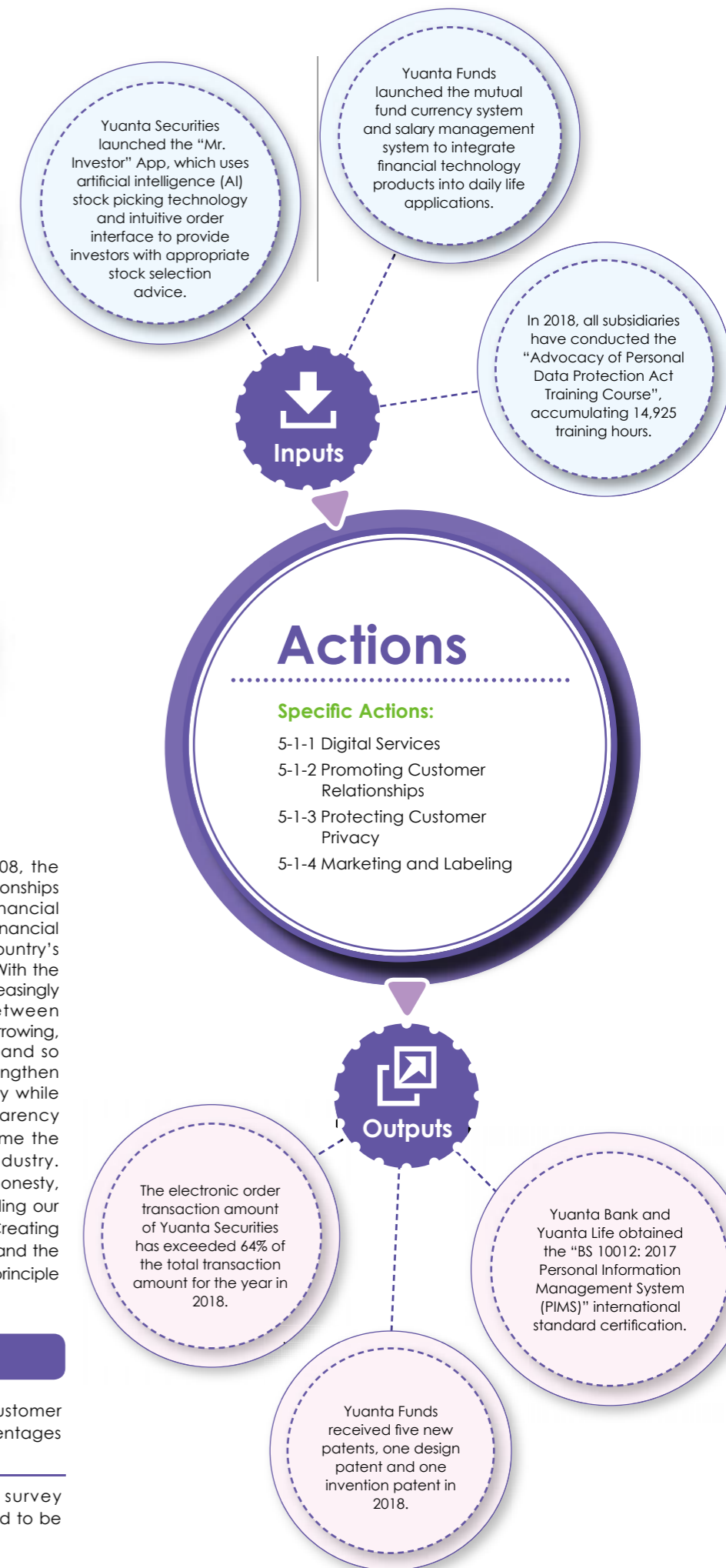
5 Sustainable Finance

-  Customer Relationship Management and Legal Compliance
-  Responsible Financing
-  Customer Privacy
-  Responsible Investment
-  Marketing and Labeling
-  Financial Inclusion

Technological innovations such as mobile communications, e-commerce, and the sharing economy have led to rapid developments in Fintech. Along with this, financial industry services have changed from traditional physical venues to online, mobile, and other platforms to better meet the financial needs of customers. With the integration of the physical and online worlds, we have entered an age of full-service finance. At the same time, as corporate governance and corporate social responsibility become increasingly important to the sustainable development of businesses, financial products and services must also take into account their social and environmental impacts and risks in their development and design.

To meet customer needs, the Yuanta Group engages in continuous and innovative use of Fintech to provide fast, novel digital financial services, while at the same time focusing on relationships with customers, adhering to the principle of fair treatment of those customers, and protecting their privacy, solidifying the trust between our customers and the Group. Meanwhile, we must also make good use of the core business of our subsidiaries, using them to reinforce CSR concepts to promote responsible financing, responsible investment, and financial inclusion. From Customer Care to Green Operations, Yuanta Financial Holdings are committed to sustainability in all aspects of our financial services.

5-1 Customer Care



Why It Matters?

In the wake of the Great Recession of 2008, the question of how to maintain customer relationships and rebuild consumer confidence in the financial services industry has been a pressing one. Financial consumer protection is an indicator of a country's level of progress in its financial legal system. With the financial industry's products and services increasingly diverse and complex, differentiation between members of the same industry is gradually narrowing, competitive pressure is gradually growing, and so how to best meet customer needs and strengthen customers' identification with the company while maintaining legal compliance and transparency of financial product information has become the focus of attention across the financial industry. Yuanta Financial Holdings is committed to honesty, professionalism, integrity, stability, and providing our customers with the best financial services. "Creating optimal benefits for customers, shareholders, and the Group alike" is our objective and the guiding principle behind our customer relations management.

Goals

The results of the five major subsidiaries' customer satisfaction surveys are presented as percentages uniformly.

The five major subsidiaries' satisfaction survey procedures or drafted manuals are expected to be completed by the end of 2019.

Duties and Responsibilities

Through "Customer Care Group" of the Center for the Promotion of Corporate Social Responsibility, Yuanta Financial Holdings brings together the Corporate Planning Department, Compliance Affairs Department, IT Department, Digital Development Division, and relevant business units in our various subsidiaries to manage customer rights such as customer complaints, personal data protection, and information security issues. In addition, the Group works to improve service quality and brand value through the overall Customer Satisfaction Surveys, digital finance, and innovative services.

Policy and Commitment

As a part of the financial services industry, Yuanta Financial Holdings strives to fulfill confidential duties on the personal information of customers or investors, with particular attention to the "Personal Information Protection Act", "Cyber Security Management Act", and regulations from the competent authorities 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 formulated the "Yuanta Financial Holdings and Subsidiary Companies Customer Information Confidentiality Measures", laying out response methods and management guidelines to be comply with uniformly across all subsidiaries of the Company in protecting the customers' and investors' right to privacy.

Communication Channels

To fulfill the responsibility of customer personal data protection and information security, and also provide customers with quality service, Yuanta has a number of systems and channels for communication, appeals, and whistleblowing. For example, customers can use the official websites of Yuanta Financial Holdings and each subsidiary, customer service mailbox, customer service hotline, or through the operating locations of each subsidiary to with the frontline employees on relevant service matters.

5-1-1 Digital Services

Digital Services of Each Subsidiary

Yuanta Securities

1. Optimizing Digital Services Platforms:

A. **"Mr. Investor" App** : Officially launched on September 18, 2018, this app combines innovative AI stock picking technology, an intuitive ordering interface, and Yuanta Investment Consulting's professional team to provide stock selection recommendations that suit each investor. Mr. Investor has received a number of design patents and provides a number of services, including real-time quotes, technical analysis, corporate trends, margin trading and short selling changes, revenue performance, and after-hours information, as well as offering comprehensive stock market information for exchanges in Taiwan, the US, Hong Kong, and China. Login is made even more convenient through innovative facial and fingerprint recognition and newcomers to the stock market can get started quickly. In addition, Mr. Investor also considerably incorporates products for small investors like dollar-cost averaging and provides engaging education channels such as videos on investment and Stock Market Elementary Comics to help young people quickly grasp correct investment concepts and knowledge. As of December 31, 2018, Mr. Investor had been downloaded over 158,458 times.

B. **"Action Point of Hope" App** : Unlike the mobile stock quote software on the market, this app boasts a proprietary interface tailor-made by the Yuanta Securities development team. The app offers intuitive operation and interfaces for linked orders and market price quotes, along with an industry-first fingerprint identification login function and Apple Watch support, extending mobile stock management to the world of wearable financial services.

C. **"Yuanta Wanshitong" App** : A pioneering one-stop service, providing transactional functions such as domestic and overseas transactions, live video, financial news, and more. The app reflects the innovative thinking of the digital era, including taking the lead in providing borrowing and lending of funds for unrestricted purposes, bidirectional lending between natural persons, and regular fixed-rate stock purchases. Through these, we aim to provide investors with the very best financial service experience. As of December 31, 2018, the number of first-time applicants for the "Yuanta Wanshitong" App has exceeded 319,000.

D. **Yuanta Securities' new official website** : The new website was officially launched at the end of 2018, with improved overall visual design making it cleaner and more modern, highlighting the professional image of Yuanta Securities. The new site design is more readable, as well as loading more quickly, providing greater usability, and enjoying stronger front- and back-end systems, bringing together membership systems and providing Yuanta Securities customers with a faster cross-platform, cross-browser user experience through responsive web design. Users can quickly find the information, products, and services they need, with a depth and breadth of customer service that will attract more customers and boost customer satisfaction.

E. **Yuanta e-Counter** : Providing e-services such as online subscription of newsletter/electronic statements, e-Passbook service, online account opening, etc. It can improve the convenience of services, reduce the consumption of paper, and reduce the energy consumption from transporting hardcopy statements, which are benefit to saving resources and reducing the overall energy use.

- Subscribing Electronic Statements: Yuanta e-Counter simplifies the electronic statements subscription process; users can directly link to the "Quick Subscription Platform" through Line and QR Code for subscription. As of December 31, 2018, a total of 678,911 users have applied for electronic statements.
- e-Passbook: Providing users to check the securities transaction record and the balance of the securities account and other functions through their mobile phones, and no longer necessary to save and store the passbook hardcopy. As of December 31, 2018, a total of 68,000 users have applied for the e-Passbook.
- Yuanta Video Robot Account Opening: This service has received the Fintech patent, leading the industry to launch a 24-hour online account opening service. The account opening can be completed within 5 minutes, and the existing account holders can apply for entrustment, wealth management, credit, loans, and bonds account online.

Yuanta Bank

1. Optimizing Digital Services Platforms:

A. Mobile Banking App Optimization: Using biometric technology to authenticate customers, we have introduced biometric functions including fingerprints and face IDs in 2018, and developed online credit card instantly spending function, providing the customer with transaction reminders and safer trading scenarios, and more convenient personal financial services.



B. Yuanta e-Counter Revision: Optimizing the each function of Yuanta e-Counter, including "online application for credit card" to link the domestic large-scale clearing platform with identity verification function, and allow customers to use other credit cards or deposit accounts to apply for Yuanta Bank's credit card. The "Application for the Credit Loan" page and the "Know Your Customer (KYC) and Online Trust Account Opening Function" have been re-integrated with an intuitive graphical design and a responsive web page that can be scaled according to the device used. "Responsive Web Design (RWD)" is designed to provide customers with the most convenient browsing experience, and can be applied online through mobile devices.

2. Campus Cash Flow Service:

Students from universities and colleges that cooperate with the Bank's cooperative school network are encouraged to pay by electronic payment instead of cash, and to hold a number of campus payment seminars and "paying bills to win the lucky draw" activities. The number of participants is more than 4,000.

3. Cross-border payment services:

Yuanta Bank is one of the first banks in the market to connect with the third-party payment leader in China, Alipay, and through the electronic transaction service, to reduce the derivation of different currency cash transactions. In terms of various transaction costs, the number of transactions in 2018 increased by 78%; the number of customers used increased by 18% compared with the previous year.

4. Physical branches creating multiple values:

Huashan Branch, the first "Finance Creative Space" type branch of Yuanta Bank, integrates the locational characteristics with bank, developing into a diverse space with cultural and educational implications. The traditional, serious and monotonous customer waiting area is transformed into a cultural exhibition here. In addition to the financial management lectures, the financial science education promotion, various performances, public welfare, art performances, and Fintech service exhibition venues will be held for the public. Customers can enjoy the various exhibition themes when they come to the branch to take care their banking matters.

Yuanta Life

On September 1, 2018, Yuanta Life launched the project of "Automatic Insurance Service Notification System" to support the ongoing development of notification channels and boost the diversity of customer service. In addition to digitalization, the project also aims to improve administrative effectiveness with regard to the content changes of the insurance contract. In 2017, the Company began a plan to upgrade the Insurance Holders Section of the official website, which officially launched in April 2018, providing customers with a variety of digital services through a diversity of service channels. In 2018, the Yuanta Life digital platform underwent optimization in response to search engine algorithm changes, by implementing keyword

optimization to enhance the visibility of online search results of Yuanta Life's products, ranking them from the top 100 to the top 20. Additionally, in line with the Group's policies on energy saving, carbon reduction, and paperless operations, Yuanta Life provides electronic bills (including premium payment slips, premium notification letters, insurance value notification letters, and so on), not only improving service efficiency, but also reducing the administrative costs. Insurance holders with electronic bills are 6,021 in 2016, 7,362 in 2017, and 9,023 in 2018, with promoting effectiveness growing year by year.

Yuanta Futures

Yuanta Futures is committed to innovation in products and services, and continues to apply for Fintech patents in risk control and smart trading. This innovation has included the industry-leading "Yuanta Futures Wizard" App, which integrates a domestic commodity trading system and investment information. This platform provides real-time market information, as well as lowering the barrier to entry, streamlining the decision-making process, and accelerating trading through a tailor-made interface, reminders and analyses of self-selected portfolios, responding to the different needs and natures of various products and satisfying customers' desires to stay on top of the investment situation.



Yuanta Funds

In pursuit of innovation in products and services, Yuanta Funds has continued to invest in R&D and talent cultivation. Recently, in a proactive response to the Financial Supervisory Commission's push for Fintech innovation, the company followed its acquisition of two utility model patents in 2017 with five more in 2018, along with a design patent and an invention patent. Yuanta Funds' information systems are quite mature, with the company having launched a fund currency system and salary management system, gradually integrating Fintech into everyday life while further introducing mobile payment systems and enhanced fund beneficiary and payment systems, bringing greater benefits and convenience to users. Not only does Yuanta Funds continue to innovate in financial products, the company also continues to invest in the Fintech field, leading the industry in IT development, platform improvement, and financial services innovation. After obtaining patents, the company aims to change the limitations on the fund industry, injecting into it both new vitality and IP protections that help expand mutual fund products beyond the usual investor types. By using Fintech, we can bring more vitality to personal assets while reducing costs and better meeting the needs of beneficiaries and users, thus realizing our goals of financial inclusion and sustainable finance.

Yuanta Investment Consulting

In April 2017, Yuanta Investment Consulting made a pioneering move for the industry by providing access to online reports through membership registration, eliminating the need to send separate paper contracts. At present, Yuanta Investment Consulting registrations are available not only through the official website, but also through the Mr. Investor App, greatly simplifying the registration process. Signups have continued to grow steadily, surpassing 10,000 members in early 2019. In addition to lowering the threshold for membership registration, Yuanta Investment Consulting also provides a variety of stock selection screeners (such as by topic, indicator, or popularity), research reports, and market analysis which investors can use as reference.

Electronic Trading Performance of Each Subsidiary

Number of new users successfully opening accounts through digital channels such as the Internet and mobile APP

Company	Year	Number of New Accounts Opened Online for the Year	Total Number of New Accounts Opened (physical and online channels)	Percentage (%)
Yuanta Securities	2016	317	65,849	0.48%
	2017	34	85,748	0.04%
	2018	50	87,756	0.06%
Yuanta Bank	2016	45	48,292	0.09%
	2017	7	50,944	0.01%
	2018	135	62,148	0.22%
Yuanta Futures	2016	473	16,089	2.94%
	2017	1,715	15,716	10.91%
	2018	1,907	13,304	14.33%
Yuanta Funds	2016	1	1,267	0.08%
	2017	226	1,146	19.72%
	2018	197	905	21.77%

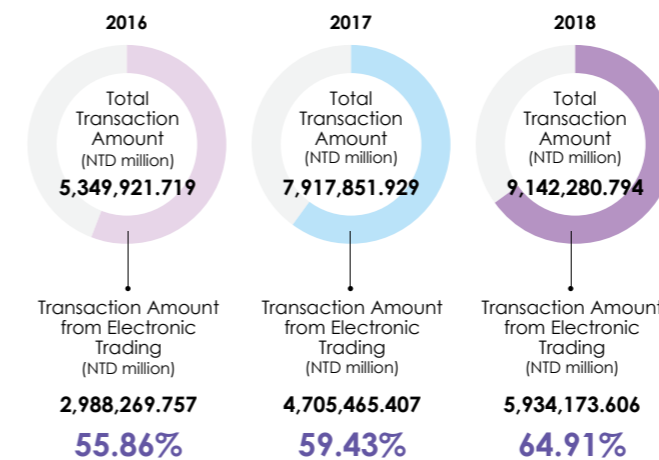
Note: Online account opening includes credit account opening / renewal / quota adjustment, loan, bonds, and financial management.

Patents Obtained for the Improvement of Financial Services in 2017-2018

Yuanta Securities	<ul style="list-style-type: none"> Yuanta video robot account opening 4 Patents for graphical user interface 1, 2, 3, 4 of Mr. Investor's display screen
Yuanta Futures	<ul style="list-style-type: none"> Optional trading system for closing intraday settlement
Yuanta Funds	<ul style="list-style-type: none"> Fund consumption system Money market fund trading system Smart scheduling equipment of the new patent investment fund for net value settlement Server device of new patent investment fund for risk reporting New certificate for the display device Display screen of the graphical user interface Fund consumption methods and systems A server device that dynamically provides event-oriented investment information based on browsing behavior Server device and user device for dynamically evaluating user transaction characteristics

Electronic trading

In response to the target of Financial 3.0 "70% by electronic trading in 2020" of Financial Supervisory Committee (FSC), Yuanta Securities actively promotes the electronic ordering services (including internet, mobile phones, voice, etc.). In 2018, the transaction amount by electronic trading has exceeded 64% of the total transaction amount.



Apply for Credit Cards Online

In response to Financial 3.0 policy of "allowing new accounts to apply for credit cards online" by Financial Supervisory Committee (FSC), Yuanta Bank started to offer new accounts to apply for credit cards online in June 2018. From June to December 2018, the number of new credit cardholders from online application was 16,265.

Customer Satisfaction Survey

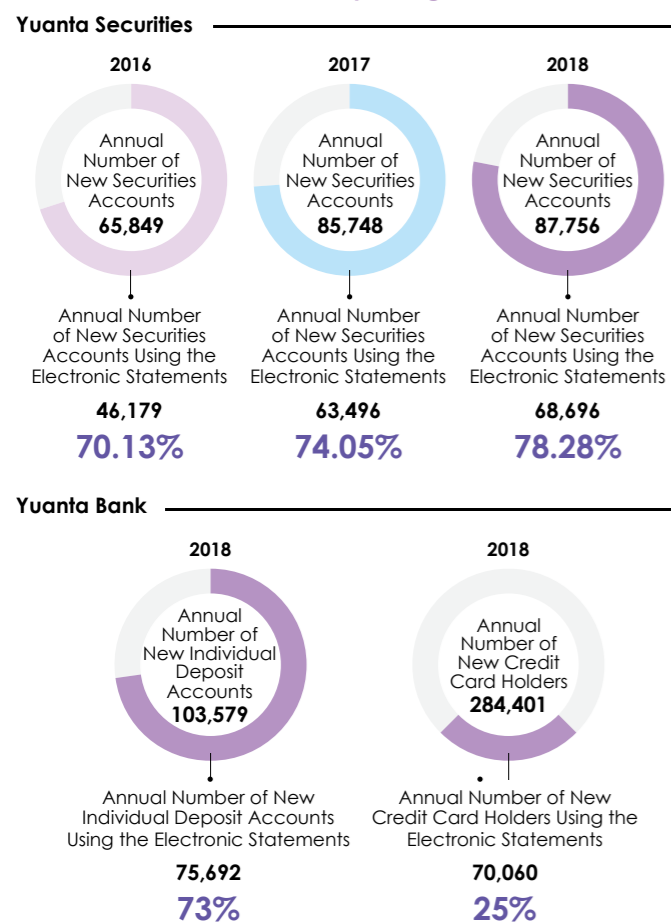
	2015	2016	2017	2018
Yuanta Securities	97.79%	98.97%	98.07%	99.03%
Yuanta Bank	83.33%	85.09%	86.83%	88.26%
Yuanta Life (Note 1)	-	-	-	97%
Yuanta Futures	-	95.6%	95.2%	95.3%
Yuanta Funds (Note 2)	-	-	-	98.8%
Satisfaction Weighting Average (Note 3)	91.57%	92.56%	93.34%	96.37%

Note 1: Since March 2018, Yuanta Life has surveyed the customer who handles the insurance business at the counter.

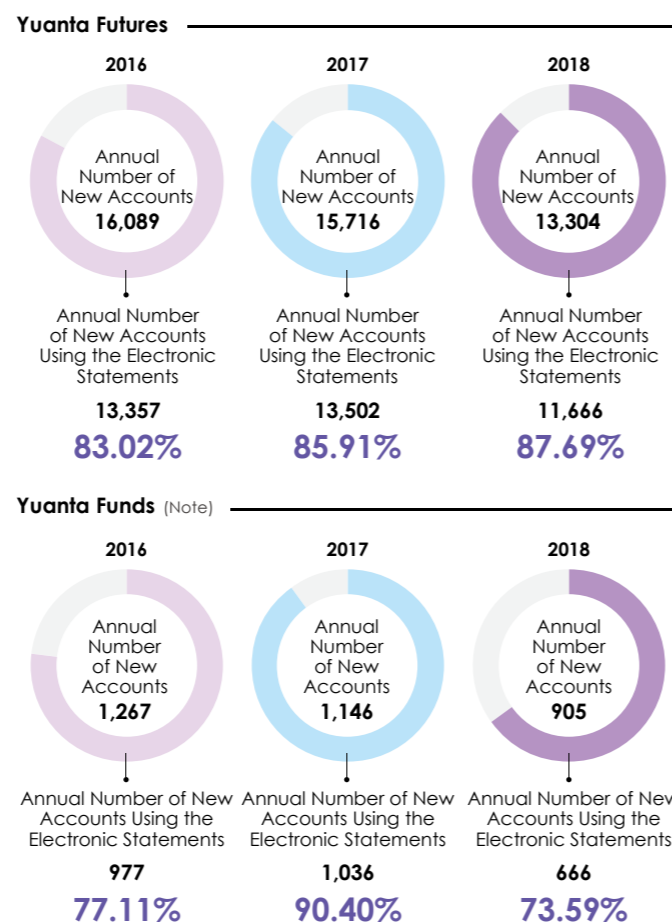
Note 2: Yuanta Funds conducted the customer satisfaction survey since September 2018.

Note 3: The satisfaction weighting average is calculated by the income weighting average of the subsidiaries from customer satisfaction surveys of the year.

Number of New Accounts Requesting for the Electronic Statements



Note: Yuanta Bank conducted the Electronic Statement Promoting Projects since June 2018 to reduce paper printing and enhance energy conservation and carbon reduction.



Note: In the past, Yuanta Funds only provided the electronic statement for opening an electronic trading account; there was no option for paper statement. However, due to the request from investors, the relevant documents were revised in 2018, resulting in the increase in the number of customers who opted for paper statement.

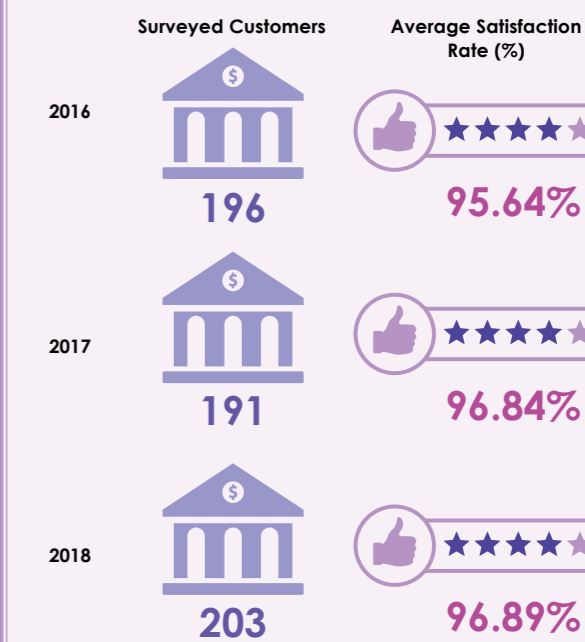
5-1-2 Promoting Customer Relationships

As well as maintaining relationships, solving customer problems is also an important part of customer relationship management. Yuanta Financial Holdings 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 listen to our customers' problems carefully and with empathy, endeavoring to understand the root of each customer's problems and to 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' abilities 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.

- Proactively discovering customer issues: Through the Customer Satisfaction Survey to communicate with customers, and find out the direction of service improvement to enhance customer satisfaction.
- Tracking customer complaints: Some affiliated subsidiaries monitor the average answering rate and the average days to fully handle customer complaints, and check whether the company actually receives and responds to customer needs, for achieving customer relationship promotion.

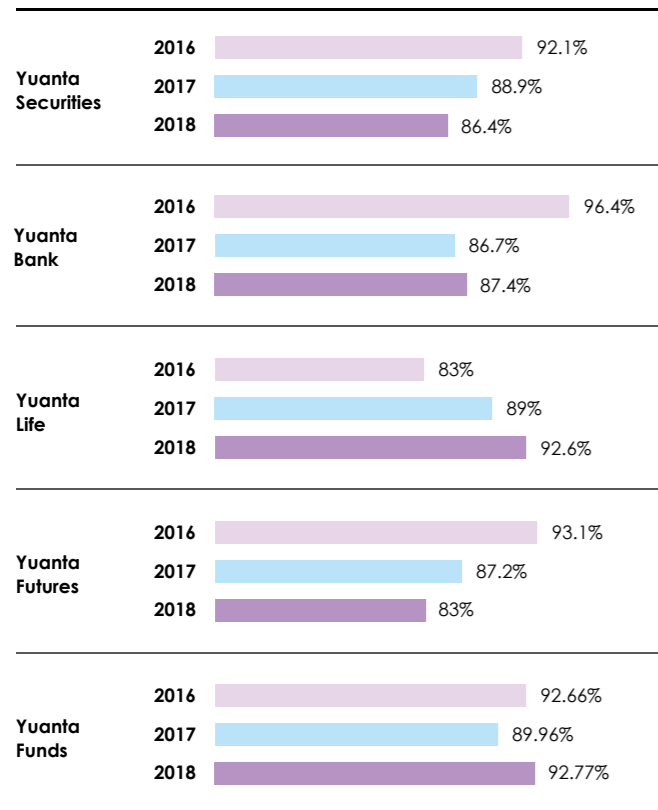
Case Study- Satisfaction survey for specific businesses

Based on the characteristics of its customers, Yuanta Securities and its stock transfer and registrar department regularly conduct customer satisfaction survey. The stock transfer and registrar department will design the customer satisfaction survey for shareholders' meeting operation to include questions such as the compliance of the shareholders' meeting schedule, the initiative of the service staff and their on-site management abilities, etc., to understand the overall satisfaction of the customer with the shareholders' conference.



Average Answer Rate

The customer service line is an important channel for the company to communicate with the stakeholders. By tracking the Average Answer Rate, we can understand the enthusiasm of the company while responding to customer issues, and expect to answer customer complaints more quickly and comprehensively to improve our service quality.



Calculation formula:
 1. The Average Answer Rate of Yuanta Securities (%) = the number of calls received by the customer service staff / the number of calls to the customer service center x 100%
 2. The Average Answer Rate of Yuanta Bank (%) = (the number of calls - the number of abandoned calls) / the number of calls x 100%
 3. The Average Answer Rate of Yuanta Futures (%) = the number of dial-in calls / the total number of incoming calls x 100%
 4. The Average Answer Rate of Yuanta Funds (%) = the number of dial-in calls / the total number of incoming calls x 100%
 5. The Average Answer Rate of Yuanta Life (%) = the number of answered calls / the total number of incoming calls x 100%

Customer Complaints Average Processing Time

From these statistics, we can understand the time involved in handling customer issues. In 2018, Yuanta Securities saw inquiry and explanation time increase due to the complexity of both customer queries and product incidents. Meanwhile, Yuanta Bank was faced customers who were unfamiliar with product benefits at the early stages after the merger with Ta Chong Bank; in addition, the loss of Ta Chong Bank staff in the early post-merger days resulted in long wait time for customers on hold, which led to complaints with a massive 340% increase in complaints cases over the previous year, and in particular a 730% rise in Q1 as compared to Q4 of the previous year, which led to the increase in the processing time needed to handle complaints. After the customer service team is fully re-staffed in Q2, the number of complaints dropped significantly, and the processing time has gradually flattened out.

Company	Year	Average Processing Time for Customer Complaints
Yuanta Securities	2016	17.1
	2017	17
	2018	18.17
Yuanta Bank	2016	5.9
	2017	9.6
	2018	15.5
Yuanta Life	2016	15
	2017	18.5
	2018	19.5
Yuanta Futures	2016	8
	2017	9
	2018	24

Calculation formula:
 1. The average days of Yuanta Securities to fully handle customer complaints = the processing days of all customer complaints cases of the year / the number of customer complaints cases x 100%
 2. The average days of Yuanta Bank to fully handle customer complaints = (average processing days by phone x ratio) + (average processing days by paper work x ratio)
 3. The average days of Yuanta Futures to fully handle customer complaints = number of days processed (transaction day) / total number of cases
 4. The average days of Yuanta Life to fully handle customer complaints = the total number of processing days of all customer complaints cases of the year / total number of cases
 5. Due to the "0206 option price fluctuation event" in 2018, the related customer complaints cases of Yuanta Futures must be checked by the competent authority and negotiated with the client, thus the number of processing days is longer than the average case, and results in the increased of average days. In order to reduce the occurrence of futures risk events, relevant improvement programs have been launched after discussion by the competent authorities and the clients to maintain stable trading in the futures market.

5-1-3 Protecting Customer Privacy

According to the development of diversified businesses of financial services industry in recent years, the confidentiality and privacy of customer's personal data are getting more and more important. It is our responsibility to properly store customer information, legally collect, process and utilize customer data within the scope of laws and regulations, and establish a control mechanism to ensure the confidentiality of customer-related information and customer privacy. In 2018, we have neither been complained by other regulatory authorities, nor have been confirmed for violating customer privacy or missing customer information. We will continue to strengthen the relevant protection mechanisms to implement the responsibility of customer privacy protection in the future.

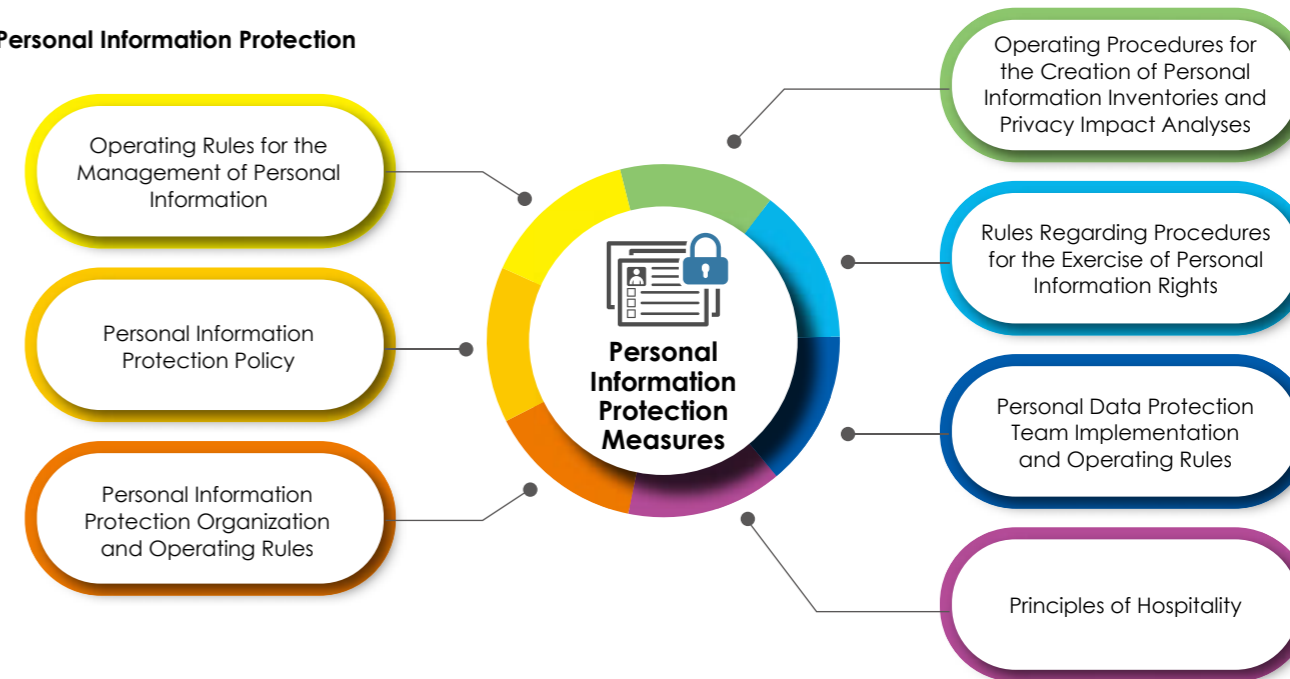
Each subsidiary of Yuanta Financial Holdings has established relevant measures and management practices in response to the "Personal Information Protection Act", "Cyber Security Management Act", and other relevant legislation, ensuring the privacy of customers and investors is protected. In 2018, there were

no substantiated incidents of violation of customer privacy or loss of customer information. In the future, we will continue to strengthen the relevant protection systems and uphold our responsibility for customer privacy protection.

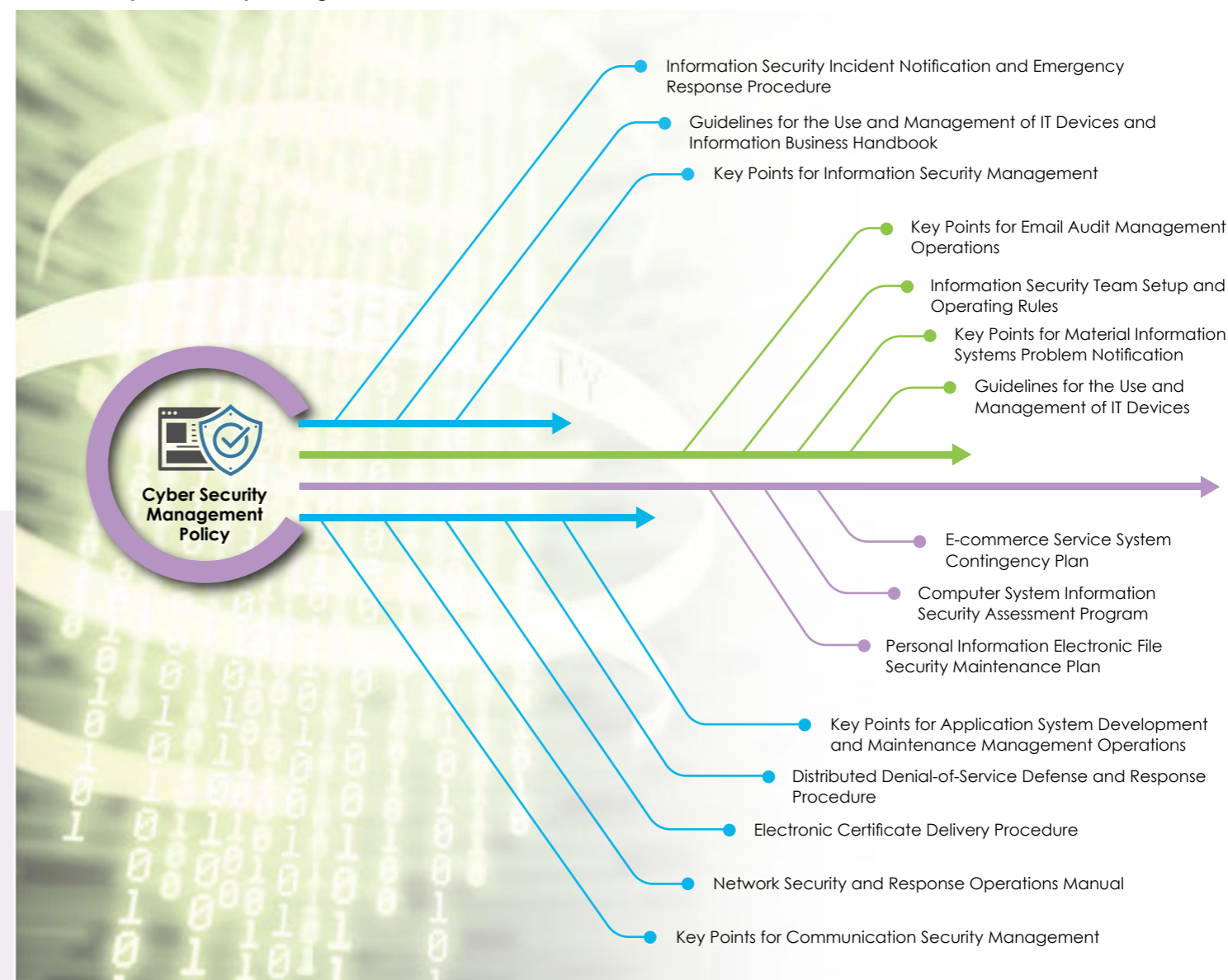
In order to implement our confidentiality duties on customers or investors, Yuanta Financial Holdings formulated the "Customer Data Confidentiality Measures for Yuanta Financial Holdings Co., Ltd. and the Subsidiaries" based on the "Personal Data Protection Act", the "Financial Holding Company Act", and the "Common Marketing Management Measures between Each of the Financial Holdings Subsidiary". The Company held 42 personal data protection training courses, which 14,562 people have passed the training, accumulating 14,925 training hours. To this end, we are able to ensure compliance by subsidiaries and each unit, make sure that employees have fully understood the importance of personal data processing and protection, and to protect the privacy of our customers and investors.

Guidelines for Management of Yuanta Subsidiaries in Response to Relevant Regulations

Personal Information Protection



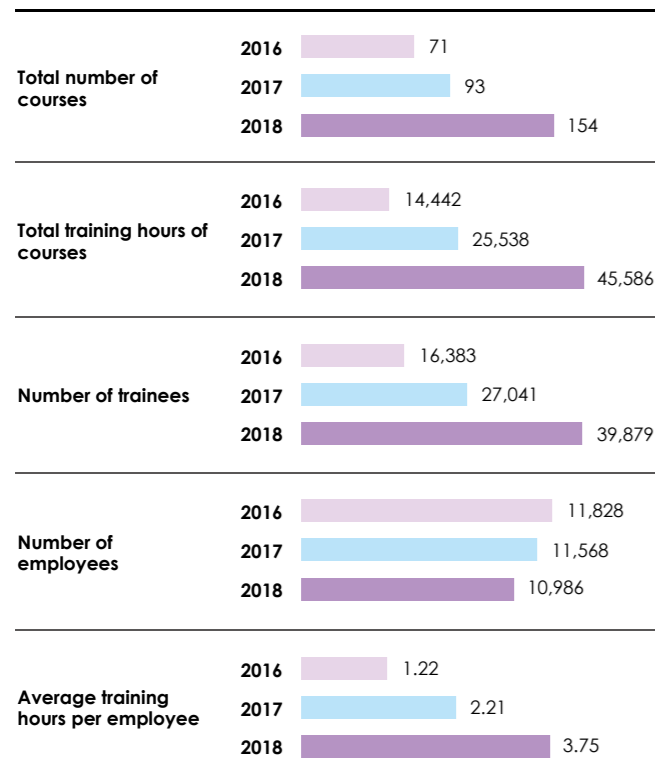
Cyber Security Management



2018 "Personal Information Protection Act" Training Courses of Each Company

Company	Session	Number of Trainees	Training Hours
Yuanta Financial Holdings	1	232	231
Yuanta Securities	6	4,658	6,989
Yuanta Bank	16	7,760	6,389
Yuanta Life	5	727	130
Yuanta Securities Finance	1	53	53
Yuanta Venture Capital	1	11	11
Yuanta Futures	2	733	919
Yuanta Funds	8	302	117
Yuanta Asset Management	1	17	17
Yuanta Investment Consulting	1	69	69
Total	42	14,562	14,925

Cyber Security and Personal Information Protection



5-1-4 Marketing and Labeling

As the financial industry gradually moves toward the transition to the digital "Bank 3.0" model and the requirements of the competent authorities evolve, full disclosure of financial product information has become an ongoing goal for those of us in the finance industry. Through publicly disclosed information, Yuanta Financial Holdings provides customers with the means to fully understand the content of products and their interests pertaining thereto, while also further developing relevant marketing and advertising rules to facilitate policy consistency across subsidiaries. However, fully disclosed information may be filled with technical terms that make it difficult for customers to understand and lead to differences in interpretation. To address this, Yuanta Financial Holdings and its subsidiaries provide customers with access to information via website, customer service lines, social networking sites, and finance lessons, assisting them in gaining information on financial products and services that is useful and relevant to them through a variety of channels.

Meanwhile, the financial services industry should treat financial customers in a fair and reasonable manner during the overall transaction process of financial products or services. The Group implements a corporate culture centered on "Fair Hospitality" and actively conducts the "Evaluation Mechanism for Fair Hospitality Principles" of the competent authorities since 2019.

Rules on Marketing and Labeling Management

Yuanta Securities

In addition to complying with the relevant marketing advertising regulations set out by head office, Yuanta Securities also sets out follows its own "Yuanta Securities Co., Ltd. Key Points for the Handling of Trusts Business, Including Advertising, Sales, and Promotional Activities," thus avoiding any violation of legislation connected to advertising-related operations. In order to ensure compliance with regulations and guarantee customers' rights, the Company has put in place operating procedures and controls around an internal control system related to "CA-18800 Sales, Advertising, and Promotional Activities Management Operations". Due to Yuanta Securities increased diversification in recent years, the securities financial management section has been particularly focused on product review guidelines, setting down assessment guidelines for both professional and non-professional investors in order to strengthen control.

Yuanta Bank

In recent years the banking business has grown in diversity, and Yuanta Bank has established a "Fair Hospitality Strategy" and "Operating Key Points for Customer Investment Risk Level and Product Suitability", ensuring to meet each customer's need. With a focus on the financial products business, the Bank has also set out "Governing Rules for Evaluation of Professional Customer Qualifications for Structured Products" and "Governing Rules for Evaluation of Professional Customer Qualifications in Financial Marketing"; and for corporate finance, the Bank has established "Key Points for KYC Corporate Finance Business," using KYC (Know Your Customer) to understand financial consumers and KYP (Know Your Product) to understand financial products, standardizing how agents fully inform customers of their rights and obligations. This ensures that customers are able to fully understand the content and risks related to financial products and those financial products or services sold to customers are suitable for them. In addition, with regard to its insurance business, Yuanta Bank has specially formulated the "Procedures and Systems for Solicitation of Business by Insurance Agents," "Operating Rules for Insurance Agents," "Insurance Agents Business Handbook," and "Key Points on Insurance Solicitor Management and Incentives/Penalties." These ensure that employees do not act inappropriately in the process of marketing while being able to fully communicate the content of the products.

Yuanta Life

Yuanta Life establishes special guidelines for marketing focused on each particular channel

Bancassurance Channel

- The "Procedures and Systems for Financial Channel Business Solicitation" ensure that cooperative channel contract provisions, business solicitation qualifications and management, and policy sales may not be conducted through improper solicitation methods and that all marketing actions are in compliance with the law.

Broker/Agent Channel

- All business done by agents and brokers is to be conducted in line with the "Procedures and Systems for Insurance Agent/Broker Business Solicitation".
- Textbook reviews of the Agent/Broker Sales Department handbook will also be carried out.
- During the solicitation process, staff should fully understand all information relevant to the financial consumer, filling out a "Sales Staff Report and Analysis of the Needs of and Appropriateness for the Policy Purchaser and the Person to be Insured", ensuring the product is right for the customer.

Company-Operated Channel

- "Procedures and Systems for Insurance Solicitor Business Solicitation."
- Internal audit forms in textbooks for company-owned sales departments.
- During the solicitation process, staff should fully understand all information relevant to the financial consumer, filling out a "Sales Staff Report and Analysis of the Needs of and Appropriateness for the Policy Purchaser and the Person to be Insured", ensuring the product is right for the customer.

Diverse Channels

- "Procedures and Systems for Insurance Agent/Broker Business Solicitation" and "Procedures and Systems for Telephone Marketing Business Solicitation".
- During the solicitation process, staff should fully understand all information relevant to the financial consumer, filling out a "Sales Staff Report and Analysis of the Needs of and Appropriateness for the Policy Purchaser and the Person to be Insured", ensuring the product is right for the customer.

Digital Finance Channel

- Social Media Establishment and Maintenance Procedures.
- In cooperation with partner websites, a suitability assessment shall be carried out in line with the "Key Points Regarding Disclosure of Public Product Information in Cooperation with Third-Party Websites," ensuring that said partner has a good reputation and appropriate level of operational management quality.

Yuanta Futures

Due to the nature of its products, Yuanta Futures has significant linkage with and time-sensitivity to the global market. It therefore provides 24-hour, zero-lag services, provides multiple products and platforms, and a wealth of research resources. Creating differentiated services and meeting the needs of all kinds of customers are the Company's primary policies. In internal management, Yuanta Futures continues to enhance its competitors' competitiveness of its staff, increasing customer trust while also optimizing trading systems and risk control effectiveness to bolster customer stickiness and customer management. Yuanta Futures has also focused on multimedia communication and digital channels in recent years, specially setting out "Key Points for the Management of Social Media" to ensure product information and customer communication are more tightly integrated.

Each subsidiary specifically updates relevant policies/processes for each channel in 2018

Yuanta Securities	In 2018, in response to money laundering regulations and to better understand its customers, Yuanta Securities revised the "Wealth Management Business AML/CFT Project Handbook." In accordance with the relevant laws and regulations, Yuanta Securities adheres to the principle of good faith business. In the spirit of protecting investors and maintaining a fair securities trading market, Yuanta Securities has specially formulated the "Key Points for the Management of Advertising Business Solicitation and Sales Promotion", which were again revised in 2018. On July 9, 2018, the Yuanta Securities Channel Business Division established the "Operation Process for Electronic Transaction Certificate Delivery" to strengthen the security of customers' electronic transactions. In addition, on January 25, 2018, the Legal Compliance Department has established the "AML/CFT Project—Legal Compliance Operations Handbook," and on February 27, 2018, the Operations Center established the "AML/CFT Project—Brokerage Department/Branch Performance Handbook".
Yuanta Bank	In order to strengthen the suitability of wealth management product promotion, Yuanta Bank has set out regulations for customer investment risk and product suitability. In 2018, Yuanta Bank specially added recording operations to ensure that customers fully understand their investment type and provide them with practical and appropriate products.
Yuanta Life	In 2018, Yuanta Life set out systems for AML/CFT compliance and business solicitation systems and procedures in response to the issue of money laundering. In addition, in order to maintain accuracy in the information made public through search engine results, Yuanta Life also updated its "Key Points Regarding Disclosure of Public Product Information in Cooperation with Third-Party Websites".
Yuanta Futures	In January 2019, Yuanta Futures has set the Key Point of Social Media Management Operations, and created differentiated services through diversity products, platforms, and rich research resources, to meet the needs of various customers.

Marketing and Labeling Training Courses

In order to further ensure that the relevant units and staff fully understand company policies, the subsidiaries of Yuanta Financial Holdings have added relevant training courses, expecting first-line staff to have more compliant performance in marketing and promoting activities.

Course Name / Content	Session	Number of Trainees	Training Hours
Education and training (marketing + products + practice exercises)	96	2,904	4
Elite Sales Representative Lecture	6	107	30
Manager Intern	3	7	7
Financial business staff on-the-job training - business specifications	7	202	7
E-learning of Statutory course (Including financial customer protection laws and case studies)	3	1,988	4
Promotion of important regulations and operation revisions of the wealth management business	2	672	0.5

Course Name / Content	Session	Number of Trainees	Training Hours
Underwriting claims and main product seminar	3	556	9
Multi-channel marketing staff activities (Northern, central, southern)	6	253	18
Necessary legal knowledge of the insurance industry	1	23	3
Relatives and inheritance of Civil Law	1	25	3



Related Activities for Enhancing Financial Knowledges

With changes in the market and the continuing diversification of products, the disclosure of product information in text form can often fail to fully meet the needs of customers. In addition, said product information can be difficult to read, which can also influence customers' understanding of the product. In response to this, Yuanta Financial Holdings and its subsidiaries have organized a range of financial literacy courses in recent years, with the aim of strengthening customers' financial knowledges and understanding of wealth management.

Descriptions (Ways to improve customer financial knowledge)	Events held in 2018	2018 performance (E.g. number of participants, number of viewers, circulation, etc.)
Held in cooperation with the competent authorities: Investor education seminars	3	374
Investment forums held in cooperation with external organizations: 2018 Taiwan Stock Trends Forum - "Strategies for Holding the Course in Taiwan Stocks in a Time of Turbulence for US Stocks"	3	839
Education and promotion in coordination with the media: In cooperation with the Economic Daily News and the Commercial Times, we invited customers to join in on the TWKC touring lectures, as well as setting up educational booths at the event sites to promote the securities business and interact directly with customers, helping with their inquiries.	5	1,500
Held through cross-subsidiary cooperation: Occasional investment seminars on specific industries and markets.	12	1,180
Held through inter-departmental cooperation: Occasional investment seminars on overseas markets and prospects, talks introducing financial products, briefings on prospects, etc.	25	1,295
Small-scale customer briefings from branches: Branches around Taiwan each held their own small customer briefings focused on different customer groups, types, or themes, or offered electronic education in areas such as insurance, stocks, and funds.	1,115	20,286



Descriptions (Ways to improve customer financial knowledge)	Events held in 2018	2018 performance (E.g. number of participants, number of viewers, circulation, etc.)
Small Branch Financial Seminar	489	Number of participating customers: 9,300
Large Financial Seminar	5	Number of participating customers: 672
Assist agents and brokers to hold investment seminars	6	Average number of participants per event: 20-50 people
General customer	Introduction of domestic and foreign products	Physical 1,465 events A total of 28,225 people participated
	Introduction of stylized transaction	Online 307 events
	Large forums / seminars / lectures	55 events A total of 3,200 people participated
Institutional corporate client	Online consultation lecture / Course	82 events About 700 views per event
	Issue Quarterly Report	Issued 4 times Issued about 5,000 reports
Funds Investment Classroom	Global Economic and Financial Market Trends Lecture	36 events A total of 690 people participated
	Corporate Education Training Course (General Economic Indicators / Technical Analysis)	
Hold financial investment conferences or lectures	813 events	Average number of participants per event: 20-50 people
Issue Investment Consulting Monthly Report	Issued 12 times	Issued about 40,000 reports



5-2 Green Operation



Why It Matters?

Yuanta Financial Holdings provides a diverse range of financial services. In recent years, the Group has actively implemented a development strategy focused on "the three pillars of securities, banking, and insurance". Yuanta Bank, in addition to its basic deposit and currency exchange operations, has also found lending to be a major source of revenue. In order to avoid the creditors having an adverse impact on the environment or society, or violating laws and regulations, and thus avoid dead loans or investment losses that come with penalties or business closures, Yuanta Bank has integrated ESG factors into its credit risk analyses and lending services, undertaking careful assessments of the targets and uses of potential loans.

In addition to implementing the concept of responsible financing, Yuanta Financial Holdings emphasizes the importance of responsible investment, harnessing the combined business expertise of each subsidiary to foster company development built on sustainability and furthering the influence of sustainable finance. In addition, Yuanta Financial Holdings is also committed to strengthening the inclusiveness of financial services, bringing our core idea of "Making your Biggest Dream Come True" to provide diverse financial services that are accessible and affordable for underprivileged groups and micro-enterprises, effectively promoting local financial development.



Goals

Short-term (1-3 years)

Setting up the "Sustainable Financial Standards"

2018 Progress

Launched the "Sustainable Financial Standards" project; it is expected to be signed by the board of directors in 2019.

Future Plan

Subsidiaries will cooperate to revise the regulations in order to carry out credit evaluations and green investment standards.

Medium-term (3-5 years)

Improve the paperless performance of the group

2018 Progress

In 2018, completed the calculation of online account opening (bank, securities, futures, and funds), electronic statements (securities, futures, funds), securities electronic transactions, online credit card application figures.

Future Plan

Collecting relevant statistical data, planning and calculating the cost-effective measures to reduce the number of customers processing in person, and improving digital services efficiency.

Long-term (5 years or more)

Setting internal carbon price

2018 Progress

As the government has not yet announced the carbon trading prices, and research reports about carbon pricing for the financial industry are still insufficient, the planning for relevant targets have not yet started.

Future Plan

Start collecting relevant data, study relevant domestic and foreigner research cases, and then mak

Duties and Responsibilities

Yuanta Financial Holdings established the "Green Operations Group" through the relevant units of each subsidiary, and implemented responsible financing, responsible investment, and inclusive finance in line with their respective business strengths. In addition, the Digital Financial Services Division is in charge of the Group's overall digital financial services, including online systems, mobile apps, and electronic statements, enhancing the quality of customers' service experience, reducing carbon emissions from customers commuting to each location, and striving to meet our sustainable development and climate change goals.

Policies and Commitments

Yuanta Financial Holdings

Sustainable Financial Standards:

Yuanta Financial Holdings is planning to establish the "Sustainable Financial Standards," along with establishing green investment and financing policies at the Group level, setting out regulations with which subsidiaries will comply, implement credit evaluations, and consider it as the green investment standards. In addition, a list of recommended enterprises to avoid undertaking work with, while also guiding enterprises in focusing on environmental protection and furthering consumers' understanding of green consumption.

Yuanta Securities

Key Points in Proprietary Investment Trading Decision-making:

This policy was amended on November 12, 2018, to incorporate the spirit of responsible investment, including relevant provisions for medium- and long-term investment trading decision-making operations to serve as operating guidelines for the Company's investment in medium and long-term negotiable securities. In 2018, the Company signed on to the Taiwan Stock Exchange's "Stewardship Principles for Institutional Investors".

Yuanta Bank

1. Yuanta Commercial Bank Credit Business Guidelines:

This policy was enacted in May 2015. Article 10 clearly states: "When handling a project financing review, it is advisable to consider whether the borrower is exercising sound environmental protection, corporate integrity management, and social responsibility." In August 2017, this was amended to: "When conducting a credit review, it is advisable to consider whether the borrower is exercising sound environmental protection, corporate integrity management, and social responsibility." In October 2018, Article 10-1 was added, stating: "The Bank's project financing should be handled in accordance with general rules and credit rules, as well as being in accordance with the principles and systems of due diligence, risk assessment, and post-loan management."

2. Taiwan Dollar Bond Business Operations Handbook, Foreign Currency Bond and Bond Futures Trading Operations Handbook:

In July 2017, Yuanta Bank revised the "Taiwan Dollar Bond Business Operations Handbook," as well as revising the "Foreign Currency Bond and Bond Futures Trading Operations Handbook" the following month, to add green bonds to the bond categories and incorporate green bonds as a priority investment target consideration. In December 2018, the Company signed on to the Taiwan Stock Exchange's "Stewardship Principles for Institutional Investors".

Yuanta Life

Yuanta Life Operating Procedures for Investment-related Application of Funds:

In February 2016, in line with Yuanta Financial Holdings' investment policy, Yuanta Life added CSR rules regarding investment targets, investment mechanisms, and targeted selection in line with the "Principles for Responsible Investment". Yuanta Life also formulated the "Investment Processing Procedures for Capital Projects for Public or Social Benefit". In 2018, the Company signed on to the Taiwan Stock Exchange's "Stewardship Principles for Institutional Investors".

Yuanta Funds

Emerging Markets ESG Strategic Fund:

Yuanta Funds established the "Emerging Markets ESG Strategic Fund" in September 2011, selecting ESG concept stocks such as Corporate Governance, Environmental Protection, and Social Fairness through international standards and an ESG investment screening process. In this way, the Company aims to help investors understand trends and invest money in companies that practice sound ESG policies. In 2016, the Company signed on to the Taiwan Stock Exchange's "Stewardship Principles for Institutional Investors".

Note:

1. Yuanta Financial Holdings have no violation of relevant national regulations and company policies in 2018.
2. The "Emerging Markets ESG Strategic Fund" has incorporated into the "Yuanta Emerging Asia Fund" on May 10, 2018.

Communication Channels

Group Employees

Through the "Green Operations Group" of the Center for the Promotion of Corporate Social Responsibility and the leverage of the combined business expertise of each subsidiary, Yuanta promotes green finance, develops products and services with environmental and social benefits, and cultivates green financial talents.

Customers

Yuanta provides customers with a variety of communication channels. In addition to consulting services at physical operating locations, customers can also obtain information through digital channels, including official websites, voice mail, apps, Facebook, Line, etc.

Investors

Yuanta's official website has a dedicated section for investors, providing information on corporate governance, financial performance, and corporate social responsibility. In addition, the Company holds related activities, such as the Yuanta Asia Forum, to share information on financial development trends with investors and help them make sound investment decisions.

Case Study - Yuanta Asia Forum

Date: June 12 - 13, 2018

Number of Participating Enterprises: 33

Total Number of Participants: 895 individuals / 3,816 cumulative participants

Event Description:

2018 was the third year Yuanta Financial Holdings held the Yuanta Asia Forum. The Forum this time focused mainly on four themes: artificial intelligence (AI), 5G mobile telecommunications networks, the Internet of Things (IoT), and 3D sensing technology. Consisting of 6 specialist lectures, 2 macroeconomics lectures, 5 high assets clients' seminars, and 33 listed companies' investor conferences. The forum looked to the opportunities and challenges ahead in the second half of 2018 both in the Asia market and worldwide. Heavyweight speakers were invited to outline the hot development trends and applied technologies of the future, while Yuanta Investment Consulting's research team presented the investment opportunities and highlights to be found in cross-strait market data. Through the in-depth analysis and exploration of the Yuanta Asia Forum, the Company provided corporations from Taiwan and abroad new investment perspectives and set



Investment Targets

Yuanta Financial Holdings' securities, bank, life insurance, and funds subsidiaries have all signed on to the "Stewardship Principles for Institutional Investors" and issued compliance statements. In terms of investment targets, Yuanta continues to focus on news, financial information, industrial performance, operating strategy, environmental protection actions, social responsibility, labor rights, and corporate governance issues as they pertain to companies in which we have invested. In addition, Yuanta also communicates with the companies' management by telephone, conferences, or dispatching staff to attend conference calls or

stockholder meetings. Should a company in which we have invested violate ESG principles on particular issues and damage the interests of our customers or beneficiaries, Yuanta will exercise our voting rights or other shareholders' rights to present our position and appeal to the management of the company involved, thereby influencing the behavior of that company in a positive direction.

5-2-1 Responsible Financing

Procedures for Assessing and Screening Environmental and Social Risks

The Board of Directors of Yuanta Bank is the highest decision-making unit with regard to the bank's granting of credit. Taking the review process for a large-scale project's syndicated loan as an example, the "Business Unit" initially determines the business opportunity and understands the operating status of the creditor, then puts out a "Business Interview Report" and submits it to the "Project Financing Department" or other relevant units to learn about the project's investment content and conditions. Then a risk assessment analysis is conducted, with the Yuanta Bank CEO presenting their opinion on whether or not to provide financing. Finally, after passing review by the "Corporate Finance Credit Review Committee", "Credit Management Department", and CEO/Board of Directors, the syndicated loan can be executed.

Processes for Monitoring Clients' Compliance with Agreements

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 published through the media (such as food safety concerns, fires, environmental controversies, etc.) shall be immediately followed up on, with the relevant business unit notified, a response plan drafted, and safety measures such as increasing collateral, increasing interest rates, freezing credit, recovering the balance, or negotiating repayment implemented. Additionally, a risk combination will be made according to the type of customer and product, with the customer presenting financial statements and receiving site visits where appropriate, facilitating further follow-up on the customer's credit situation. When undertaking project financing, a plan for the monitoring of the project's progress should be set out and review operations strengthened. The impact of negative or unusual information about creditors and their management on obligations shall be carefully evaluated, ensuring a strong grasp on the actual financial status of the creditor, control of the lending of funds, and review of the flow of funds and the reasonableness or authenticity of transaction documents.

Note:

In 2018, no credit customers were found to have environmental protection or human rights problems that led to the cessation of financing.

Processes for Improving Employees Competence to Implement Environmental and Social Policies and Procedures

In order to improve employees' understanding of the financing operations of green energy-related industries, Yuanta Bank dispatched staff to participate in core training courses by the Taiwan Academy of Banking and Finance on Green Credit in 2018, including "Offshore Wind Farm Development in 2018 - Project Financing Risk Management and Countermeasures", "Recruitment of Credit Staff Series Four: Project Financing", and "Recruitment of Credit Staff Series Eight: Green Energy Industry Financing". In addition, we expect to hold "An Introduction to the Solar Power Industry and Related Items for Attention" in 2019, encouraging employees to invest in learning while cultivating green finance talents.








Performance Status - Sustainable Financing (Loans)

Yuanta Bank SMEs Financing (Loans)

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2018	5,880	137,442,719	36.41%



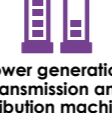




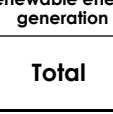
Note:
 1. The SMEs Financing (Loans) include government "5+2" industry related and sustainability-related loans.
 2. In 2018, the total loan balance of Yuanta Bank was: NT\$377,462,087,000.

2018 The Financing (Loans) of Yuanta Bank in response to the Government's "Five plus Two" Innovative Industries Policy

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Smart Machinery	165	900,186	0.24%
 Asia Silicon Valley	682	33,236,801	8.81%
 Green Energy	422	13,284,550	3.52%
 Biomedical	217	5,729,565	1.52%
 Defense	324	17,636,523	4.67%
 High-value Agriculture	96	1,038,309	0.28%
 Circular Economy	302	7,184,675	1.90%
Total	2,208	79,010,612	20.93%

Note:
 1. The "5+2" industry classifications include SMEs Financing and sustainability-related loans.
 2. In 2018, the total loan balance of Yuanta Bank was: NT\$377,462,087,000.

The Sustainability-related Financing (Loans) of Yuanta Bank

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Solar cell manufacturing	1	97,800	0.03%
 Photoelectric materials and components manufacturing	2	554,673	0.15%
 Power generation, transmission and distribution machinery manufacturing	3	52,168	0.01%
 Electricity supply	1	277,460	0.07%
 Effluents treatment	6	273,986	0.07%
 Wastes removal	4	142,733	0.04%
 Resource recycling	3	337,153	0.09%
 Renewable energy generation	14	866,399	0.23%
Total	34	2,602,375	0.69%

Note:
 1. The sustainability-related loans include government "5+2" industry classifications and SMEs financing (loans).
 2. In 2018, the total loan balance of Yuanta Bank was: NT\$377,462,087,000.

Yuanta Bank

In order to encourage companies to invest in domestic or forward-looking construction of Green Energy Technology, Yuanta Bank cooperates with SMEs of the Ministry of Economic Affairs to increase the amount of guaranteed financing by NT\$100 million, which is not subject to the maximum amount of NT\$120 million that a single company can borrowed from banks. As of the end of September 2018, there is one green energy technology related SMEs which benefited from this policy, with a loan balance of NT\$13,793,000.

5-2-2 Responsible investment

Procedures for Assessing and Screening Environmental and Social Risks

During investment meetings, Yuanta Securities relies on investment or internal research reports, assessing not only the prospects of the target, but also their ESG compliance, including whether there have been any ESG violations in the past year, whether they have actively promoted positive ESG, and whether it is a high-risk/high-controversy industry. If any violations of relevant laws or policies are confirmed after internal inspections, the decision will be made not to invest in the related risks to the Company, with the conclusions set out in meeting minutes. In addition, financial products listed by the Wealth Management Department of Yuanta Securities are subject to the "Key Points of the Wealth Management Product Review for Yuanta Securities Co., Ltd." and "Regulations Governing Foreign Structured Products for Yuanta Securities Co., Ltd." Such products will undergo product review meetings/written reviews/self-reviews, along with determination of their legal compliance by the Legal Compliance Department and of their risk category by the Risk Management Department, both of which will separately provide their opinions. After this procedure results in approval, the products are then listed.

Procedures and Methods to Ensure Customers Comply with Relevant Agreements

Before the Wealth Management Department of Yuanta Securities contacts customers, sales staff must first understand the customer according to the "Yuanta Securities Co., Ltd. Wealth Management Trust Business Non-Professional Investor Product Suitability Operating Rules". Customers who wish to apply for professional investor status must have their trading experience, specialist knowledge, and financial documents verified in line with the "Yuanta Securities Co., Ltd., Professional Investors' Knowledge and Trading Experience Evaluation Guidelines". After opening an account, each time the

customers purchases a product, it must be a product that meets their risk tolerance, and they must accept both regular and irregular customer understanding and risk tolerance updates in line with the Company's regulations.

Procedures and Methods for Improving Employees Competence to Implement Environmental and Social Policies

In addition to obtaining relevant licenses and accepting pre-employment and on-the-job training as prescribed by the competent authority, employees of Yuanta Securities shall receive regular/irregular training in relevant laws, regulations, and operating rules. Whether through meetings or training and education, employees will gain an understanding of products and market conditions, improving their knowledge of financial products as they take on information about the current status of the investment market. Further, when Bond Department traders conduct ESG inspections of investment targets, they must produce a responsible investment checklist, attaching said checklist to their investment analysis report to ensure that execution is in compliance with relevant Company policies and reducing operational risk through standardized processes and documentation of information.

Performance Status - Green Bonds

Yuanta Bank has invested NT\$300 million since 2017 in support of a company that issues green bonds. In 2018, the Company expanded its investment in green bonds, spending NT\$1.8 billion to support four companies that issue green bonds, taking practical action to assist in corporate development that helps mitigate global warming and climate change. Yuanta Financial Holdings not only directly purchases green bonds through Yuanta Bank, but also assists in underwriting green bonds through Yuanta Securities. In 2017, Yuanta Securities underwrote green bonds of CPC Corporation and Taipower Co. to the tune of NT\$500 million and NT\$1.7 billion respectively. Yuanta further expanded the underwriting scale in 2018, assisting in four green bonds underwriting cases for a total of NT\$2.71 billion, enhancing the influence of green finance in response to government policy on the green industry.

Yuanta Securities Underwriting Green Bonds in 2018

Bond Company Name	Issued Date	Tenure	Interest Rate (%)	Amount (NTD thousand)	Green Investment Plan Category
Far Eastern New Century Co.	2018.01.08	5	0.95	500,000	Other climate change adjustments
E.SUN Commercial Bank	2018.04.24	2	0.66	400,000	Renewable energy and energy technology development
	2018.05.15	10	1.10	310,000	Greenhouse gas reduction
Taipower Co.	2018.11.15	5	0.85	100,000	Renewable energy and energy technology development
		5	0.85		
Société Générale Taipei Branch	2018.10.18	10	1.12	1,400,000	Renewable energy and energy technology development
		15	1.63		

Sustainable Investment and Related Financial Services








Yuanta Securities

The Investment Banking Department of Yuanta Securities conducts related underwriting operations such as IPO or SPO listing, capital increase, and issuance of convertible bonds for companies that finances SMEs

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2018	5	10,346,188	58%






Note: The company that financing to SMEs include government "5+2" industry classifications and sustainability-related corporations.

2018 Yuanta Securities conducts related underwriting operations such as IPO or SPO listing, capital increase, and issuance of convertible bonds in response to the Government's "Five plus Two" Innovative Industries Policy

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Smart Machinery	4	1,408,763	7.86%
 Asia Silicon Valley	12	1,761,928	9.83%
 Green Energy	5	1,833,700	10.23%
 Biomedical	5	139,480	0.78%
 Defense	6	963,400	5.38%
 High-value Agriculture	1	199,940	1.12%
 Circular Economy	5	432,275	2.41%
Total	38	6,739,487	37.61%

Note:
1. The "5+2" industry classifications include company that financing to SMEs and sustainability-related corporations.
2. In 2018, the Investment Banking Department of Yuanta Securities has supported 47 companies for conducting related operations such as IPO or SPO listing, capital increase, and issuance of convertible bonds, the total amount is NT\$17,918,471,000.

The Investment Banking Department of Yuanta Securities conducts related underwriting operations such as IPO or SPO listing, capital increase, and issuance of convertible bonds for companies with Sustainability Concept

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Solar cell manufacturing	2	1,766,100	9.86%
 Photoelectric materials and components manufacturing	3	62,300	0.35%
 Electricity supply	2	258,840	1.44%
 Wastes removal	1	2,250	0.01%
 Resource recycling	2	7,800	0.04%
Total	10	2,097,290	11.7%








Note:
1. The sustainability-related corporations include government "5+2" industry classifications and company that financing to SMEs.
2. In 2018, the Investment Banking Department of Yuanta Securities has supported 47 companies for conducting related operations such as IPO or SPO listing, capital increase, and issuance of convertible bonds, the total amount is NT\$17,918,471,000.

Yuanta Life

Yuanta Life investments in the "Five plus Two" Innovative Industries Policy in response to the government policy

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2016	28	4,269,533	2.87%
2017	58	7,583,533	5.10%
2018	20	7,754,477	5.22%

Details of Yuanta Life investment in the "Five plus Two" Innovative Industries Policy in response to the government policy in 2018

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Smart Machinery	1	400,953	0.27%
 Asia Silicon Valley	3	125,846	0.08%
 Green Energy	8	2,283,947	1.53%
 Biomedical	0	0	0
 Defense	2	1,622,975	1.09%
 High-value Agriculture	0	0	0
 Circular Economy	6	3,320,754	2.23%
Total	20	7,754,477	5.22%

Details of Yuanta Life investment in the "Five plus Two" Innovative Industries Policy in response to the government policy in 2018

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2016	0	0	0.0%
2017	10	1,130,126	24.3%
2018	1	2,252	0.1%

Note:
1. The companies that Yuanta Life invested in 2017 included Giga, GIS, E Ink, eLaser, Gianplus, Largon, VPEC, Chroma, Taiwan Cement, and Asia Cement.
2. The company that Yuanta Life invested in 2018 is Epistar.

Yuanta Life

According to the analysis of Top 10 Component Stocks of the FTSE4Good TIP Taiwan ESG Index (including TSMC, Hon Hai, MediaTek, Nan Ya Plastics, Cathay Financial Holdings, Fubon Financial Holdings, Chunghwa Telecom, CTBC Financial Holding, Uni-President, and Delta), calculated by total market capitalization of shares held at the end of 2018, a total of 44.55% of Yuanta Life's investment assets are in constituent stocks in the index.

Yuanta Venture Capital

Yuanta Venture Capital investments in the "Five plus Two" Innovative Industries Policy in response to the government policy

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2016	18	747,414	60.46%
2017	20	705,414	73.33%
2018	20	985,865	78.10%








Yuanta Venture Capital investments in companies with sustainable concepts

Year	Number of Enterprises	Amounts (NTD thousand)	Proportion of total business volume (%)
2016	7	261,254	21.13%
2017	6	157,186	12.79%
2018	6	146,777	11.63%

Note:
In 2018, investment companies include solar cell manufacturing, photovoltaic materials and component manufacturing, wastes removal, and resource recycling.



Details of Yuanta Venture Capital investments in the “Five plus Two” Innovative Industries Policy in response to the government policy

Industry category	Number of Enterprises	Amount (NTD thousand)	Proportion of total business volume (%)
 Smart Machinery	1	83,345	6.60%
 Asia Silicon Valley	6	233,412	18.49%
 Green Energy	4	69,198	5.48%
 Biomedical	6	415,630	32.93%
 Defense	1	44,000	3.49%
 High-value Agriculture	1	90,300	7.15%
 Circular Economy	1	49,980	3.96%
Total	20	985,865	78.10%

Mutual Fund Products with Sustainability Concepts

Yuanta Global Utility Fund

Yuanta Funds established the “Yuanta Global Utility Fund” in November 2007 to explore investment in related companies in the expectation of boosting and popularizing energy efficiency and thereby mitigating global warming. The fund invests in public sector-related negotiable securities in the Americas, Asia, Europe, and Oceania, with targets including energy, transportation, water resources, and telecommunications equipment companies.

Performance of the “Yuanta Global Utility Fund”

Year	Fund Scale (Dividend Fund and Non-dividend fund)	Net Value (Non-dividend fund)	Performance (Non-dividend fund)
2016	859 million	8.11	8.6%
2017	700 million	8.9	8.9%
2018	585 million	8.0	-9.3%

FTSE4Good TIP Taiwan ESG Index ETF

This exchange-traded fund (ETF) was jointly developed by Taiwan Index Plus and FTSE Russell, and is the first investment ESG index in Taiwan to combine ESG (Environment, Social, and corporate Governance) and financial indicators, enabling people to enjoy stable, long-term investment returns while also conducting sustainable investment. The FTSE4Good TIP Taiwan ESG Index is based on FTSE Russell’s ESG assessment system, assessing the inputs and performance of listed companies in ESG and then screening component stocks through financial indicators, creating an index of listed companies with suitable corporate sustainability responsibility and business performance. Approximately 60% of the fund is from the electronics industry, with the financial and communications industries each accounting for 20%. The creation of the FTSE4Good TIP Taiwan ESG Index is of key importance in promoting a domestic climate of sustainable, responsible investment. This ETF is expected to be issued in the second half of 2019.

Warrant Products with Sustainability Concepts

In recent years, the market’s concern over sustainable issues has gradually increased. Yuanta Securities has responded to market demand by issuing warrants linked with green energy; according to statistics from the Financial Trading Department, as of December 31, 2018, these consisted of 186 stocks linked to solar power, 196 linked to wind power, and 7 linked to water resources. From 2016 to 2018, the market share was 16.1%, 18.7%, and 21.4%, respectively, ranking at the top of the market for three consecutive years.

 Solar Power	 Wind Power	 Water Resources
186	196	7

5-2-3 Financial Inclusion

Performance Status - Products and Services Related to Social Benefits

Accessible Financial Services

To help underprivileged groups have access to financial services, Yuanta Bank has set up 336 accessible ATMs across Taiwan, accounting for 69% of all the ATM machines, and has incorporated accessibility specifications into the standards for new ATM purchases. With regard to any ATMs not housed in accessible locations, such considerations are a priority in any moves or renovations pertaining to ATMs. In addition, to protect the rights of our hearing-impaired friends, Yuanta Bank service counters all provide accessible card issuance, activation, and loss reporting services, as well as providing telephone and online banking services to meet the needs both of the visually impaired and the hearing impaired.

Charitable Trusts

Yuanta Bank established “charitable trusts” to ensure that assets are invested in public welfare and effectively support underprivileged groups. With civic awareness rising and charitable expenditures subject to social requirements of transparency, we assist enterprises and individuals to plan charitable trusts and publish annual charitable trust business reports and asset statements on our official website to ensure greater transparency of cash flow and that we are achieving our goal of giving back to society. As of December 2018, Yuanta Bank has handled five charitable trusts, with trust property up to NT\$125 million, including Mountains Fund, Huangwu Social Welfare Fund, Taian Social Welfare Fund, Shanlin International Charity Trust, and Cheng Shin Maxxis Social Welfare Fund.

Policy-subsidized Mortgages and Suitable Residential Mortgages

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and suitable residential mortgages. From January to December 2018, the amount of policy-subsidized mortgage and suitable residential mortgage for individual households was approximately NT\$270 million and NT\$2.25 billion, respectively. The total balance at the end of December 2018 was about NT\$7.8 billion and NT\$2.68 billion, respectively.

Providing Financially Inclusive Insurance Products

While focusing on disability insurance and low-cost elderly insurance, Yuanta Life also promotes micro insurance, offering friendly products that allow the general public to obtain affordable protection to plan for relevant personal risks.

Product	Year	Number	Premium Amount (NTD)
Yuanta Bank selling Yuanta Life disability insurance	2018	912	27,688,882
Yuanta Bank selling Yuanta Life low-cost elderly insurance	2018	31	410,863

In order to boost the basic insurance coverage for the economically disadvantaged and others with particular needs, Yuanta Life launched “Yuanta Life Injury Micro-insurance (MC)” in 2014, responding to related policies from the competent authorities. A collective insurance product, this one-year personal injury insurance features low coverage, low premiums, and easy-to-understand content, enabling the underprivileged to protect their families or themselves from falling into dire straits from insured peril.

In addition, to help underprivileged groups save money, reduce the government’s financial pressure from public pension system, and improve the retirement planning of the young working class, in January 2017, Yuanta Life introduced the Group Interest Sensitive Annuity Type A and Type B group annuity products. As of January 14, 2018, twelve units are insured under these group annuities products, contributing a cumulative total of approximately NT\$250 million in premium.

2017-2018 Yuanta Securities Warrant Related Product Information

Year	Number of Issued Warrant Related Products	Total Issued Amount of Warrant Related Products (NTD thousand)	Total Transaction Amount of Warrant Related Products (NTD thousand)
2016	3,899	46,006,051	111,410,417
2017	5,355	51,728,449	196,147,220
2018	7,766	87,692,254	214,993,993

Yuanta Life

In 2018, Yuanta Life launched a portfolio project, focusing on providing comprehensive medical protection in nine aspects: disability support, whole-life medical care, cancer prevention, hospitalization, actual payment, surgical treatment, major injuries, accidental injuries, and waivers of premium. This portfolio project consists of a main whole-life insurance product contract with three whole-life insurance riders, eight one-year renewable insurance riders, and one waiver of premium rider, for a total of 13 insurance products. For young people, if we take a 20-year payment period as an example, the annual premium will only be around NT\$30,000, enabling even those with limited resources to easily plan their medical coverage. For those who already have some medical insurance, this project can also serve as a practical checklist to see if their coverage is sufficient and make up for any gaps.

Yuanta Life Micro Injury Insurance

Year	Number of Underwriting the Micro Injury Insurance	Total Amount of Underwriting the Micro Injury Insurance (NTD)
2016	50	36,660
2017	28	28,613
2018	16	24,973

Yuanta Life Group Annuity

Year	Number of Units for Underwriting the Group Annuity	Total Premium Amount of the Group Annuity (NTD)
2017	12	190,728,000
2018	12	63,567,000

Providing Financially Inclusive Warrant Products

Warrant products are a financial commodity service that can provide a lower-cost means to participate in investment. They can effectively reduce the threshold for entering the capital market through affordable transactions, and are one of the wealth management tools suitable for various groups. Yuanta Securities is a leading domestic issuer of warrants. In order to encourage more investors to understand and trade in warrants, and thus to invest and achieve their dreams with small funds, we have listened to market demand over the years to provide warrant products that meet the conditions of the market and the needs of investors.

In order to better familiarize the public with these products, break down the spatial limitations on learning, bridge the distance between urban and rural areas, and promote the spread of financial literacy, we launched the warrant education platform “Warrant Win”. Investors can check the “Warrant Public Sale Instruction Manual” at any time on the Market Observation Post System, quickly getting an insight into the contents of investing products, and implementing paperless, achieving top three benefits of high efficiency, cost reduction, and environmental protection.



6 Employee Development

Why It Matters?

As part of the financial services industry, Yuanta considers our employees as our most important human capital, and the questions of how to establish sound, effective communications channels and provide a friendly, equal working environment to promote harmonious labor relations are significant ones for the Company. As the Group grows and demand for talent grows with it, Yuanta remains committed to building around comprehensive growth and development focused on "solidifying our cores and driving growth". With financial transformation and internationalization continuing trends, we will continue to recruit outstanding professional talent, actively invest in the development of talent, and pursue our goal of sustainable development.

Considering the nature of business in the financial services industry, with employee spending long hours in the office, Yuanta Financial Holdings has long promoted occupational disease prevention and health promotion activities in the workplace, consistent with UN Sustainable Development Goals (SDGs) Target 3.8: "Achieve universal health coverage". We continue to promote health promotion in all workplace and improve employee self-health management activities, creating a healthy, friendly working environment to hold the health of all employees. Yuanta Financial Holdings respects the wishes and privacy of employees. The participation of all employees in physical/mental health promotion activities is voluntary, and we do not take employees participating in such activities or the resulting health data as a criterion for performance evaluation.



Talent Management and Development (Training and Education)



Occupational Health and Safety



Labor Management Relations (Employment)

Management Approach

We invested NT\$42.13 million for the development and training of domestic talents in 2018. All employees spent 483,962 hours to study, in order to enhance their personal value and business competitiveness.

The total salary and benefits of the Company's employees was NT\$23.69 billion in 2018.



Actions

Specific Actions:

- 6-1 Employment Status of the Group
- 6-2 Employee Benefits
- 6-3 Domestic Full-time Employee Training Course Statistics
- 6-4 Performance Appraisal and Development of Domestic Full-time Employees
- 6-5 Employees Engagement Survey
- 6-6 Employees Health Promotion and Occupational Health Service
- 6-7 Occupational Health and Safety Management



According to 2018 Employee Engagement Surveys, 84% of the employees gave positive feedback in the overall working engagement. Compared with 2017, there were 17 quantitative aspects with positive feedback, which was 2-13% higher than the previous year.

According to 2018 Employee Engagement Surveys, 84% of the employees gave positive feedback in "learning and development", a 10% higher than Taiwan's financial peers, and an increase of 7% compared with 2017.

Goals

Short-term (1-3 years)

Yuanta Financial Holdings: Employee Engagement Surveys

2018 Progress

Invited 10,143 domestic employees to participate in Employee Engagement Surveys. There are 8,844 people (87%) completed the survey, an increase of 15% from the previous year.

Future Plans

In 2019, we will continue to conduct Employee Engagement Surveys. In addition to reviewing and following-up on results from 2017 and 2018 surveys, we will also focus on employees' awareness and recognition of the Group's operating priorities and important measures in 2019 and invite overseas employees to participate as well with the expansion of the international businesses, actively promoting effective communication and consensus-building between employers and employees.

Yuanta Financial Holdings and the subsidiaries: Establish occupational health and safety management system

2018 Progress

Established a workplace health and safety management system, set up a dedicated occupational health and safety unit, established an Occupational Health and Safety Committee to promote workplace health and safety management measures, conducted operational environment testing (CO2, lighting), held health checkups for management and regular employee.

Future Plans

Setting out detailed key points for occupational health and safety management, promoting employee health protection plans, and continuing to implement occupational health and safety policies in the workplace.

Yuanta Financial Holdings and the subsidiaries: Implement employee health care project

2018 Progress

Through preventive measures via health and safety management, along with the production of informational material and the holding of health promotion activities especially for the employees of Yuanta, we enhance employees' awareness of workplace health and safety, prevent losses caused by harm, increase individuals' awareness of their own health, and continue to implement occupational health and safety policies in the workplace.

Future Plans

We will draft and implement measures based on the goals of promoting the physical and mental health of our employee, creating a friendly workplace, and improving work capabilities. For instance, the Financial Holdings Buildings is equipped with automated external defibrillator (AED) in work spaces.

Medium-term (3-5 years)

Yuanta Financial Holdings: Talent management and development

2018 Progress

In 2018, we continued to promote training courses on the changes of the finance industry, applications of digital financial development, financial products, and business management, strategically streamlining the time and cost of in-person courses and taking greater advantages of the educational benefits of mobile learning and digital courses.

According to the results of our 2018 Employee Engagement Surveys, 84% of Yuanta's employees gave positive feedback in "learning and development", which is 10% higher than Taiwan's financial peers and an increase of 7% as compared with last year, and for "talent management", the result is 14% higher than Taiwan's financial peers and an increase of 12% as compared with last year.

Future Plans

In 2019, our talent management will focus on management associates (MA) and international operations talent, while professional talents cultivation will continue to focus on the transformation of talents in securities, banking, and insurance, as well as working with colleges to foster a new generation of financial talent.

Yuanta Financial Holdings and the subsidiaries: Promotion of employee health care

2018 Progress

According to the results of our 2018 Employee Engagement Surveys, 72% of Yuanta's employees gave positive feedback in "health and welfare", 3% higher than Taiwan's financial peers, and an increase of 2% compared with 2017. In addition, in 2018, four companies - Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, and Yuanta Futures were awarded the "Healthy Workplace Certification" from the Health Promotion Administration, Ministry of Health and Welfare, for promoting the health of employees.

Future Plans

The results of our 2018 Employee Engagement Survey show that "health and welfare" are key factors in boosting employee engagement. As such, in 2019, we will continue to plan, budget, and promote health talks, exercise courses, and smoking cessation and weight loss activities, as well as working with sports clubs to take practical action toward improving employees' physical and mental health.

Long-term (5 years or more)

Yuanta Financial Holdings: A friendly workplace

2018 Progress

Yuanta aims to establish employee mental health counseling channels and integrate them with available physical and mental health resources to assess the benefits of improving health work.

Future Plans

Yuanta will continue to carry out employee health promotion work, striving to provide a safe and comfortable working environment, harmonious communications channels of labor relations, and a fair and transparent promotions system. We aim to create a friendly workplace in which our employees feel good and satisfied with the comprehensive systems.

Duties and Responsibilities

Yuanta Financial Holdings, through the HR and Administrative Management Departments, formed an "Employee Care Group." The HR Department coordinates planning and works with relevant departments to implement employee care efforts, providing a robust communication platform, comprehensive training and promotion channels, for ensuring a comfortable working environment, positive treatments, and contributing to creating harmonious labor relations and the protection of employees' rights.

Regulations

Financial supervisory authority – FSC related regulation :

FSC plans to fully disclose the average salary of employee (exclude directors) and the average salaries of full time employees in non-managerial positions, of TWSE/TPEX-listed companies before end of June 2019.

Yuanta's Response:

1. Disclose the average salary of employees (exclude directors) in the financial report in accordance to FSC requirements.
2. Disclose the "number of full time employees in non-managerial positions" and "the average salaries of full time employees in non-managerial positions" on the Taiwan Stock Exchange (TWSE) Market Observation Post System (MOPS) in accordance to FSC requirements.

Amendments to Partial Articles of the "Employment Service Act":

Amendments to partial articles of the "Employment Service Act" passed their third reading in the Legislative Yuan on November 9, 2018. In the future, when hiring, should the monthly salary for a vacancy be less than NT\$40,000, the salary range must be disclosed, and stating "Salary Negotiable" is no longer allowed with offenders subject to fines between NT\$60,000 and NT\$300,000.

Yuanta's Response:

In November 2018, in accordance with the law, the Company established that on recruitment platforms and in vacancy-related information, salary ranges will be disclosed, with explanations or differences in level outlined through the salary items determined by different job duties. On November 28, 2018, Yuanta Financial Holdings emailed all direct subsidiaries to notify them of the need to review and disclose salaries in job postings, attaching the relevant legislative amendments. Said reviews and disclosures were completed by both Yuanta Financial Holdings and its subsidiaries the following day.

Amendments to Partial Articles of the "Regulations for Implementing Labor-Management Meeting":

Yuanta's Response:

The Group's companies hold regular labor-management meetings every three months. The topics of the 2018 annual meeting focused on the amendments to the labor laws and responses to them, with amendments to rules on employee days off, compensatory leave periods, special leave management, and employee work shift attendance records, with the completed work rules submitted to the competent authority for verification.

Amendments to Partial Articles of the "Labor Standards Act":

Yuanta's Response:

In response to the amendments to various labor regulations, each company in the Group have completed adjustments to internal rules and regulations and made related announcements, ensuring compliance with labor laws and regulations.

Announcements by the "Ministry of Labor":

In line with Article 20, Paragraph 1 of the "Occupational Health and Safety Act", the Ministry of Labor has declared that "health examinations of specific items" shall be conducted for employees working late nights for a long period in 2019 and 2020.

Yuanta's Response:

In response to this declaration, the Group has negotiated with designated medical institutions to provide health examinations of employee who fall under the aforementioned category.

Violations of Yuanta Financial Holdings in 2018

Company	Supervisor	Date of Penalty	Penalty Doc. No.	Law Violated	Cause
Yuanta Bank	Taoyuan city government	2018/1/4	No.1060315559	Labor Standard Act Article 24-1	Extended work hours were not paid in accordance with regulations.
	Kaohsiung city government	2018/1/24	No.10730457500	Labor Standard Act Article 32-3	Due to the occurrence of an accident causing the need for employee to perform work outside regular working hours, labor union was not notified within twenty-four hours from the start of the extended work.
	Changhua County government	2018/2/5	No.1070031306	Labor Standard Act Article 22-2	Wages was not paid in full directly to the worker.
	Taipei city government	2018/3/1	No.10730232100	Labor Standard Act Article 36-2	Arrangements for regular leaves and rest days not made according to regulation.
	Taoyuan city government	2018/4/3	No.1070065126	Labor Standard Act Article 32-2	Extended overtime exceeds the regulation.
	Tainan city government	2018/4/30	No.1070459567	Labor Standard Act Article 30-6	The attendance of workers was not recorded daily to the minute.
Tainan city government	2018/5/7	No.1070462225	Labor standard act Article 30-6	The attendance of workers was not recorded daily to the minute.	

Yuanta Bank's response:

In accordance with the regulation, Yuanta Bank had repeatedly reinforced the importance of applying for overtime hours to each department during the managerial meetings and that managers can view the system records to enhance employee management. The digital card system of Yuanta Bank is set to remind the employees to clock in/ clock out, and in addition, if the employee clocked out more than half an hour after regular working hours on the previous day, the system would send a notice to confirm whether to apply for the overtime, in order to record the employee attendance correctly and in detail. In case the overtime hours for the month exceed the statutory limits, reminder mechanism will be triggered by the system.



Policies and Commitments

Human Rights Policy:

Yuanta Financial Holdings recognizes and supports international conventions with their spirit and basic principles of human rights protection, such as the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", and the "International Labor Convention", and complies with Taiwan labor laws as well. In 2018, Yuanta set out a "Human Rights Policy" with regulations covering the protection of human rights in the workplace, the provision of a safe and healthy workplace, and the promotion of human rights policies. The Group is committed to respecting and upholding basic human rights and taking practical actions to implement corporate social responsibility.

Remuneration Policy:

Talent is the most important asset of any business, and through our Remuneration Policy, Yuanta Financial Holdings aims to attract, retain, and motivate a diverse range of professional talent and help them fully realize their potential. Starting salary exceeds the legally defined minimum wage and is planned according to each employee's professional competence, job type, and position, with no differentiation by gender, with bonus rewarded based on their annual performance.

Yuanta Financial Holdings provides a competitive salary system, and also a long-term reward system. The bonus is deferred for 3 years to attract and retain essential professionals. Overall, the payment of remuneration comes in a variety of forms, including basic salary, allowances, bonuses, employee compensation, and an ESOP trust, supplemented by leaves, insurance, cultural and recreational activities, and other benefits to create a complete salary and incentives structure. The Company takes business performance and risk management into account in its remuneration system, where the contributions and value added by employees are rewarded based on the operating results, ensuring that the work objectives of individual employee are closely integrated with the Company's overall business objectives and the interests of shareholders, creating a win-win-win situation.

In addition, Yuanta Financial Holdings status as a component stock of the "Taiwan Stock Exchange's Taiwan High Compensation 100 Index" shows that we are recognized by the competent authorities for providing our employee with reasonable salaries, giving back to employee from our profits, and fulfilling our corporate social responsibility.

Policies and Regulations about "Occupational Health and Safety":

Yuanta Financial Holdings and its subsidiaries have set out a number of policies and regulations around occupational health and safety, including Employee Health and Safety Code, occupational accident prevention programs, occupational health and safety education and training programs, the Key Points on Preventing, Reporting, and Punishing Workplace Sexual Harassment, and employee health management plans. In addition, in 2018, Yuanta Securities established a new maternal health protection plan, ergonomic hazard prevention plan, a preventive plan against encountering wrongful actions in the course of performing one's duties, and the program for the prevention of diseases caused by abnormal workloads. Yuanta Bank, meanwhile, revised its health and safety work codes and formulated a new automatic occupational safety inspection plan, key points for the implementation of operating environment

testing, key points for the establishment of Occupational Health and Safety Committee, key points for the designation of occupational health and safety employee and employee occupational health and safety education and training, maternal health protection plan, preventive plan against encountering wrongful actions in the course of performing one's duties, and ergonomic hazard prevention plan.

Note:
In 2018, there was no incident of Company policy violations by Yuanta Financial Holdings.

Communication Channels

In order to achieve effective communication and harmonious labor management relations, Yuanta has put in place a number of systems and channels for communication, complaints, and reporting, and has commissioned external organizations to conduct annual Employee Engagement Surveys since 2017. With regard to labor management communications, we provide employee complaint lines, Employee Engagement Survey and development evaluation, and performance feedback interviews; for occupational health and safety issues, employee can express their opinions through the union and proposals to the Occupational Health and Safety Committee.

6-1 Employment Status of the Group

The total number of employees in 2018 (including full-time indefinite contract and fixed-term contract employees) was 10,986 with male employees accounting for 35.2%, and female employees accounting for 64.8%. Among domestic full-time employees, the proportion of female supervisors was 53.4%, consisting of 54.19% of primary management, and 26.29% of senior management. In addition, the proportion of female supervisors in the revenue-generating units was 30.3%. There are a total of 88 domestic employees with disabilities hired in 2018, although some subsidiaries didn't meet the legally defined quota. We will continue to actively recruit people with disabilities, and have paid the difference subsidies to the Disabled Employment Funds in accordance with the Article 43 of "Physically and Mentally Disabled Citizens Protection Act" for those companies which did not meet the hiring quota.

The Employees Status of Yuanta Financial Holdings (Including Overseas Employees)

Year	Gender	Domestic	Overseas	Total
2016	Male ♂	4,246	1,456	5,702
	Female ♀	7,582	1,033	8,615
	Total	11,828	2,489	14,317
2017	Male ♂	4,121	1,724	5,845
	Female ♀	7,447	1,297	8,744
	Total	11,568	3,021	14,589
2018	Male ♂	3,866	1,816	5,682
	Female ♀	7,120	1,376	8,496
	Total	10,986	3,192	14,178

Note:
The number of the domestic employees includes Yuanta Financial Holdings and the number of employees from its first level subsidiaries.

The Domestic Employees Status Breakdown of Yuanta Financial Holdings

Year		2016			2017			2018		
Contract Type		Female ♀	Male ♂	Total	Female ♀	Male ♂	Total	Female ♀	Male ♂	Total
Employee	Indefinite Contract	7,566	4,240	11,806	7,444	4,120	11,564	7,117	3,866	10,983
	Fixed-term Contract	16	6	22	3	1	4	3	0	3
	Subtotal of employee	7,582	4,246	11,828	7,447	4,121	11,568	7,120	3,866	10,986
Non-employee	Dispatch Contract	2	7	9	2	1	3	0	3	3
Total (Number of employees)		7,584	4,253	11,837	7,449	4,122	11,571	7,120	3,869	10,989
Percentage (%)		64.10%	35.90%	100%	64.40%	35.60%	100%	64.80%	35.20%	100%

Note:

1. Fixed-term contract (Three visually impaired masseurs of Yuanta Life).
2. Dispatch Contract (Three dispatch employees of Yuanta Securities Finance, responsible for simple paperwork).
3. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes the contracted life insurance salespeople.

Domestic Employees of the Group by Gender, Age, Management Level, and Minority Group

		Age	Managerial	Non-managerial	Aboriginal Taiwanese	Non-aboriginal Taiwanese	Non-Taiwanese	Total	Percentage (%)
2016									
Male ♂	Under 30		1	469	0	465	5	470	3.97%
	30-50		569	2,516	1	3,080	4	3,085	26.08%
	51 or over		255	439	0	694	0	694	5.87%
Female ♀	Under 30		0	751	1	750	0	751	6.35%
	30-50		631	5,178	4	5,804	1	5,809	49.11%
	51 or over		209	810	0	1,019	0	1,019	8.62%
Total			1,665	10,163	6	11,812	10	11,828	100%
Percentage (%)			14.08%	85.92%	0.05%	99.87%	0.08%	100%	
2017									
Male ♂	Under 30		0	473	1	468	4	473	4.09%
	30-50		534	2,360	1	2,889	4	2,894	25.02%
	51 or over		271	483	0	754	0	754	6.52%
Female ♀	Under 30		0	770	2	764	4	770	6.65%
	30-50		593	4,906	4	5,495	0	5,499	47.54%
	51 or over		230	948	0	1,178	0	1,178	10.18%
Total			1,628	9,940	8	11,548	12	11,568	100%
Percentage (%)			14.07%	85.93%	0.07%	99.83%	0.10%	100%	
2018									
Male ♂	Under 30		2	544	0	546	0	546	4.97%
	30-50		528	2,016	3	2,535	6	2,544	23.16%
	51 or over		295	481	0	776	0	776	7.06%
Female ♀	Under 30		6	875	0	876	5	881	8.02%
	30-50		630	4,294	8	4,915	1	4,924	44.82%
	51 or over		311	1,004	0	1,315	0	1,315	11.97%
Total			1,772	9,214	11	10,963	12	10,986	100%
Percentage (%)			16.13%	83.87%	0.10%	99.79%	0.11%	100%	

Note:

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

Number of Physically Disabled Employees of the Group

Company	2016			2017			2018		
	Legally defined quota	Active employee with disabilities	Disabled hiring beyond quota	Legally defined quota	Active employee with disabilities	Disabled hiring beyond quota	Legally defined quota	Active employee with disabilities	Disabled hiring beyond quota
Yuanta Financial Holdings	1	0	-1	1	0	-1	1	2	1
Yuanta Securities	11	32	21	11	30	19	12	30	18
Yuanta Bank	27	20	-7	28	18	-10	35	26	-9
TC Bank	15	18	3	15	21	6	0	0	0
Yuanta Life	10	14	4	8	13	5	8	15	7
Yuanta Securities Finance	0	2	2	0	2	2	0	2	2
Yuanta Venture Capital	0	0	0	0	0	0	0	0	0
Yuanta Futures	2	3	1	2	4	2	2	2	0
Yuanta Funds	3	8	5	3	10	7	2	10	8
Yuanta Asset Management	0	0	0	0	0	0	0	0	0
Yuanta Investment Consulting	1	1	0	1	1	0	1	1	0
Total	70	98	28	69	99	30	61	88	27

Note:
 1. With the insured entity as the base, if the number of insured employees for the entity is less than 67, the requirement to employ person with disability does not applied, therefore the legally defined quota is shown as zero.
 2. People with severe disabilities is considered as 2 employees for quota calculation.

New Employees and Employee Departure

In the 2018, the total number of new employees in the Taiwan was 1,499, and the proportion of new employees was 13.64%, including 672 males and 827 females. The total number of departing employees in the Taiwan in 2018 was 1,433 and the proportion of departing employees was 13.04%, including 670 males and 763 females.

2018 New Employee Statistics in Taiwan

Company	Male ♂			Subtotal (Male)	Female ♀			Subtotal (Female)	Total new employees	Total employees	New employee rate (%)
	Under 30	30-50	51 or over		Under 30	30-50	51 or over				
Yuanta Financial Holdings	4	8	0	12	2	1	0	3	15	122	12.30%
Yuanta Securities	98	50	1	149	93	44	1	138	287	4,742	6.05%
Yuanta Bank	175	226	9	410	239	314	24	577	987	4,575	21.57%
Yuanta Life	16	24	3	43	29	42	0	71	114	736	15.49%
Yuanta Securities Finance	1	3	0	4	0	1	0	1	5	46	10.87%
Yuanta Venture Capital	0	1	0	1	0	0	0	0	1	15	6.67%
Yuanta Futures	18	11	0	29	16	4	0	20	49	374	13.10%
Yuanta Funds	8	8	0	16	5	7	0	12	28	287	9.76%
Yuanta Asset Management	0	0	0	0	0	0	0	0	0	17	0.00%
Yuanta Investment Consulting	5	3	0	8	3	2	0	5	13	72	18.06%
Total	325	334	13	672	387	415	25	827	1,499	10,986	13.64%
Percentage of each category (%)	21.68%	22.28%	0.87%	44.83%	25.82%	27.69%	1.67%	55.17%	100.00%		

Note:
 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes the contracted life insurance salespeople.
 2. Calculation method:
 * New employee rate (%) = (Total new employees / total employees at year end) x 100
 * Percentage of each category (%) = (The total employee of each category / total new employees) x 100

2018 Employee Departure Statistics in Taiwan

Company	Male ♂			Subtotal (Male)	Female ♀			Subtotal (Female)	Total departed employees	Total employees	New departed rate (%)
	Under 30	30-50	51 or over		Under 30	30-50	51 or over				
Yuanta Financial Holdings	2	2	1	5	2	4	0	6	11	122	9.02%
Yuanta Securities	67	65	19	151	44	78	23	145	296	4,742	6.24%
Yuanta Bank	108	256	33	397	125	320	26	471	868	4,575	18.97%
Yuanta Life	8	28	3	39	8	72	10	90	129	736	17.53%
Yuanta Securities Finance	0	0	2	2	0	1	0	1	3	46	6.52%
Yuanta Venture Capital	0	0	0	0	0	1	0	1	1	15	6.67%
Yuanta Futures	12	19	4	35	6	15	2	23	58	374	15.51%
Yuanta Funds	3	25	3	31	3	17	3	23	54	287	18.82%
Yuanta Asset Management	0	0	0	0	0	0	0	0	0	17	0.00%
Yuanta Investment Consulting	6	4	0	10	1	2	0	3	13	72	18.06%
Total	206	399	65	670	189	510	64	763	1,433	10,986	13.04%
Percentage of each category (%)	14.38%	27.84%	4.54%	46.76%	13.19%	35.59%	4.47%	53.24%	100.00%		

Note:
 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes the contracted life insurance salespeople.
 2. Calculation method:
 * Employee departure rate (%) = (Total departed employees / total employees at year end) x 100
 * Percentage of each category (%) = (The total employee of each category / total departed employees) x 100

New Employee Rate of Domestic Full-time Employee



Employee Departure Rate of Domestic Full-time Employee



6-2 Employee Benefits

Life Insurance

Yuanta Financial Holdings' employee enjoy employee group insurance, which covers term life insurance, accident insurance, critical illness insurance, medical insurance, and business travel insurance, the premium of which are borne by the company.

Medical Insurance

Medical insurance is included as part of the employee group insurance coverage.

Disability Insurance

Disability insurance is included as part of the employee group insurance coverage.

Parental Leave

Yuanta Financial Holdings provides employees with parental leave in accordance with the law. Eligible employees can apply for leave in view of their needs after preparing the necessary documentation.

Retirement System

Yuanta Financial Holdings make monthly allocations to pension preparation funds in accordance with the law, and depositing them in a dedicated account with the Bank of Taiwan. Since the enacting of the Labor Pension Act on July 1, 2005, for new employees and those who have chosen new Labor Pension Act system, the Company will allocate and deposit a pension amount of 6% of their monthly wage in dedicated individual pension accounts on a monthly basis. In order to provide a vibrant retirement life for employee, Yuanta Financial Holdings is working with Yuanta Life to design a group annuity product just for Group employees, which employees can purchase to be included in the coverage, protecting their retirement life by contributing to pension preparation.

Employee Stock Ownership Plan (ESOP)

Since August 2003, Yuanta Financial Holdings 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.

Employee Benefits Committee

In March 2003, Yuanta Financial Holdings set up its Employee Benefits Committee, and dedicates the employee benefits funds on a monthly basis. These funds are independently managed and employed by the Employee Benefits Committee, and with the procedures for social clubs subsidy in place, grants are provided to social clubs to encourage employees to share experiences and pursue mentally and physically healthy lifestyles through various club activities. Additionally, the Employee Benefits Committee regularly arranges discounts and benefits for employees with partner companies in dining, accommodation, clothing, travel, and entertainment, along with keeping employees updated on discounts through the internal website. Through this, we are able to help our employees enjoy easier, happier lives.

Unions

Yuanta Financial Holdings has always placed importance on communication with unions and employee. The Group holds labor-management meetings every three months to hold discussions with labor unions or labor representatives and promote harmonious labor-management relations and stronger labor-management cooperation. Should operating activities cause any significant impact on employee, they will promptly be announced on the intranet, and where necessary management shall communicate them with all employees. Yuanta Financial Holdings maintains an open and free attitude towards employees joining unions. As of the end of 2018, the total number of union members was 3,218, accounting for 29.3% of our domestic employees.

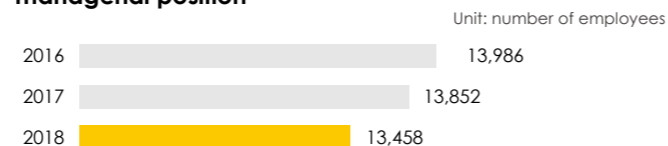
Name of the union	Number of union participants	Percentage of employees who participate in the union (%)	Percentage of union representatives who are also an employee (%)
Union of Yuanta Bank	2,009	43.91%	0.46%
Union of TC Bank	1,146	25.04%	0.72%
Union of Yuanta Life	63	8.6%	2.6%

Note: The collective agreement with the Ta Chang Bank Union is effective from April 1, 2017 to March 31, 2020, and the number of employees to whom the agreement applies accounts for 10.43% of the Group's domestic employees.

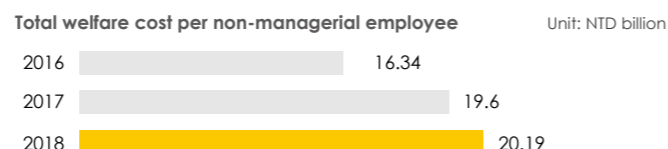


All employees of the Company have access to standard benefits such as benefit subsidies, cultural and social activities, and a variety of other discount services. In 2018, the Group's total non-managerial employee welfare expenses were approximately NT\$20.19 billion. The average welfare cost per non-managerial employee was approximately NT\$1.5 million, an increase of approximately NT\$80,000, or 5.6%, over the previous year.

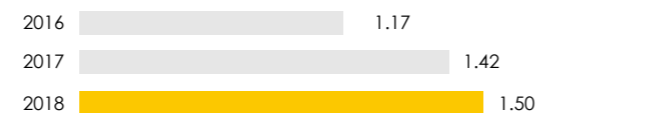
Number of full-time employees who are not in a managerial position



Benefits for full-time employees who are not in a managerial position



The average welfare cost per non-managerial employee



TWSE announced, according to strategy goal – "improve the quality of disclosure information", which is written in the "New Blueprint of Corporate Governance" (2018~2020) of FSC, listed companies should disclose the information about the salary of the non-managerial employees before April, 2019.

The salary average of non-managerial employee in 2018 is NT\$1.076 million, an increase of 4% over the previous year.

Note: The non-managerial employee, in line with the regulation of TWSE, the financial holding company includes the domestic banking, insurance, and securities subsidiaries of the "Financial Holding Company Law Article 4" of the merged individual, but excludes the overseas branch.

Yuanta Financial Holdings offers a variety of reproductive health care systems and subsidies, including menstrual leave, maternity leave, paternity leave, family care leave, and the opportunity to apply for unpaid parental leave with their job held for their return. We also assist employee with their return to work after parental leave and provide childbirth subsidy for the employee. Furthermore, we contracted institutions to provide "company child care service" to our employees, assisting them in balancing work and family and boost working performance while retaining outstanding talents. In 2018, the number of employees who qualifies for parental leave was 850, of whom 61% were women and 39% were men, consistent with the gender distribution of the Group's employees.

Parental Leave Statistical Data of Yuanta

Year	2016			2017			2018		
	Male ♂	Female ♀	Total	Male ♂	Female ♀	Total	Male ♂	Female ♀	Total
Total number of employees qualified for parental leave	352	593	945	313	529	842	332	518	850
Number of employees that took parental leave in the current year	20	178	198	20	154	174	12	157	169
Expected number of employees returning to work	10	90	100	14	104	118	9	86	95
Actual number of employees that returned to work	5	60	65	6	55	61	7	56	63
Return Rate (%)	50.00%	66.67%	65.00%	42.86%	52.88%	51.69%	77.78%	65.12%	66.32%
Actual number of employees returned in the previous year after parental leave	3	46	49	5	60	65	6	55	61
Number of employees still at the Company 12 months after returning from parental leave in the previous year	2	34	36	4	35	39	1	28	29
Retention Rate (%)	66.67%	73.91%	73.47%	80.00%	58.33%	60.00%	16.67%	50.91%	47.54%

Note:
 1. Return Rate (%) = (Number of employees that returned to work / Expected number of employees returning to work) x 100
 2. Retention Rate (%) = (Number of employees still at the Company 12 months after returning from parental leave in the previous year / Actual number of employees returned in the previous year after parental leave) x 100

6-3 Domestic Full-time Employee Training Course Statistics

Yuanta Financial Holdings is committed to cultivating financial professionals to "satisfy the needs of both the finance industry and the development of the Group's business". To this end, we have established a diverse talent development system for training in management and technical positions through our Management Academy, Professional Academy, Licensing Academy, and Life Academy, offering training courses and educational resources.



The Talent Development Systems of Yuanta Financial Holdings for Improving Professional Skills



In 2003, the Group established a digital learning platform "Yuanta e-Academy", which provides internally produced or purchased training material, knowledge bases, and test questions, along with other digital content to assist employees in responding to changes in the finance industry and individual annual development goals. In July 2016, the Yuanta Group purchased the digital content of the "Common Wealth Innovation Campus", with global industry development trends, corporate case experience, and management knowledge, covering the latest hot topics in the finance industry and the Group business priorities. Additionally, the Company weekly publishes the "Yuanta

e-Academy Newsletter" to provide an important knowledge base for the Group's employees in their efforts to continue learning, strengthen their professional competence, and build a reserve of talent. In 2018, the time spent in viewing digital courses was 281,558 hours, accounting for 58.2% of the total training hours. The digital courses were viewed by 239,305 persons, accounting for 85.3% of the total number of trainees, and the average number of courses per person was 21.8. The "Common Wealth Innovation Campus" courses, which was promoted to all employees of the Group in June 2017, were viewed by 27,192 persons in 2018, accounting for 9.7% of the total number of trainees.

Since 2003, the Company has adopted Donald Kirkpatrick's Four-Level Training Evaluation (Kirkpatrick Model), based on Reaction, Learning, Behavior, and Results to conduct learning effectiveness assessment.

Level 1	Level 2	Level 3	Level 4
Reaction	Learning	Behavior	Results
Course satisfaction questionnaires What employee thought and felt about the issues in the training.	Testing Evaluating employee learning outcomes through test questions prepared by the instructor. Class Discussion Evaluating learning effectiveness through employee performance from in-class discussions. Assignments and Reports Evaluating learning effectiveness through employee performance in presentations and written reports. Role-playing Evaluating learning effectiveness through employee performance and behavior in role-playing exercises.	Practical Evaluation Evaluating learning effectiveness through employee behaviors demonstrated during actual work. Multi-Dimensional Assessment Evaluating whether employees are able to display learning outcomes in practical work from various perspectives, including supervisors, peers, and subordinates.	Performance Appraisal Conducting an overall evaluation of learning effectiveness and developmental needs through performance appraisal

Special Courses of Yuanta Financial Holdings

	Training for new employees (Note)	CSR	Occupational health and safety	Sexual harassment prevention	Information security	Personal information protection	Physical and mental health	"Common Wealth Innovation Campus" digital courses	
Number of the courses	2016	209	18	209	22	61	30	15	236
	2017	228	12	228	28	71	29	29	148
	2018	232	26	181	33	112	42	26	174
Total training hours of the courses	2016	13,798	9,450	13,798	260	10,351	9,332	1,505	16,518
	2017	9,370	1,823	9,370	385	20,166	10,659	1,722	16,130
	2018	16,141	7,130	18,465	990	30,662	14,925	2,283	27,192
Total participants of the courses	2016	6,300	4,712	6,300	520	10,697	10,734	1,188	16,518
	2017	6,912	6,308	6,912	1,018	19,440	13,152	1,170	16,130
	2018	5,876	14,923	7,059	1,879	25,317	14,562	1,816	27,192
Total employees	2016	1,796	11,828	11,828	11,828	11,828	11,828	11,828	11,828
	2017	1,112	11,568	11,568	11,568	11,568	11,568	11,568	11,568
	2018	1,499	10,986	10,986	10,986	10,986	10,986	10,986	10,986
Average training hours per employees (= Total training hours of the courses / Total employees)	2016	7.68	0.80	1.16	0.02	0.88	0.80	0.13	1.40
	2017	8.43	0.16	0.81	0.03	1.74	0.92	0.15	1.39
	2018	10.77	0.65	1.68	0.09	2.79	1.36	0.21	2.48

Note: Training for new employees is the total number of new employees. The average training hours per new employees = Total training hours of the courses / total number of new employees

Yuanta encourages employees to actively participate in various studies and training. Anyone who is assigned or approved by the Company to participate in training courses with external organizations or to participate in international financial professional certification exams can apply for full funding support from the Company. Employees' individual learning effectiveness, function improvement, and performance presentation are connected with departmental performance and organizational operation development goals, forming a cycle of training development to drive performance.

In 2018, Yuanta held 3,210 courses for a total of 483,962 training hours; based on the total number of employees (10,986), the average training time for each domestic employee was about 44.1 hours. In addition, according to 2018 Employee Engagement Surveys, 84% of the employees gave positive feedback in "learning and development", a 10% higher than Taiwan's financial peers, and an increase of 7% compared with 2017.

The Statistic of Training Courses for Domestic Full-time Employees

Items	2016	2017	2018	
Number of the courses	3,275	3,243	3,210	
Total training hours	Male	110,823	160,990	156,968
	Female	169,744	319,028	307,210
	Managerial	42,450	81,556	82,644
	Non-managerial	238,117	398,462	381,534
Total training hours	280,567	480,018	483,962	
Total participants of the courses	359,474	306,194	280,680	
Total employees	Male	4,249	4,121	3,866
	Female	7,579	7,447	7,120
	Managerial	1,665	1,628	1,772
	Non-managerial	10,163	9,940	9,214
Total employees	11,828	11,568	10,986	
Average training hours per employees	Male	26.1	39.1	40.6
	Female	22.4	42.8	43.1
	Managerial	25.5	50.1	46.6
	Non-managerial	23.4	40.1	41.4
Average training hours per employees (hr)	13.7	41.5	44.1	
Total training expense (NTD million)	34.46	48.00	42.13	
Average training expenses per employee (NTD)	2,840	4,149	3,835	

Note:
1. The training hours of male/female, managerial/non-managerial employees are calculated by the data on December 31 of each year.
2. The total training hours of employee are the cumulative sum between January 1 and December 31 of each year.
3. The total participants of the courses are the cumulative sum between January 1 and December 31 of each year.

The financial industry is highly supervised by the competent authorities. Our main training programs are in line with the supervisory priorities of the competent authorities and the Group's operational development strategies. In 2018, for example, in response to the third round of mutual evaluation of Taiwan by the Asia/Pacific Group on Money Laundering (APG) in November 2018, and the regulations of the competent authorities on qualifications and training hours. We held 51,687 hours training courses of money laundering prevention and regulation compliance in 2018, accounting for 10.7% of total training hours; as well as 45,587 hours training courses of personal data protection and information security, accounting for 9.4% of total training hours. In response to the trends of digital finance and implementing the Group's development strategy "solidifying our core and driving growth", we continued to promote the transformation of wealth management consultants among the Group's business personnel in 2018, with personnel transformation training accounting for 31.9% of the total training hours.

6-4 Performance Appraisal and Development of Domestic Full-time Employees

Yuanta Financial Holdings hold regular performance appraisals through a performance management system built around a cycle of "beginning target setting", "midterm tracking and improvement", and "terminal review and assessment". During performance appraisals, we review annual employees' working performance and set their future career development goals. We use the appraisal results as a reference for human resources decision-making, such as performance bonus, promotion, salary adjustment, and talent development. In 2018, 100% of employees undertook regular performance appraisals and occupation development reviews, categorized by gender and by managerial/non-managerial classification.

In addition to regular performance appraisals for employees at different levels, Yuanta offers a variety of internal development opportunities. Based on the Company's core values, organizational development, and strategic goals, employees with outstanding performance will be trained as elite talent at each level through promotions or rotations in line with their interests, expertise, and future career plans to motivate them to keep leveraging their talents for Yuanta.

In 2018, there are 2,430 employees of Yuanta Group received internal promotion due to their outstanding performances, accounting for 21.3% of the total number of employees. The Group's talent development follows the strategy of "consolidate the core value and pursue growth", which encourages employees to realize individual learning and development goals to "consolidate existing core competencies and pursue development of new professional competencies" through learning and job rotation. Yuanta Financial Holdings encourages employees to apply for internal transfer or accept job rotation according to organizational needs. Through developing multiple skills of employees, familiarizing them with business content in different regions or areas, and boosting their occupational value and the Company's competitiveness. In 2018, a total of 1,921 employees underwent job transfers, accounting for 17.5% of the total number of employees. At the same time, making good use of the Group's edge on having a complete line of financial services, 60 employees applied for internal transfer to extend their professional skills as therrtype talents. We stimulate a diverse innovative perspective and cultivate comprehensive financial talents within the Group to keep the competitiveness of the Company's sustainable operations.

Year	Number of Employees at the End of the Year	Number of Job Transfers				Number of Group Transfers			
		Male	Female	Subtotal	%	Male	Female	Subtotal	%
2016	11,828	630	853	1,483	12.5%	36	33	69	0.6%
2017	11,568	444	723	1,167	10.1%	52	50	102	0.9%
2018	10,986	706	1,215	1,921	17.5%	36	24	60	0.5%

Note:
 1. Job transfer refers to the employee who has converted his/her work unit within the same company during the period. Percentage of job transfer (%) = number of job transfer / number of employees at the end of the year
 2. Group transfer refers to the employee who has transferred from Company A to Company B of Yuanta Group during the period. Group transfer percentage (%) = number of group transfer / number of employees at the end of the year

Year	Number of Employees at the End of the Year	Number of Internal Promotion				Year	Recipients of Guidance			Departures/Legal Severances		
		Male	Female	Subtotal	%		Male	Female	Subtotal	Male	Female	Subtotal
2016	11,828	387	699	1,086	9.2%	2016	98	138	236	11	16	27
2017	11,568	543	933	1,476	12.8%	2017	82	73	155	13	10	23
2018	10,986	842	1,588	2,430	21.3%	2018	188	240	428	26	21	47

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

For employees who are behind the assessment result, will be provided with assistance, with 3 to 6 months of guidance provided by direct supervisors, aiming to foster improvement or lead to job reassignment within that period. Should the time end, the employee is considered as insufficient improvement, he/she will be let go or made redundant by means in accordance with the Labor Standards Act. In 2018, a total of 428 people underwent improvement assistance in the Group, with 47 people resigning or being laid off in accordance with the law.

Yuanta Financial Holdings Regular Performance and Professional Development Review Methods:

01

Directors

Every year the Company's directors conduct a self-assessment of the operations of the Board and member participation. This assessment, coordinated by the Human Resources Department, covers five aspects: rate of attendance at meetings, hours spent on training, negative eligibility reviews, company operation status, and legal compliance. These assessments are used as references for decisions regarding the renewal of directorships for subsidiaries.

02

Senior and Appointed Managers

In line with the Company's performance management guidelines, performance evaluations for senior and appointed managers employ a goal management approach. Based on organizational development strategies, managers set annual working goals, and their individual performance is assessed through regular reviews of actual results and accomplishment of goals.

03

Non-Managerial Employees

With the exception of specific personnel designated by management (e.g., mid and base-level management) who make use of a goal management approach for performance evaluation, non-managerial employee are subject to a fixed set of evaluation items which measure employee members' daily performance and actual work results.

6-5 Employees Engagement Survey

Since 2017, Yuanta Financial Holdings HR Department has planned for and commissioned a foreign management consulting company to conduct Employee Engagement Surveys, inviting domestic full-time employees who have passed probation period to participate. According to the results of the 2017 Employee Engagement Survey, over 80% of employees clearly understand the Company's core values and 70% agree that those values play a guiding role in their daily work. To better reflect our core values in the Company's operations and the daily work of our employees, Yuanta Financial Holdings has held a number of discussion meetings across different generations and senior management consensus meetings, ultimately condensing those values down to "seizing opportunities and creating wealth for our customers; focusing on performance and improving employee welfare; innovating value and boosting shareholder's interests". After reporting to the Board of Directors, it was then announced to all employees in the hopes that they will work to realize these core values and aim to optimize the interests of customers, employees, and shareholders alike.

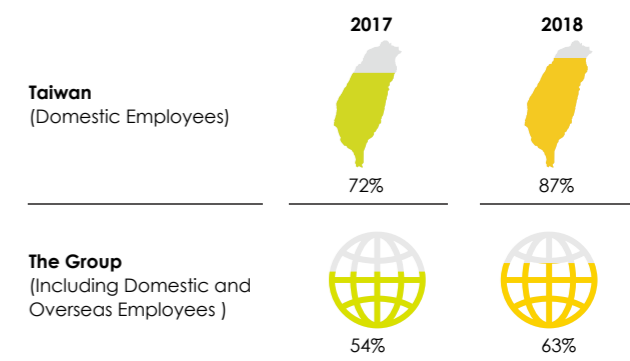
From October 22 through November 2, 2018, we conducted Employee Engagement Survey. Based on the Company's operating strategy and management needs and in cooperation with professional consultants, we designed the questionnaire, consisting of 68 questions in total, covering 19 quantitative aspects including— risk culture, goals and direction, integrity, core values, execution and efficiency, teamwork, customer orientation, direct supervisors, learning and development, organizational communication, corporate brand image, innovation, leadership, talent management, performance management, health and welfare, salary and benefits, engagement level, and intention to stay.

According to the results of the 2018 surveys, 88% the of employees surveyed had a positive feedback of "core values", 8% higher than the previous year and 6% higher than Taiwan's financial peers; 84% of the employees gave positive feedback in the overall working engagement, an increase of 5% from the previous year and 7% higher than Taiwan's financial peers; 79% of the employees expressed "intention to stay", an increase of 4% from the previous year and 5% higher than Taiwan's financial peers. In response to the supervisory focus of the competent authorities, the 2018 surveys added "integrity" and "risk culture" aspects to get an understanding of employees' awareness and recognition of these aspects. The results show that 90% of the employees participating in the survey had positive feedback of the Company's "integrity", and 95% had a positive feedback of Yuanta's "risk culture".

Compared with 2017, the results of the 2018 Employee Engagement Survey were on average 2-13% higher in 17 aspects (two new aspects were added in 2018, so historical comparisons cannot be made), and 3-14% points higher than Taiwan's financial peers. In particular, the identification with the Company's brand image, organizational communication, talent management, and salary and benefits showed significant improvement, increasing by 10-13% compared with the previous year, while communication of core values showed similarly strong results, rising 8% on the previous year.

The Employee Engagement Survey Result of Yuanta Financial Holdings

The Percentage of the Number of Employees Respond to the Survey Over the Total Employees of the Group (%)



The percentage of positive feedback about their "engagement" from employees who respond to the Survey (%)



Note:
 1. For 2017 and 2018 Employee Engagement Surveys, in consideration of the gap between the overseas conditions and the network infrastructure with the Taiwan (domestic) region. We invited only the full-time employees of the Company and 9 subsidiaries who have passed their probation period to participate in the survey. The invited employees can decide whether or not to engage in the survey.
 2. The base date of calculating the number of domestic employees for responding to the 2017 survey is September 30, 2017. The percentage of the number of domestic employees responding to the survey over the total employees of the Group = 7,929 / 11,052=72%. The total employees of the Group are 14,632 (Including domestic and overseas employees). The percentage of the number of Group employees responding to the survey over the total employees of the Group = 7,929 / 14,632=54%.
 3. The base date of calculating the number of domestic employees for responding to the 2018 survey is September 30, 2018. The percentage of the number of domestic employees responding to the survey over the total employees of the Group = 8,844 / 10,143=87%. The total employees of the Group are 14,128 (Including domestic and overseas employees). The percentage of the number of Group employees responding to the survey over the total employees of the Group = 8,844 / 14,128=63%.

6-6 Employees Health Promotion and Occupational Health Service

Yuanta Financial Holdings supporting employees' welfare in areas of sports and health has won recognition by Taiwan's Sports Administration of Ministry of Education and was awarded "Sports Enterprise Certification" in 2017. In 2018, Yuanta Financial Holdings, along with Yuanta Securities, Yuanta Bank, Yuanta Securities Finance, and Yuanta Funds have contributed in promoting occupational health, providing personal health resources, evaluating and improving the physical and psychosocial work environment comprehensively, and expanding the scope and the level of corporate social participation to employee spouse and the society, for implementing corporate social responsibility. Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, and Yuanta Futures received the "Healthy Workplace Certification", and Yuanta Life received the "Safe Workplace Certification" from the National Health Service Office of the Ministry of Health and Welfare, as rewards for supporting the government to create a healthy working environment.



Employees Health Promotion and Occupational Health Service Activities of Each Yuanta Subsidiary

		Yuanta Securities	Yuanta Bank	Yuanta Life	Yuanta Futures	Yuanta Funds
Employee health checkup	Master the physical and mental condition of employees.	○	○	○	○	○
On-site physician clinics	Hire doctors and professional specialists to provide regular on-site clinical services.	○	○	○	○	○
Workplace inspection	Carry out regular tests of the quality of workplace drinking water, CO2 levels, illuminance, firefighting equipment, etc.	○	○	○	○	○
Flu immunizations	Cooperate with publicly funded vaccination program to prevent influenza.	○	○	○	○	○
Four free cancer screenings activities	Early detection leads to early treatment.	○	○	○	○	○
Mental health lectures	Teach how to regulate stress and promote physical and mental well-being.	○	○	○	○	○
Health education lectures	Boost employees' awareness of workplace health management.	○	○	○	○	○
Physical fitness activities	Test employee's physical fitness and providing fitness advice to promote physical health.	○	○	○	○	○
Office exercises	Encouraging physical activity and promoting blood circulation.			○	○	
Health weight loss class	Teach healthy eating and exercise to help employees manage their weight and promote health.		○			○
Weight loss competition	Help maintain good physical conditioning and health.		○			○
Establishment of occupational health and safety management unit	Establish occupational health and safety management employee and dedicated nurses to manage employee workplace safety, health, and occupational health.	○	○			
Medication safety and drug abuse prevention	Establish the concept of using drugs correctly.	○				
Prevention and treatment of metabolic syndrome	Advocate the concept of metabolic syndrome.	○			○	
Headache and stress syndrome	How to release stress and promote physical and mental health.	○				
Health and sports lecture	Promote work-life balance and employee awareness of self-health management.	○	○	○	○	○
Employee health insurance	Provide employee group health insurance.	○	○	○	○	○
Sports activities	Organize activities such as walking, brigade relay and badminton competition.				○	○
Employee holiday leisure activities	Organize holiday outings activities to release stress.		○	○	○	○
Office Greening	Boost work efficiency and help employees to achieve physical and mental balance.			○	○	



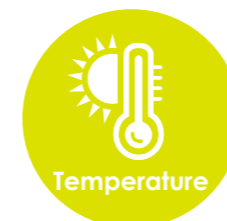
Health and Safety of the Occupational Environment



The Company has commissioned an operating environment monitoring agency approved by the Ministry of Labor to carry out environmental monitoring and testing every six months and also to test CO2 and lighting levels in line with the Occupational Health and Safety Act. The environmental measurement data of the Company's office environment showed an actual concentration of 700-800 PPM and illuminance at 500-600 lux, both of these are better than exposure standards, ensuring that our employee's office environments meet health and safety standards and minimize the damage and loss caused by occupational injuries.



The office is equipped with an air conditioning system, and the indoor humidity is adjusted by the air conditioning system in an acceptable range.

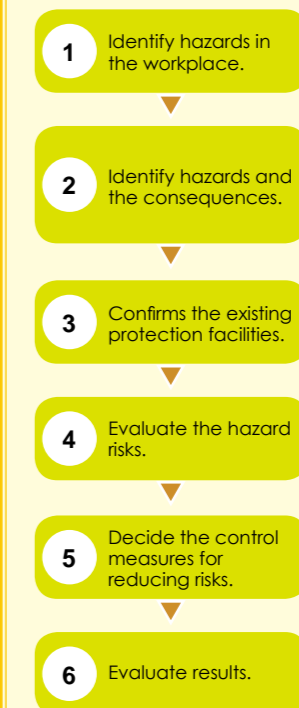


To protect the environment, save energy, reduce carbon emissions, and fulfill our corporate responsibility, the average indoor air-conditioning temperature across the Company should not be lower than 26°C, and equipment to prevent leakage of indoor air and infiltration of hot outdoor air through manual doors, automatic (mechanical or electronic) doors, revolving doors, air curtains, or windows, have been put in place to reduce the need for air conditioning inside and also reduce the physical discomfort caused by excessive indoor/outdoor temperature differences.

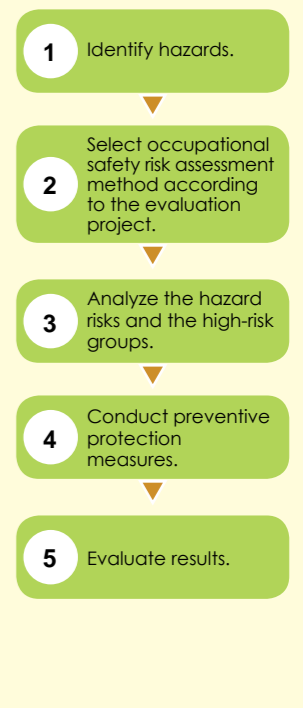
Case Study- Yuanta Bank

The Occupational Health and Safety Management Unit of Yuanta Bank regularly holds various health and safety education training, employs occupational health and safety management professionals, dedicated nurses and physicians, to implement employee health promotion, occupational disease prevention, and health management. In addition, Yuanta Bank has obtained tobacco hazards prevention and health workplace certification from the Ministry of Health and Welfare. Yuanta Bank will plan the development of overall occupational health and safety management, promote workplace environmental safety, and protect employees' occupational health in the near future.

Yuanta Bank's safety management process in the occupational environment:



Yuanta Bank's occupational health and safety promotion management process:



6-7 Occupational Health and Safety Management

Yuanta Securities has 7 members of the "Occupational Health and Safety Committee (OSHC)", and the members are appointed for two years. The Committee includes 2 labor representatives; the labor participation rate is about 33%, and holds the committee meeting every quarter.

Yuanta Bank has 11 members of the "Occupational Health and Safety Committee (OSHC)". The Committee includes 4 labor representatives (the labor participation rate is over 33%). The OSHC is held quarterly to review, coordinate and recommend occupational health and safety operations.

Through the establishment of the Occupational Health and Safety Committee, the Company formulated the "Occupational Health and Safety Work Code" to set out responsibility for hazard identification, risk assessment, and accident investigation with regard to occupational health and safety related topics. The Occupational Health and Safety Management Unit regularly holds various health and safety education training, employs occupational health and safety management professionals, dedicated nurses and physicians, to implement employee health promotion, occupational disease prevention, and health management. In addition, Yuanta Bank has obtained tobacco hazards prevention and health workplace certification from the Ministry of Health and Welfare. Yuanta Bank will plan the development of overall occupational health and safety management, promote workplace environmental safety, and protect employees' occupational health in the near future. With regard to participation in, consultation about, and communication of occupational health and safety issues, the subsidiaries of Yuanta Financial Holdings provide a number of channels for employee to engage, including the Occupational Health and Safety Committee, unions, and labor management meetings; alternatively, through yearly occupational health and safety training and our electronic "Occupational Health and Safety Committee Newsletter", employee can gain a greater knowledge of occupational health and safety and their relevant rights; additionally, they can consult relevant medical professionals through regular on-the-job service.

Yuanta complies with occupational health and safety related laws and regulations in conducting occupational health and safety work, education, training, and employee health checks, striving to maintain a good working environment and conditions for our employees. For general employees, we hold disaster drills as part of education and training for both new hires and existing employee. For employees with particular duties (e.g. occupational health and safety business manager, fire safety management personnel, security personnel, first aid personnel, etc.), we provide tailored training (e.g. occupational health and safety business management training, fire safety management education and training, first aid personnel education and training, earthquake drills, etc.) to reduce the risk of occupational accidents and provide our employee with a safe and healthy working environment.

In addition to implementing robust occupational health and safety training and management for employee, Yuanta Financial Holdings also promotes the signing of "Human Rights and Environmental Sustainability Provisions" by value chain partners such as suppliers. Based on the characteristics of suppliers, we review their impact on labor conditions, occupational health and safety, environmental protection, and labor rights, to conduct stronger management as needed. Through this, we hope to leverage the influence of our business relationships to prevent or mitigate supply chain negative impacts on our operations, products, or services directly linked with occupational health and safety.

Occupational Health and Safety Training Activities of Yuanta Financial Holdings Subsidiaries

Yuanta Securities

[Occupational Health and Safety Training]

- Business executive primary training (A total of 4 sessions, 4 employees, and 35 training hours)
- General staff training (A total of 8 sessions, 826 employees, and 6 training hours)
- New employees training in cooperation with financial holdings (A total of 8 sessions, 231 employees, and 35 training hours)

[Fire Safety Management Education and Renewal Training]

Hold one session in both headquarters and branch offices. A total of 124 employees participated, with 6 training hours.

[First Aid Personnel Education and Training]

Hold 18 sessions in both headquarters and branch offices. A total of 269 employees participated, with 3 training hours.

Yuanta Bank

Yuanta Bank held 34 Occupational Health and Safety Training for business executives in 2018, a total of 102 employees participated.

- Business executive primary training (A total of 13 sessions): 7 employees took A type business executive primary training, with 40 training hours.
- Business executive renewal training (A total of 21 sessions): 50 employees, with 6 training hours.

Yuanta Bank held 38 Fire Safety Personnel Training in 2018, a total of 95 employees participated.

- Fire safety management personnel primary training (A total of 26 sessions): 68 employees, with 12 training hours.
- Fire safety management personnel renewal training (A total of 12 sessions): 27 employees, with 6 training hours.

Yuanta Bank held 53 First Aid Personnel Training in 2018, a total of 156 employees participated.

- First aid management personnel primary training (A total of 27 sessions): 82 employees, with 18 training hours.
- First aid management personnel renewal training (A total of 26 sessions): 74 employees, with 3 training hours.

Yuanta Life

Yuanta Life sent new employees to attend the 6-hour Occupational Health and Safety Training in 2018, a total of 84 employees participated.

Yuanta Life held 32 CPR & AED First Aid Personnel Training in 2018, a total of 377 employees have completed the training.

In August 2018, the Ministry of Health and Welfare issued the "Safety Workplace Certification" mark.

Yuanta Futures

Yuanta Futures sent new employees to take part in the coordination training of financial holdings on Occupational Health and Safety in October and November 2018. There were 8 sessions, and 39 new employees participated.

Yuanta Futures sent 4 OHS executives to participate in the 6-hour retraining course every two years, and 4 first aid management personnel to participate in the 3-hour retraining course every three years between February and September 2018.

Yuanta Futures held 4 Annual Occupational Health and Safety Course in 2018 Q4, a total of 356 employees participated.

Yuanta Funds

Yuanta Funds sent new employees to attend the Occupational Health and Safety Course in 2018, a total of 21 employees participated.

Yuanta Funds sent one business executive for Labor Health and Safety Training in 2018.

Yuanta Funds sent 2 employees for Fire Safety Management Personnel Training in 2018.

Occupational Health and Safety Statistical Data

The majority of injuries in 2018 occurred on the way to and from work, with a total of 23 employees applied for injury leave and have returned to their positions after recovery. In 2018, no major occupational accidents occurred among our overall workers, nor were there any injuries incurred to related workers, including those from property management companies (guards, cleaning staff), branch security, or dispatch staff (drivers).

Work-related Injuries of Yuanta Financial Holdings (Domestic)

Items	2016	2017	2018	
Total Annual Working Hours (hours)	22,853,160	18,153,160	21,662,611	
Injured on Duty	Male	0	3	0
	Female	1	4	3
	Total	1	7	3
Type of Injury (people)	Male	1	1	2
	Female	3	1	0
	Total	4	2	2
Injured on Way to/from Work	Male	12	12	5
	Female	17	17	13
	Total	29	29	18
Total Number of Work-related Injury and Work-related Ill Health	Male	13	16	7
	Female	21	22	16
	Total	34	38	23
Total Number of Work-related Injury and Work-related Ill Health (by area)	Northern	19	15	10
	Central	3	13	5
	Southern	12	9	8
	Eastern	0	1	0
	Total	34	38	23
Injury Rate (IR)	Male	4.47	5.06	1.40
	Female	6.96	41.37	6.68
	Total	11.43	46.43	8.08
Injury Rate (IR) (by area)	Northern	8	37.98	2.32
	Central	1.05	4.97	0.55
	Southern	2.38	3.37	5.22
	Eastern	0	0.11	0
	Total	11.43	46.43	8.09

Items	2016	2017	2018	
Total Lost Days of Disabling Injury	Male	248	382	293
	Female	421	270	121
Lost Day Rate (LDR)	Male	10.85	21.09	13.53
	Female	18.42	29.12	5.59
	Total	29.27	50.21	9.56
Lost Day Rate (LDR) (by area)	Northern	18.02	14.18	7.25
	Central	1.36	13.76	7.94
	Southern	9.89	22.03	3.97
	Eastern	0	0.24	0
	Total	29.27	50.21	4.79
Total Days of Absence	Male	6,302	4,023	3,258
	Female	16,189	10,407	8,708
Absentee Rate (AR)	Male	0.42	0.32	0.24
	Female	0.68	0.58	0.33
Absentee Rate (AR) (by area)	Northern	-	1.31	0.54
	Central	-	0.06	0.01
	Southern	-	0.07	0.02
	Eastern	-	0	0
	Total	-	0.36	0.14

Calculating formula or descriptions of the related indicators:

- Injury Rate (IR) = (Total number of work-related injury and work-related ill health / total annual working hours) x 1,000,000. The number of each injury incident is one employee.
- Occupational Diseases Rate (ODR) = (The number of occupational diseases / total annual working hours) x 1,000,000. There were no occupational diseases happened in 2018.
- Disabling Injury is determined such by a physician in accordance with regulations. Total Lost Days of Disabling Injury is calculated as the sum of total lost-workday by the Group's employee injuries leading to temporary (or permanent) unable to return to work.
- Lost Day Rate (LDR) = (Total lost days of disabling injury / total annual working hours) x 1,000,000.
- Total Days of Absence: In 2016 and 2017, it includes the sum of absences for work-related injuries, ill health, and personal leave, as well as unexplained absences. In 2018, it includes the sum of absences for work-related injuries and ill health. The total days of absence are the sum of absence days of the Group's employees.
- Absentee Rate (AR) refers to the actual lost-days as a percentage of total days scheduled to be worked in the same period.
- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes the contracted life insurance salespeople.



7 Environmentally Friendly

Why It Matters?

Yuanta is profoundly aware that building a green corporate culture and environmentally friendly workplace must begin with striving to reduce the impact of our operations on the environment. To this end, we are committed to reducing waste and have carefully selected recycling partners for each kind of wastes to ensure that it is processed and disposed of legally and in a way that does minimal harm to the environment. With regard to water consumption, our water is predominantly drawn from municipal sources, but with our main operations base, Taiwan, frequently suffering water shortages in winter, we have taken it upon ourselves to install water-saving equipment to improve water consumption efficiency.

Additionally, as a corporate consumer, we strive to support low-carbon, sustainable corporations through green procurement and supplier management. In this way, we are able to expand the influence of sustainability while reducing procurement risk and effectively controlling and reducing operating costs as well. Meanwhile, considering the content and scope of business in the finance industry, energy resources and climate change may cause price fluctuations that affect assets held by companies and create losses, as well as increasing payout rates on insurance products and elevating electricity costs, all of which are relevant to our operations. Confronted by the corporate risks attendant to climate change, Yuanta thus has not only implemented ISO management systems, but has also begun to be more proactive in purchasing renewable energy certificates to do our part for environmental sustainability.



Energy and Climate Change

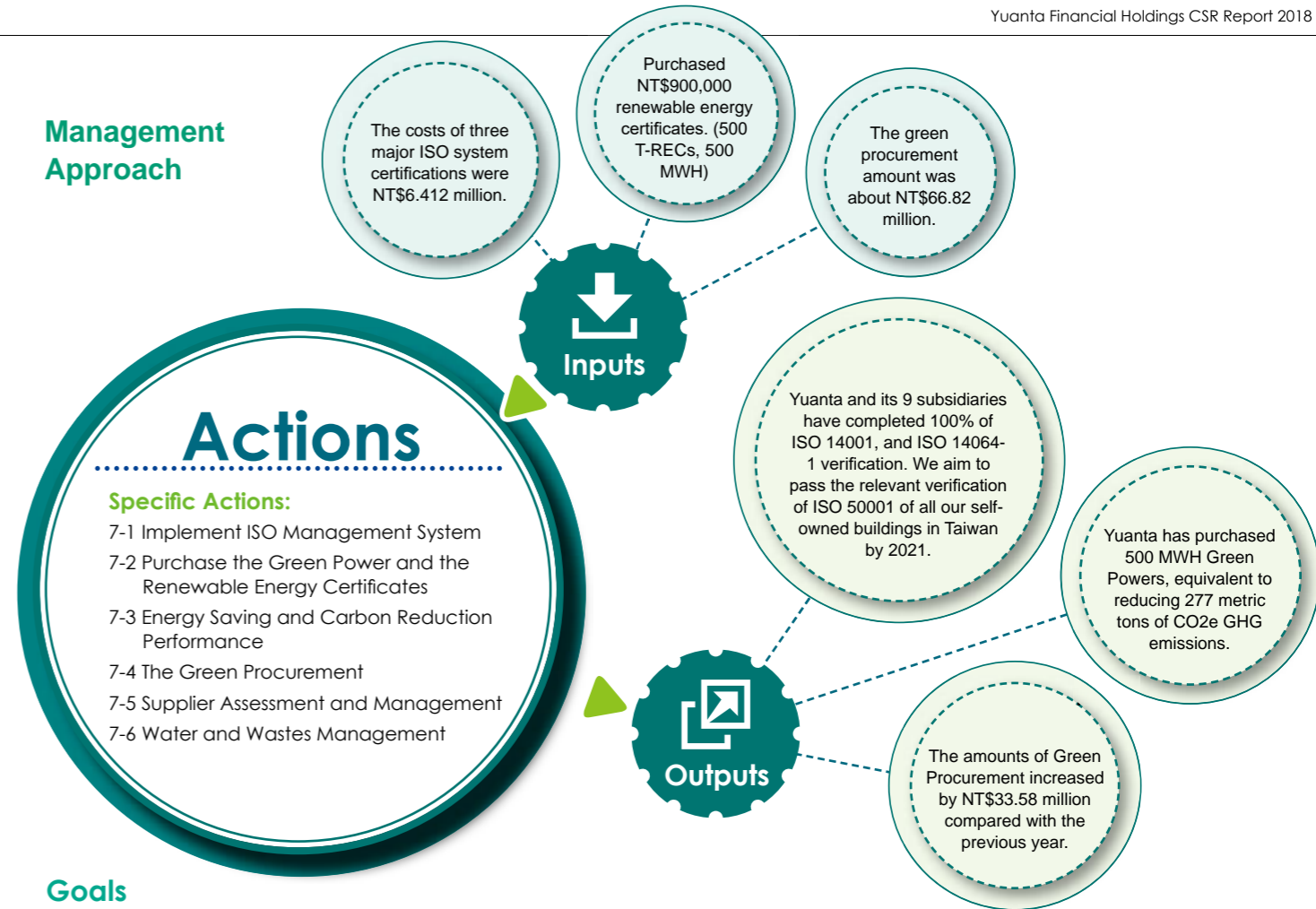


Procurement and Supplier Management



Water and Wastes

Management Approach



Goals

Short-term (1-3 years)

Replace the self-owned buildings in Taiwan to LED lights

2018 Progress

Gradually replace LED lights by each floor of Yuanta Securities Finance's Chongde Building. Replace LED lights of the newly renovated business sites of Yuanta Securities and Yuanta Bank. Replace the broken lights of Yuanta Investment Consulting Headquarter to LED lights.

Future Plans

In the newly constructed self-owned building, LED lights will be adopted; each site will be changed to using LED lighting when it is relocated and renovated.

Replace the self-owned buildings in Taiwan with water-saving faucets

2018 Progress

The Headquarter of Yuanta Life has been replaced with water-saving faucets.

Future Plans

In the newly constructed self-owned building, water-saving faucets will be adopted; each business site will be changed to using water-saving faucets and water-saving toilets when it is relocated and renovated.

The Headquarter of Yuanta Funds will be replaced with water-saving faucets and adjust water volume.

Continue to purchase the renewable energy certificates

2018 Progress

Yuanta has purchased 500 renewable energy certificates (500 MWH).

Future Plans

Yuanta will purchase a total of 2,000 renewable energy certificates (2,000 MWH) from 2018 to 2021.

Medium-term (3-5 years)

Set Science-based Targets (SBT)

2018 Progress

We launched the SBT project in 2018, and continuous learning and understanding to set relevant goals, and implemented energy conservation and carbon reduction activities. We planned to complete the signature of SBT in 2019.

Future Plans

After the SBT target published the financial industry analysis report, we'll study and plan for the Group's SBT target.

Obtain green building certificates of self-owned buildings

2018 Progress

The Yuanta Life Building has incorporated into the Green Building Plan.

Future Plans

All construction of self-owned building will adopt the Green Building Plan.

Long-term (5 years or more)

Purchase gas-electric vehicles as the Group's company vehicles




2018 Progress

The Group has purchased 8 gas-electric hybrid cars.

Future Plans

Replace the old company vehicles and give priority to purchasing environmentally friendly gas-electric vehicles.

Environment-related targets

	Base Year	2018 Progress	Short-term Targets	Medium-term Targets	Long-term Targets
 Energy Saving and Carbon Reduction	2017	Implement ISO 14064-1 system, and conduct GHG inventory for all operating sites.	A 5% reduction of the base year in 2020.	An 8% reduction of the base year in 2030.	A 50% reduction of 2005 in 2020.
 Water Reduction	Water consumption was calculated for 2018 and considered as the base year.	Collect tap water bills for each operating site and calculate annual water consumption.	A 5% reduction of the base year in 2023.	An 8% reduction of the base year in 2030.	10% less in 2050. (The average usage per person)
 Wastes Management	Average volume per person was calculated based on data released by EPA in 2018, and considered as the base year.	Calculate the annual volume according to recyclable and domestic wastes.	A 5% reduction of the base year in 2023.	An 8% reduction of the base year in 2030.	10% less in 2050.

Duties and Responsibilities

The "Environmental Sustainability Group" is formed by the administration departments of Yuanta Financial Holdings and all subsidiaries, responsible for formulating the environmental management systems (including environmental-related measurements pertaining to water conservation, energy saving, and GHG reduction), purchasing low energy-consuming office supplies and equipment, properly managing corporate waste, implementing supply chain management, and increasing green procurement.

Policy

The Environmental Policy of Yuanta Financial Holdings:

This policy was enacted after passage by the Board of Directors in 2016. In consideration of the impacts of climate change and global warming on the global economy, the environment, industrial structure, policy, and financial market volatility, the Company is actively working to promote environmental protection, strengthen carbon reduction and energy saving measures, and implement sustainable operations and management.

The Energy and Climate Change Management Policy for Yuanta Financial Holdings and Subsidiaries:

In order to uphold our corporate social responsibility, in response to international energy shortages and climate change issues, and to incorporate sustainable operations into the Company's policy; the Board of Directors passed the "Energy and Climate Change Management Policy for Yuanta Financial Holdings and Subsidiaries" to serve as a guideline on energy and climate change issues in November 2017.

The Human Rights and Environmental Sustainability Commitment of Yuanta Financial Holdings:

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

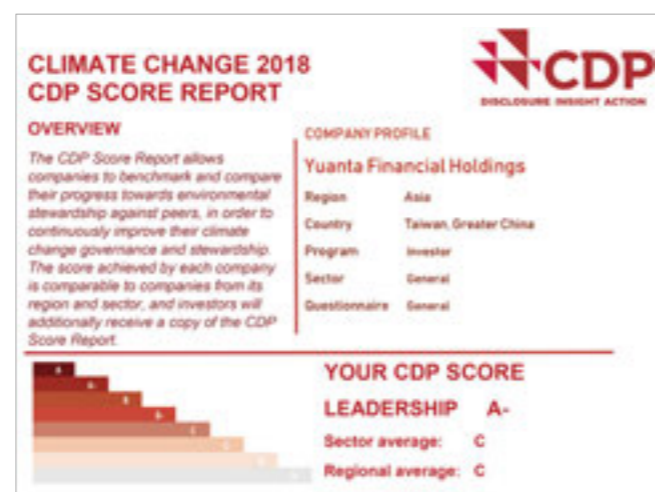
Yuanta Integrity Management Guidelines, Procedures for Integrity Management and Guidelines for Conduct:

Yuanta requires suppliers to comply with our "Integrity Management Guidelines" and "Procedures for Integrity Management and Guidelines for Conduct" to ensure the quality of our products and services while also effectively controlling and reducing operating costs.

Note:
In 2018, no violation of the Company's policy or local laws and regulations regarding environmental matter was committed by Yuanta.

Commitment

Since 2015, Yuanta Financial Holdings has responded to the climate change questionnaires of the international non-profit CDP (formerly the Carbon Disclosure Project); in January 2016, the Group has become the investor signatory of CDP's Climate Change, Water, and Forests Projects. Through responding to these questionnaires, we evaluate the various risks and opportunities attendant to climate change and then implement a range of carbon reduction and energy saving actions and green financial services to reduce the impacts of our operations on the environment. We hope that while implementing sustainable development, we will also be able to motivate other companies to join with us in responding to the global trend toward the reduction of carbon emissions. For the 2018 questionnaire, Yuanta Financial Holdings received an A- Leadership Score. In the future, we will continue to respond to the CDP questionnaire and support CDP's investor plans, committing ourselves to environmental friendliness and to working on climate change issues.



Communication Channels

Employees:

Yuanta implements environment protection, green procurement, energy saving, and carbon reduction actions through the "Environmental Sustainability Group" formed by the administration departments of Yuanta Financial Holdings and all subsidiaries.

Suppliers:

Yuanta conducts supplier management based on the "Supplier Management Key Points", which holds the supplier assessment in the first half of each year. For bargaining meetings with a purchase amount greater than NT\$1 million, human rights and environmental issues training were given. In addition, Yuanta conducted the Group's inaugural Supplier CSR Conference in February 2019, offering the concept of sustainability, and inviting the suppliers to implement CSR together.

7-1 Implement ISO Management System

The Environmental Sustainability Group under the Center for the Promotion of Corporate Social Responsibility has actively promoted the implementation of three ISO standard systems. In 2015, ISO 14001 was incorporated to the Yuanta Financial Building with the implementation scope expanding to the head offices of Yuanta Financial Holdings and each subsidiary, covering a total of 2,004 employees. At the end of 2017, Yuanta Financial Holdings and its subsidiaries have completed the GHG inventories in all operating sites, and fully passed ISO 14064-1 GHG Inventory Systems verification in April 2018. In addition, Yuanta Financial Holdings, Yuanta Bank, Yuanta Securities, Yuanta Funds, and Yuanta Securities Finance are all starting to receive ISO 50001 Energy Management Systems verification for the self-owned

buildings in 2018. We aim to pass the relevant verification of ISO 50001 of all our self-owned buildings in Taiwan by 2021.

ISO 14001 Environmental management system

Yuanta continues to promote a variety of measures to reduce our environmental impacts and move toward establishing a green corporate culture. In addition to creating a green, friendly workplace, we are also working to encourage customers, employees, and their families to get involved in green initiatives and work together to achieve the goals of environmental sustainability. To promote and manage environmental matters within the Group, Yuanta Financial Holdings has implemented ISO 14001 Environmental Management System since November 2015; the Yuanta Financial Building and Datong Building have passed the verification in March 2016; the Hongtai Building of Yuanta Life has implemented ISO 14001 System on the 16th through 18th floors in January 2017; Yuanta Financial Holdings and its 9 subsidiaries all have implemented the system and passed the verification, with a 100% coverage rate. At this stage, Yuanta will continue to maintain the system operation and take passing the verification as one of our targets.

ISO 14064-1GHG Inventory System

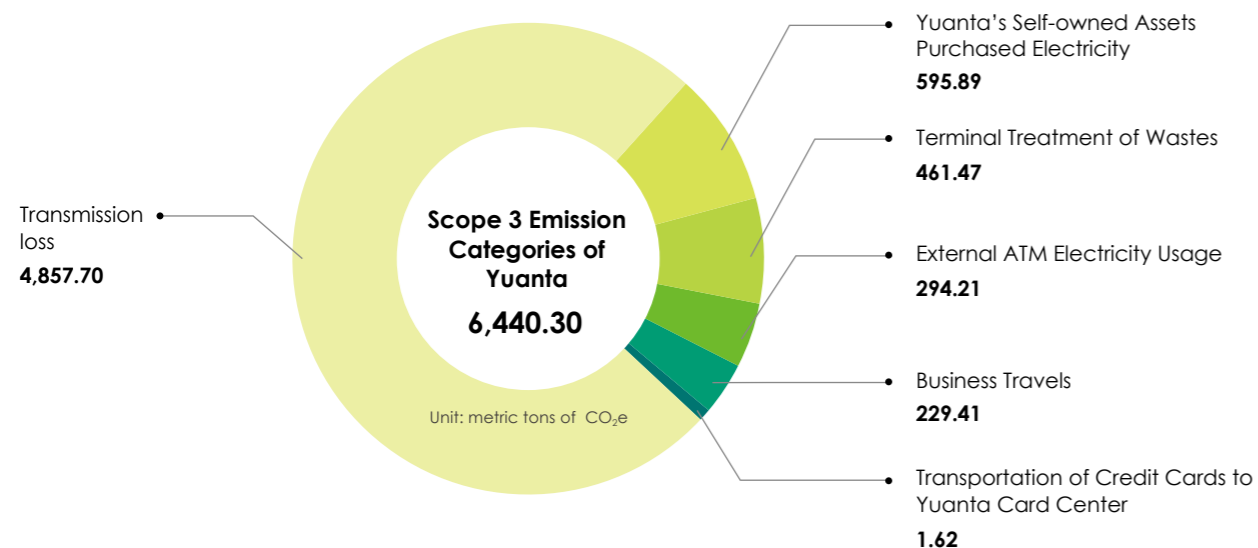
Yuanta started to implement ISO 14064-1 Greenhouse Gas Inventory System in 2015, with subsidiaries Yuanta Securities and Yuanta Funds first passed the verifications in May and September of 2016 respectively. In 2017, Yuanta Bank, Yuanta Life, Yuanta Securities Finance, Yuanta Investment Consulting, Yuanta Venture Capital, and Yuanta Asset Management all passed the verifications; and in 2018, the scope of verification has expanded to include Yuanta Financial Holdings and all operating sites of each subsidiary, with a 100% coverage rate. In 2019, we undertake ISO/FDIS 14064-1:2018 inventory of GHG emissions, and has passed the verification in April 2019.

Greenhouse Gas (GHG) Emissions of Yuanta in Recent Years

Year	Scope	GHG Emissions (metric tons of CO ₂ e)	Coverage Rate	The Description of Coverage Rate
2015	Scope 1	40.33	19.46%	The data scope of 2015 includes Yuanta Securities and Yuanta Funds.
	Scope 2	1,078.00		
	Scope 1+2	1,118.33		
2016	Scope 1	306.33	87.35%	The data scope of 2016 includes 9 subsidiaries.
	Scope 2	4,145.41		
	Scope 1+2	4,451.74		
2017	Scope 1	1,545.00	100%	The data scope of 2017 expands to Yuanta Financial Buildings and a total of 324 operating sites of 9 subsidiaries.
	Scope 2	24,196.00		
	Scope 1+2	25,741.00		
2018	Scope 1	975.18	100%	The data scope of 2018 includes Yuanta Financial Buildings and a total of 316 operating sites of 9 subsidiaries.
	Scope 2	24,792.44		
	Scope 1+2	25,767.52		
	Scope 3	6,440.30		

Note:

- Since GHG inventory was completed for all locations in 2017, the year is set as the base year of the Group.
- We use operating controls as the method of collecting greenhouse gas emissions. In 2015 and 2016, the data coverage rate was calculated by total assets; the 2017 and 2018, the data covered Yuanta Financial Building and all operating sites of the subsidiaries.
- The GHG emissions are mainly calculated by the emission factor = the figure of each activity x emission factor x Global Warming Potential (GWP). Global Warming Potential (GWP) is from the "Intergovernmental Panel on Climate Change (IPCC) 2007 AR4".
- The Scope 1 GHG emissions are mainly from gasoline of company vehicles and refrigerant of air-conditioners. The emission factor is from the "EPA Greenhouse Gas Emission Factor Management Table 6.03". The GHG types from gasoline of official vehicles includes CO₂ (emission factor: 2.26313 metric tons of CO₂/m³), CH₄ (emission factor: 0.00081 metric tons of CH₄/m³), N₂O (emission factor: 0.00026 metric tons of N₂O/m³); the GHG types from refrigerant of air-conditioners includes HSCS (emission factor: 0.03 metric tons HSCS/m³).
- The Scope 2 GHG emissions are mainly from purchasing electricity. The emission factor is based on the "2016 carbon coefficient of power announced by the Energy Bureau of the Ministry of Economic Affairs in September 2017". (0.529 metric tons of CO₂e/MWH)
- The biogenic CO₂ emissions in metric tons of CO₂ equivalent is 0.



The Major Energy Use of Yuanta in Recent Years

Item Description		2015	2016	2017	2018
Primary Non-Renewable Energy Usages	Scope 1				
	Gasoline (Liters)	10,617.70	104,450.39	182,316.50	168,531.13
	Heating Value (MJ)	346,510.76	3,408,759.37	5,949,935.44	5,500,068.48
	Diesel (Liters)	-	666.60	8,263.00	3,365.00
	Heating Value (MJ)	-	23,428.06	290,408.09	118,264.94
	Scope 2				
	Total Electricity Consumption (kWh)	2,053,987.20	7,851,180.04	45,238,610.00	44,353,757.36
Heating Value (MJ)	7,390,738.90	28,250,430.07	162,779,376.05	159,595,464.30	
Total Electricity Costs (NTD)	6,024,550	20,537,902	117,656,576.89	115,355,252.14	
Total Heating Value (MJ)	7,737,249.67	31,682,617.49	169,019,719.58	165,213,797.78	
Renewable Energy Usages	Yuanta purchased the green power certifications for 500,000 kWh each in 2016 and 2017, and purchased T-RECs for 500,000 kWh in 2018.	-	500,000	500,000	500,000
Heating Value (MJ)		-	1,799,120	1,799,120	1,799,120
Total energy consumption within the organization = Primary non-renewable energy usages - renewable energy usages		7,737,249.67	29,883,497.49	167,220,599.58	163,414,677.78

Note:

- The data boundary of energy usage each year is consistent with the data boundary of GHG emissions.
- The major energy use of Yuanta is electricity consumption; the heating, cooling, and steam consumption amounts are zero.
- Yuanta belongs to the financial services industry with no self-produced energy and no energy-selling activities. Therefore, the amounts of energy-selling for electricity, heating, cooling, and steam are zero.
- All conversion values are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and the "2017 Energy Statistics Handbook - Energy Products & Energy Units Table" of the National Energy Bureau.
- The total electricity cost is calculated by the average electricity price of the "2018 Energy Statistics Handbook-Annual Electricity Price List" of the Ministry of Economic Affairs.

ISO 50001 Energy Management System

Yuanta Bank implemented ISO 50001 System since January 2016 and passed the verification in July of the same year. In 2017, Yuanta Securities and Yuanta Funds also implemented ISO 50001 System and passed the verification in April. In 2018, Yuanta Financial Building, Yuanta Securities (Taipei Datong Building, Taipei Chengde Building, and Taipei Baoqing Building), Yuanta Bank (Taipei Chengde Building, Tainan Yongkang

Building, and Tainan Fucheng Building), Yuanta Securities Finances (Taichung Chongde Building), Yuanta Funds (Taipei Datong Building), etc. self-owned buildings have all passed the verification of ISO 50001 System. Our goal is all Yuanta's self-owned buildings could pass the relevant verification in 2021, in order to continuously improve energy efficiency and reduce environmental impacts.

7-2 Purchase the Green Power and the Renewable Energy Certificates

In response to the "Ministry of Economic Affairs-Voluntary Green Electricity Pricing Pilot Program", Yuanta purchased 500,000 kWh of green power from Taiwan Power Company in 2016. To continue the improvement of our environmental friendliness, our subsidiaries including securities, banking, life, securities finance, futures, and funds all took part in the green power procurement, with a total purchase of 500,000 kWh of green power in 2017. In 2018, Yuanta Securities and Yuanta Bank each purchased 200 T-RECs; Yuanta Securities Finance purchased 50; Yuanta Funds and Yuanta Life purchased 20 each; and Yuanta Securities Finance purchased 10, in a total of 500 T-RECs, equivalent to 500,000 kWh of low-carbon energy, ranking among the best in Taiwan's finance industry. In 2019, we will continue to purchase T-RECs as well.

The Green Power Procurement in Recent Years

2016	2017	2018
500,000 kWh	500,000 kWh	500,000 kWh

7-3 Energy Saving and Carbon Reduction Performance

Through a variety of action plans, including prioritizing replacement of old energy-consuming equipment, controls on the use of electrical equipment, and educational efforts, Yuanta Financial Holdings works to boost employees' awareness of energy conservation, carbon reduction, and environmental protection. In this way, we are able to reduce potential risks to the Company's operations and continue to strive for environmental friendliness.

The Major Energy Saving Action of Yuanta in 2018

Company Name	The description of energy saving and carbon reduction project	Estimated annual electricity saving (kWh)	Equivalence in metric tons of CO ₂ e reduction (0.554kgCO ₂ e/kWh)	Cost of project investment (NTD)	Project implementation period
Yuanta Financial Holdings	The air conditioning heat exchanger of Yuanta Financial Building is equipped with a CO ₂ concentration sensing transmitter, and recently Yuanta has reduced the number of operations.	36,840	20.41	180,000	Ongoing activity
Yuanta Financial Holdings	Yuanta has developed electronically official documents for administrative work, which can reduce paper usage. As of Q4, a total of 13,207 documents were issued and 13,492 were received.	-	4.80	2,351,192 (2018-2019)	Ongoing activity
Yuanta Securities	The Datong Building of Yuanta Securities has reduced one air conditioning cooling tower fan motor from November to April of the following year. Time, and reduce the operating time for 1 hour per day.	23,633	13.09	Labor costs	Ongoing activity
Yuanta Securities	The Chengde Building of Yuanta Securities replaced 85 LED lamps.	9,583	5.31	134,535	3-5 years
Yuanta Securities	The new Toufen branch office of Yuanta Securities replaced 88 LED lamps.	5,676	3.14	77,000	3-5 years
Yuanta Securities	The Beitun branch office of Yuanta Securities replaced 193 LED lamps.	6,080	3.37	168,875	3-5 years
Yuanta Securities	The Chongde branch office of Yuanta Securities replaced 117 LED lamps.	3,686	2.04	102,375	3-5 years
Yuanta Futures	The air conditioner of Yuanta Futures is turned on 30 minutes after business starts and turned off 30 minutes before business ends.	7,458	16.53	Labor costs	Ongoing activity
Yuanta Futures	Yuanta Futures uses energy-saving printers and is expected to save 2,808 KWH per year.	2,808	1.56	20,000	3-5 years
Yuanta Funds	Yuanta Funds adjusted the temperature of the water-cooled chiller to 17°C, which is estimated to reduce the actual electricity consumption by about 4.76% compared to the theoretical electricity consumption.	19,784	10.96	Labor costs	Ongoing activity
Yuanta Funds	Yuanta Funds replaced IT equipment.	789	0.44	6,357,180	3-5 years
Yuanta Funds	The air conditioner of Yuanta Funds is turned on 30 minutes after business starts and turned off 30 minutes before business ends.	206	0.11	Labor costs	Ongoing activity
Total		116,543	81.76	9,391,157	

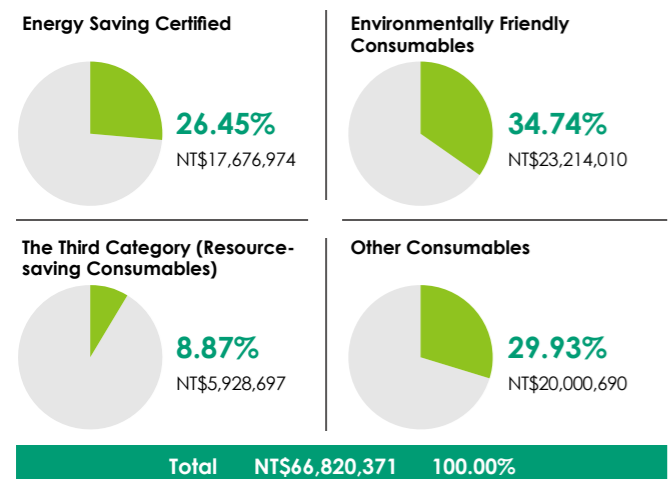
7-4 The Green Procurement

The Group's suppliers can primarily be divided into four main categories: IT (software and hardware), facilities maintenance, printing, and others. Among these, the procurement of the IT category is the largest and each procurement project is primarily conducted with local, Taiwan-based suppliers.

To implement green procurement, when purchasing products or consuming resources, we give priority to the procurement of products with governmentally approved environmentally friendly, energy saving, or water saving labels. Office repairs are conducted primarily using green building materials. In regards to employee training, the Group uses e-mail to promote green procurement and related concepts among our employees and the procurement departments of our subsidiaries. In these emails, we explain green procurement 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 the use of renewable materials, low pollution, recyclability, and resource efficiency"; and "other products with the same or similar functionality of increasing social benefits or reducing social costs". In addition, we also implement training programs for procurement staff and share with them relevant information, driving home the benefits of green procurement decisions for our products and services. In addition, in our procurement and business coordination, we continue to encourage the use of environmentally labeled materials among our suppliers and promote concepts of environmental friendliness and green consumption, getting them to work together with us on these and help to create a larger market for green consumption.

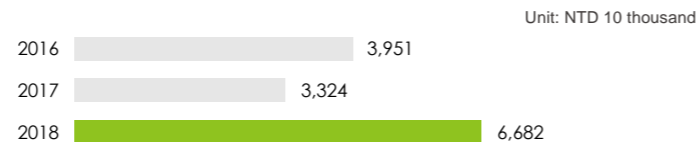
In recent years, Yuanta has participated in the Taipei City Government's "Green Procurement for Private Enterprises and Groups" project, actively promoting green procurement activities and seeing a year-on-year increase in such purchasing. We were praised by the Taipei City Government as the excellent benchmark for eight consecutive years (2011-2018), and were praised by the Environmental Protection Agency of the Executive Yuan as the outstanding performance in green procurement for seven consecutive years (2012-2018). In the future, we will continue building on environmental efforts, passing the relevant concepts down to all our employees and further doing our part in working toward a greener world.

The Green Procurement Items in 2018



Note: The Third Category (Resource-saving Consumables) of the Environmental Protection Agency are the products that have been identified as "increasing social benefits or reducing social costs" by the relevant business authority with supporting documents.

The Green Procurement Value of Yuanta in Recent Years



7-5 Supplier Assessment and Management

In order to avoid having dealings with suppliers with records of dishonesty, Yuanta Financial Holdings requires all our suppliers to comply with our Integrity Management Principles. Since June 2012, Yuanta has specified in the "Key Points on the Procurement and Disposal of Goods (Labor Services)" that integrity clauses shall be included in the contract signing process checklist along with a "Declaration of Commitment to Integrity", facilitating evaluations when signing contracts with suppliers that involve ownership rights. The Declaration of Commitment to Integrity that is attached to the checklist is to be signed by suppliers also serves as evidence that the signatory has completed the checklist. Additionally, when the company signs a procurement contract, the supplier is expected to fully comply with the integrity clauses and the "Procedures for Integrity Management and Guidelines for Conduct". In January 2019, Yuanta further drafted the "Key Points on Supplier Management", along with is the requirement for annual evaluations of frequent suppliers.

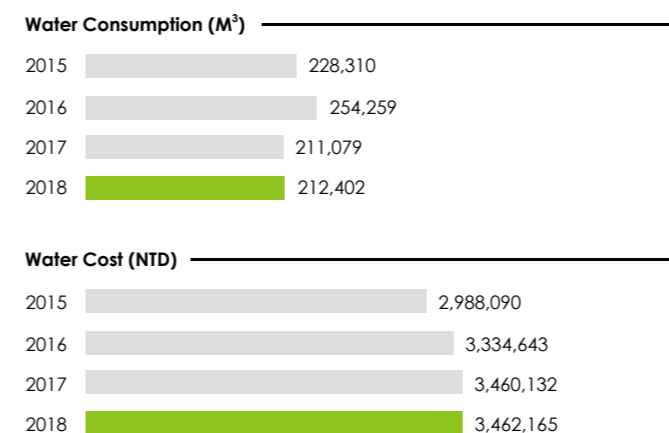
7-6 Water and Wastes Management

Water resource stability is among the most important issues that the whole world is facing currently. Taiwan often faces water stress in the winter, and for a company such as Yuanta whose most operating sites are located in Taiwan, we are aware of the risks through the water stress assessment. As such, we are proactive in reducing our daily water consumption, integrating both internal and external resources, and implementing water saving and water recycling initiatives.

The waste of Yuanta mainly comes from general household garbage. To be more environmentally friendly, Yuanta has worked to reduce the amount of garbage and put in place garbage sorting and recycling for several years, with waste categorized as recyclable, non-recyclable, or food waste and handled appropriately. Non-recyclable waste is disposed of through incineration by qualified waste management companies, while recyclable and food waste is removed and handled by the respective recycling companies. At Yuanta Financial Building, for example, the pantry rooms on each floor are equipped with bins for recyclables, and notices are posted to remind employees to recycle. Between these and other efforts, including regular promotion of recycling and our Family Days, we strive to cultivate in our employees an awareness of the importance of recycling. In addition, our Administrative Management Department conducts annual reviews of the quantities of recyclables and food waste generated, looking to see if the levels have decreased and evaluating the effectiveness of our waste management approaches. Since the 2018 merger of Yuanta Bank and Ta Chong Bank and the consequent increase in staff numbers, we saw an increase in total non-recyclable waste generated in 2018 compared with 2017. Beginning in 2019, the Yuanta Group will launch a full-scale effort to weigh garbage, calculate per-capita water usage, and develop short, medium, and long-term goals for the reduction of both.

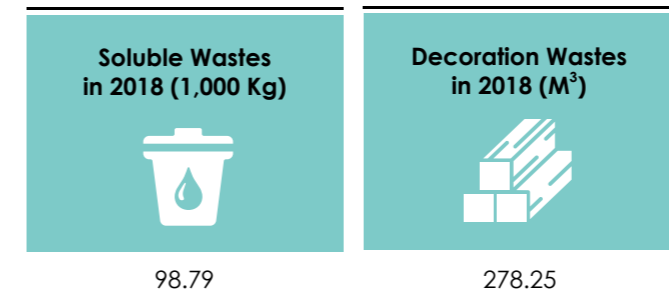
At the same time, the Company also actively responded to the Taipei City policy of promoting the "disabling disposable and melamine tableware" and promoting environmental protection in the workplace environment. In 2018, Yuanta Bank, and in 2019, Yuanta Financial Holding and Yuanta Life were all praised by the Taipei City Government for the outstanding performances.

The Water Consumption Information of Yuanta Group in Recent Years



Note:
 1. The water consumption of Yuanta is for general water usage, and is from Taiwan Water Corporation. The effluents are mainly disposed of by the municipal sewage treatment plant.
 2. The data of 2015 to 2018 covers 100% of Yuanta Financial Holdings and nine subsidiaries.
 3. The water consumptions of Yuanta Securities, Futures, and Venture Capital from 2015 to 2016 and Yuanta Life from 2015-2018 are from the water bill and service fee of Taiwan Water Corporation. According to the conservative principle, the water consumption amount is calculated back by using the highest water unit price NT\$11.5 per m³.

The Waste Information of Yuanta Financial Holdings Headquarters in Recent Years



Note: The data covers 100% of Yuanta Financial Holdings and nine subsidiaries.

Recyclable Wastes

	2015	2016	2017	2018
Aluminum	37	39	56	58
Iron	244	1,714	215	212
PET Bottles	1,176	609	1,065	679
Paper	8,375	5,824	6,930	5,277
Kitchen Waste	853	370	746	520

Note: The data includes Yuanta Financial Holdings.

Non-recyclable Wastes

Year	Value (Unit: Kg)
2015	2,127,935
2016	2,127,618
2017	2,175,870
2018	2,931,558

Note:
 1. The waste of Yuanta mainly comes from general household non-recyclable, recyclable waste and food waste. There is no hazardous waste; hence, the above data is the statistics of non-hazardous wastes. General waste is disposed of through incineration by qualified waste management companies, while recyclable and food waste is removed after notifying the recycling companies.
 2. The data covers 100% of Yuanta Financial Holdings and nine subsidiaries.
 3. Due to the merger of Yuanta Bank and Ta Chong Bank in 2018, the increase in the number of employees is the reason for the raise amount of non-recyclable waste in 2018 compared to 2017.





8 Social Prosperity

Long-term Goal

Calling for volunteer engagement and creating a platform for philanthropy



Volunteer Engagement



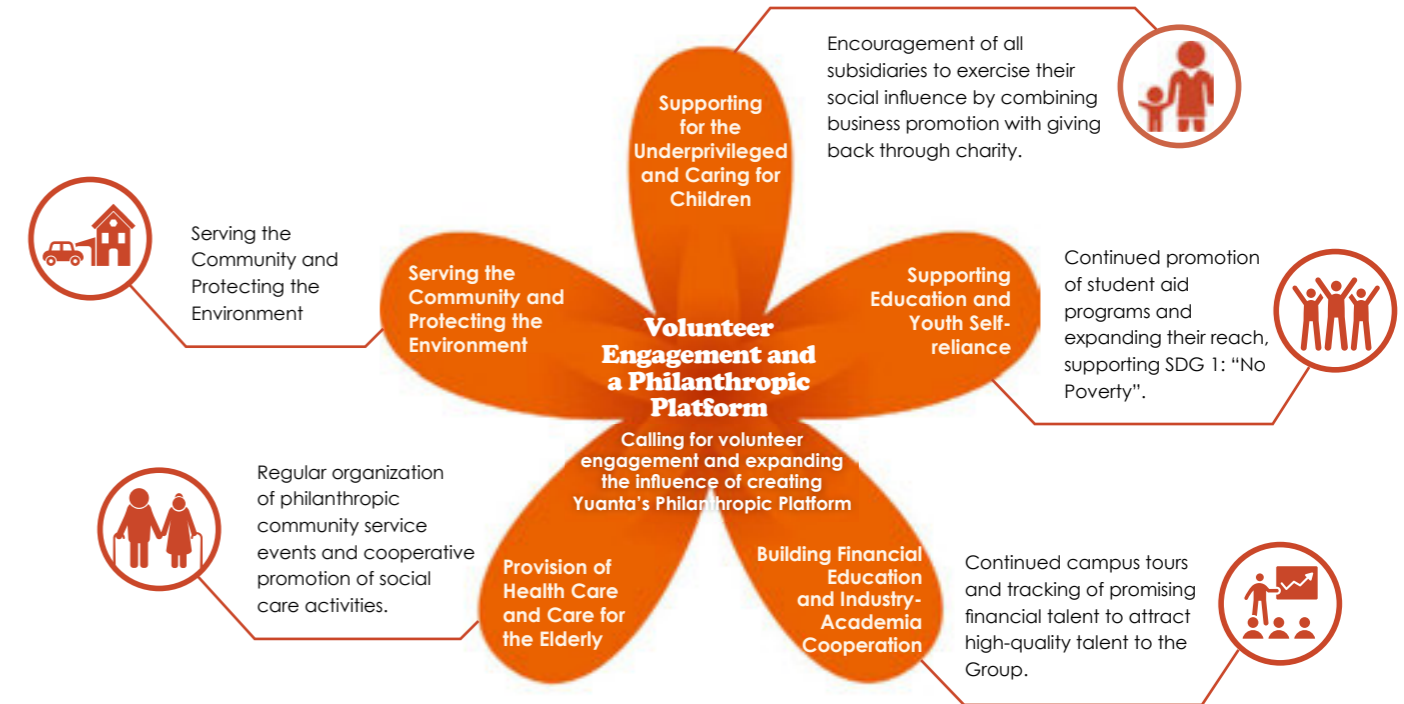
Poverty Alleviation



Financial Education

The Group supports participation in philanthropic activities, recruiting volunteers to expand our influence and create a Yuanta Loving Platform for charitable work. We strive to connect businesses, social welfare and educational organizations, social communities, indigenous communities, and more. To these ends, we implement specific practices in five major areas: "Supporting for the Underprivileged and Caring for Children", "Supporting Education and Youth Self-reliance", "Building Financial Education and Industry-Academia Cooperation", "Provision of Health Care and Care for the Elderly", and "Serving the Community and Protecting the Environment". These efforts also cover the health-related, educational, and poverty alleviation aspects of the UN Sustainable Development Goals (SDGs). We regard social prosperity as part of the long-term vision of the Group, as well as considering it part of our responsibility. Through our core business of financial services, we aim to contribute to the promotion of the culture, health, education, and lifestyles of the people and the creation of a happy, beautiful, and prosperous social environment in which we can all share.

Policies



Why It Matters?

Under the trend of diversification of social philanthropic activities, corporates assistance to charitable groups is no longer limited to money or materials. It extends to thinking about the use of well-organized team organizations, encouraging volunteers to engage in philanthropic activities, as well as providing last-mile care for the underprivileged. The Yuanta Group has a long history of working with such charitable groups, having developed strong and stable relationships with them. In view of the current shortage of manpower faced by many such groups, through the recruitment of volunteers from internal employees, we are able to help address this shortage while also building internal cohesion and identification with the Company among the employees, creating benefits for the Company, volunteers, and charitable groups alike and further internalizing the spirit of philanthropy into our corporate culture.

In addition to calling for internal volunteers, the Group also invites the beneficiaries of our efforts to join the volunteer ranks of external volunteers and take part in charitable activities with us, changing from a "palms up" role of receiving to a "palms down" role of giving, thus creating a virtuous cycle of social prosperity.

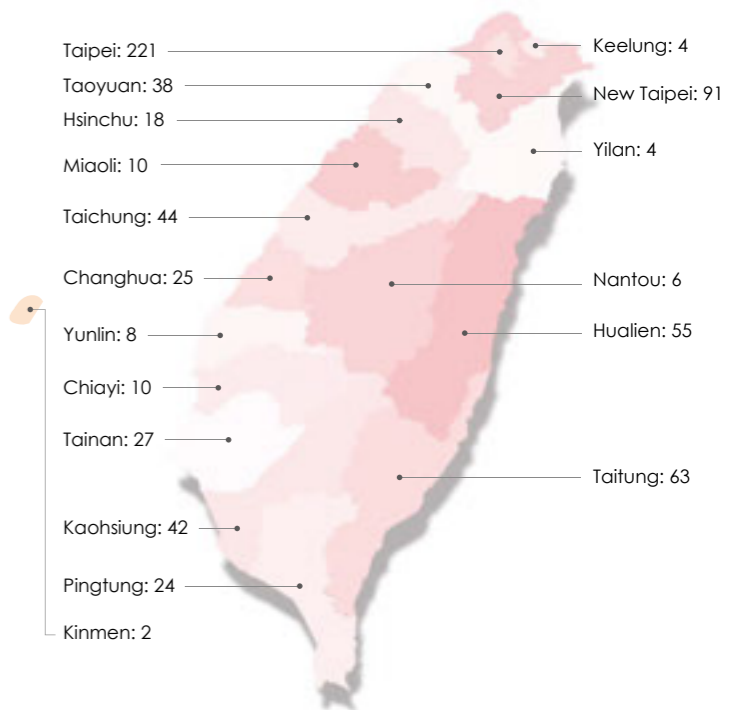
Social development and financial services are coexisting and codependent systems, with financial services providing necessary support for society and the economy, while also in turn relying on robust social development. Without a stable society, corporate development will be a challenge. As such, finding ways to elevate culture, health, education, and lifestyles in our society has also been a long-term project of the Group. In addition to investing in societal participation activities such as charity and environmental protection, the Group also provides in-depth services to communities in the vicinity of our operating locations, combining our core strategies to contribute to financial market development and talent development while also strictly adhering to our commitment to uphold our social responsibility.

Management Approach

Input

2018 Yuanta Cultural and Educational Foundation

- Philanthropy Input: NT\$68.08 million
- Number of Volunteers: 1,982 people



- Self-organized Activities: 74 events
- Co-organized Activities: 411 events
- Sponsored Activities: 207 events

A total of 692 events in the whole year

Income and Expenses of Yuanta Cultural and Educational Foundation

Income		Expenses			
Unit: NTD 10 thousand		Unit: NTD 10 thousand			
	Total	Item	Total Expenses		
2018	7,000	Yuanta Securities	2,830	Supporting for the Underprivileged and Caring for Children	775
		Yuanta Bank	2,830	Supporting Education and Youth Self-reliance	1,832
		Yuanta Futures	600	Provision of Health Care and Care for the Elderly	1,850
		Yuanta Funds	600	Building Financial Education and Industry-Academia Cooperation	591
		Yuanta Securities Finance	140	Serving the Community and Protecting the Environment	586
2017	5,000	Others (Arts Learning)	1,166	Administrative Management	8
2016	5,000	Total	6,808		

Philanthropy input in monetary analysis

	Unit: NTD
Cash Input	68,542,850
Time Input	4,140,622.5
	1. Volunteering Hours = Hours of Each Activities x Number of Volunteers 2. 14,528.5 hours
Material Input	136,980
	1. Cakes for charity: 100,000 2. Solar rechargeable round lamps: 31,850 3. Second-hand books: 5,130 4. Gift Bags of Yuanta Happy Day: 2,579,789 (As it is included in the Cash Input, it is excluded from here.)
Regular Managerial Expense Input	411,073
	1. The administration fee of the foundation, including stationery, transportation fee, etc.

Type and Ratio of the Philanthropy Activities

Total investment of annual charity contribution: NT\$ 69,150,243
Ratio: 100%

Monetary Donations

Items	Total
The Foundation	68,080,000
Yuanta Securities	400,000
Yuanta Life	40,850
Yuanta Futures	22,000

Ratio: **98.7%**

Material Donations

Items	Total
Donate 1,000 cakes to the Harmony Home Association. (NT\$100 / each)	100,000
Donate 325 Solar rechargeable round lamps to Harmony Home Association and Qinxian Junior High School. (NT\$98 / each)	31,850
Donate 513 second-hand books to Daping Elementary School and Boyo Social Welfare Foundation. (NT\$10 / a book, 90% off of the purchase price for second-hand books)	5,130
Yuanta Securities donates 1,400 sport shirts to Huashan Social Welfare Foundation. (NT\$500 / a piece)	700,000
Yuanta Futures donates 588 items, including second-hand shoes, back bags, clothing, etc. to Step 30 International Ministries. (NT\$100 / a piece)	58,800
Yuanta Futures donates 250 second-hand books to "Tree Books", which is rebuilt by the Pingtung County Government Cultural Affairs Department. (NT\$100 / a book)	2,500

Ratio: **1.3%**

Material Topics	Volunteer Engagement	Poverty Alleviation	Volunteer Engagement	Poverty Alleviation	Volunteer Engagement
	Volunteer Engagement and a Philanthropic Platform	Supporting for the Underprivileged and Caring for Children	Supporting Education and Youth Self-reliance	Supporting Education and Youth Self-reliance	Supporting Education and Youth Self-reliance
Actions	Yuanta "Dream Big" Project	Volunteer Engagement	Yuanta Happy Day	Caring for Rural Communities	Yuanta-FJU Dreams Take Flight Project Yuanta Scholarship for Outstanding Underprivileged Talent
Outputs	For the past three years, we have brought together some 700 volunteers from within and without the Group to work together for charity, creating a platform for mutual help and happiness and, through a combination of virtual and real-world promotion, expanded the reach of such efforts to 15.52 million people.	The Group and its subsidiaries have brought together some 2,500 volunteers to participate in philanthropic activities around environmental sustainability, care for rural communities, and looking after the elderly, putting in a total of more than 14,500 hours of volunteer work.	Over the past seven years, over 1,000 Yuanta volunteers have shown their love for their communities by working with over 3,800 rural and underprivileged students in northern, central, and southern Taiwan.	Over the past four years, we have sponsored the Mandarin Daily News' "Send Word to the Mountains" project, reaching some 1,850 elementary school students. Yuanta Securities: Focusing annual charitable efforts around care for children and young people, the Company has combined business efforts like warrant trading and dollar-cost averaging to give back through donations to the "Angel Heart Family Social Welfare Foundation". Yuanta Bank: Every year, Yuanta Bank holds the "Give Love, Give Warmth" event, having established a robust platform for credit card based donation, providing cardholders with a simple way to transfer donations to various charitable organizations online or by fax. Over the course of the year, this resulted in a sum total of 371 donations totaling NT\$590,000.	Yuanta-FJU Dreams Take Flight Project Over the past eight years, we have been bringing educational resources into rural communities, awarding a total of 995 Yuanta Scholarships, among the recipients of which 72 have gone on to college and three to graduate school. Yuanta Scholarship for Outstanding Underprivileged Talent Over the past three years, 172 outstanding young students have received grants to help them focus on their studies without worries.
Supporting SDGs	1, 4	1, 4	1, 4	1, 4	1, 4

Financial Education	Volunteer Engagement	Volunteer Engagement
Building Financial Education and Industry-Academia Cooperation	Provision of Health Care and Care for the Elderly	Serving the Community and Protecting the Environment
Summer Research Program, Yuanta Cup, NTU and RUC Case Study Program, Academic Research	Corporate Participation	Community Services
Corporate Recruitment and Industry-Academia Cooperation	Care for the Elderly	Environmental Protection
Yuanta continues to work on cultivating Taiwan talent, and has done for some 12 uninterrupted years, as part of our commitment to corporate social responsibility; this particular program has helped some 190 outstanding "seeded" students of finance-related fields benefit.	For the past 12 years, the Yuanta Cultural and Educational Foundation has worked with the Mennonite Christian Hospital to care for the elderly residents of eastern Taiwan, with volunteers from Yuanta providing gifts for Mid-Autumn Festival celebrations and organizing meals for the Chinese New Year. Yuanta Life: A total of three times over the year, Yuanta Life held "Silver in the Sunshine - Caring for People with Dementia" tours in the northern, central, and southern regions of Taiwan, with a total of 28 staff volunteers taking part in helping and accompanying elderly people in need of care.	Making use of the Company's 297 operating locations in the interests of corporate social responsibility, Yuanta's employees enthusiastically took part in efforts to strengthen family support and protection work. For eight years, the Group has organized blood drives, encouraging local neighborhoods to take part to significant success; over this time, a total of 13,415 bags of blood have been donated.
The Group holds annual campus recruitment events, having interacted with a total of 5,395 students and held lectures at schools including National Chengchi University and National Chiao Tung University for a total of 3,208 students over the year. Yuanta Securities: In order to nurture the financial management knowledge and abilities of students, Yuanta Securities holds the "Yuanta Super Stocks Competition", providing students with virtual funds and a platform for simulated trades, with a total of 3,888 students participating.		To implement the concept of environmental sustainability, Yuanta Futures and Yuanta Funds have each held annual beach cleanup days, leading their employees in the practice of environmental protection; a total of 271 people participated, collecting a total of 2,000 kilograms of waste.
Supporting SDGs	3, 8	11

Responsibilities and Communication Channels

Yuanta Financial Holdings formed the "Social Engagement Group" through both its subsidiary companies and the Yuanta Cultural and Educational Foundation, linking the management and application of the overall resources, and using them to contribute in five major work areas through a charity platform, shining the light and warmth of our love into all corners of society.

2018 Overall Performance

Indicator	Item	Annual Overall Performance
Charitable Activity Project Indicators	Number of Volunteer Participants and Hours Invested	<ul style="list-style-type: none"> Over 2,500 volunteers from the Group have participated, investing over 14,500 volunteering hours.
	Beneficiaries of Charitable Work	<ul style="list-style-type: none"> The Yuanta Cultural and Educational Foundation was involved in a total of 692 events over the year. Of these, 74 were held solely by the foundation, 411 in cooperation with other organizations, and 207 were event sponsorships. Nearly 200,000 people benefitted from these events over the year.
	Beneficiary Groups/ Cooperative Partners	<ul style="list-style-type: none"> Over the year, the Yuanta Cultural and Educational Foundation benefited over 130 external partner groups. Through strengthening the role of Yuanta's philanthropic platform and coordinating a range of resources, the 2018 Dream Big Project, Yuanta Happy Day, and other such events brought 30 new partners on board.
Combined Operational Efficiency Indicators	Total Money Raised by Yuanta Donation Platform	<ul style="list-style-type: none"> Yuanta Bank established a robust platform for credit card based donation, which has sponsored a variety of community groups through providing cardholders with a simple way to transfer donations to various charitable organizations online or by fax. Over the course of the year, this resulted in a sum of 371 donations, with a total amount of NT\$590,000.
	Reach Rate of Philanthropy Promotion on Social Media	<ul style="list-style-type: none"> Over the past 3 years, Yuanta has organized the Dream Big Project, bringing together resources to establish a philanthropic platform that combines virtual and real-world work. This has helped 6 groups in need of support through sponsorship, but also through volunteer participation. Promoting the project online through social media has helped expand its philanthropic reach, and as of the end of the second holding of the project, it had attracted over 15.52 million viewers.
	Number of Talent Engaged through Financial Education Campus Recruitment Programs	<ul style="list-style-type: none"> The Group is focused on the cultivation of financial talent, and this year our briefings and lectures on campuses led to interactions with over 8,600 students. Our Summer Research Program has trained 190 financial professional graduate students through internship project in its 12 years of operation. The "Yuanta-FJU Dreams Taking off Project" has helped 995 people over the past eight years, fostering 3 graduate students and 72 outstanding college students. The "Yuanta Scholarship for Outstanding Talent" has, over the past three years, assisted 172 outstanding students who excel academically but lack finances. The awarded "Yuanta Kids" also actively signed up for charitable activities, joining the volunteer ranks and giving back to the community.

The efforts of Yuanta and its charity partners are explained as follows using the Yuanta philanthropic platform and the five major directions of work as the framework:

8-1



Volunteer Engagement and a Philanthropic Platform

Yuanta believes in the power of "education" to improve the lives of the underprivileged. In the third year of our "Dream Big Project", we focus on "study and refinement, cultural creative publishing, talent cultivation, intergenerational learning, and community building". We have reached out to students with

physical/mental disabilities, underprivileged students, and the elderly in Pingtung, Chiayi, Hsinchu, Taitung, and Gongliao (in New Taipei City), and helped some 650 dreams come true through these efforts.

Activities and Descriptions

Since 2016, Yuanta Cultural and Educational Foundation has run the "Dream Big Project", assisting social welfare groups dedicated to education that reach out to all corners of society. Through a variety of activities and creative ideas, along with Yuanta Financial Holdings' resources, the project works to help encourage the spirit of charity via a platform that facilitates interactions between the online and offline worlds.

Dream Big Project

Creating social relations capital

In 2018, the third "Dream Big Project" provided assistance in helping six educational dreams come true across topics, ages, genders, and towns, assisting with projects in course aids, environmental education, community revitalization, and cross-generational services. Each recipient received a grant of NT\$300,000.

As of the end of the second run of the project, some 15.52 million followers, expanding the power of positive action and helping it reach every corner of society.

Grant recipients in the third "Dream Big Project"

- New Taipei Municipal Fong-Jhu Elementary and Junior High School**
Yuanta Foundation Dreams Come True Project with Five Schools Alliance
Miss Fong Leads You Up Taiwan's Top 100 Peaks
Elder girls from Fong-Jhu Junior High led pupils from elementary school through learning about the beauty of Taiwan's top 100 peaks, teaching them mountaineering knowledge, environmental awareness, and exercise habits, as well as developing links with the community and strategic alliances with others schools to promote teamwork.
- New Taipei Community Workers Association**
Red Silk-Cotton—Education for the Underprivileged Program
The association hopes to combine local culture and cuisine to provide meals and promote health, self-healing, and handicraft services among the elderly, introducing volunteer participation from at home and abroad and boosting the effectiveness of charity.
- Syin-Lu Social Welfare Foundation**
Hsinchu Branch Office
Handicraft "Fun" & Dreams Take Flight
The foundation provides early childhood care services for children aged 0-6 in Hsinchu County and after-school care for children with disabilities, enhancing their life and study experiences through self-care training and multiple intelligence courses. They also work to combine Hsinchu's local agriculture and creative handicraft industries to give the children chances to take part in outdoor experiences.
- Taitung County Guan-Shan Junior High School**
Guan-Shan Junior High School Dreams Come True Project
This project hopes to assist students in exploring and experimenting with career options by supplementing practical food and beverage course hardware and stimulating the learning and creativity of the students. Through the use of community resources and bringing in teachers from vocational schools, it will strengthen vertical integration of high schools and vocational schools and provide improved resource sharing for higher education.
- Chiayi County He-Shun Elementary School**
A Pair of Feet to Cross Taiwan and a Pen to Write My Dreams
This project hopes to lead underprivileged children from throughout the school in a challenge to learn about the length and breadth of Taiwan. Students will head into the great outdoors, far from electronics and, through first-hand observation, experience what they have learned in from their textbooks, boosting their personal capabilities in two directions at once.
- Pingtung County Bjørgaas Social Welfare Foundation (BSWF)**
Learning and Dance in "Grandma and Grandpa's Time"
The Bjørgaas Social Welfare Foundation (BSWF) works in caring for elderly people in Pingtung with disabilities or dementia, and as part of their planned living space, they invited the older folks to form "Grandma and Grandpa's Time" teams, working together to create tri-generational interactive activities using the elderly's experience and knowledge.



Case Study - Gongliao Community Regeneration Project

The "Dream Big Project" supports the New Taipei Community Workers Association's community services in Gongliao. Over eight months, they brought together manpower and goods for transport to Gongliao, a community that is relatively remote and increasingly aged, helping revitalize the local economy and culture. This included some 100 young volunteers who painted the old street in January 2018, set up a pesticide-free vegetable garden in vacant land in the

community in March, and held a Dream Big Stage event in June to provide the community elders the chance to realize a dream of wearing wedding dresses after a lifetime of hard work. In addition, in December 2018 work was completed on repainting the Rainbow Bridge, the symbolic link between the residents of Gongliao and the outside world which had been losing its color, bringing it back to vibrant life.



Volunteers from Yuanta shared the joy of the community regeneration with elders from Gongliao, expanding cooperation in the third year with more volunteers participating.

Follow-up Effects:

- 1 Dream Big organization charitable exchange visits: The New Taipei Community Workers Association has invited members of communities, groups, and volunteer teams from home and abroad to visit and experience rural life. Between October 2017 and June 2018, they invited 10 groups of 40 people, a total of 400 visitors and a 75% increase on 2017's number of groups.
- 2 Farmable area increased, usable area for old residences increased, plan gradually won over the support of local residents.

Case one: Elderly residents' identification with and support of location. Elderly residents provided promotional efforts for the painting of walls in the old street. Initially, the walls were unavailable due to being private property, but with promotion of the plan, the local residents were brought on-side and local landlords eagerly agreed to allow the group to work, even supplying agricultural machinery and assisting with repairing the water heater at the place the volunteers were staying at. With the help of these locals, the volunteers were able to easily stay in the area over the New Year period and work on the painting and farming tasks.
- 3 Case two: After the March work of some 100 Yuanta volunteers planting the vegetable garden, the local community was moved to participate, with the younger generation beginning to come back to help with reviving family plots, leading to a rapid increase in farmable area.
- 4 The project received governmental, local, and school support, with Gongliao area six schools joining the third Dream Big Project. The expansion of drive to help came from the first-time involvement of Fong-Jhu Elementary and Junior High School's five-school alliance, which planned the area's largest road run and promoted efforts by the children to challenge themselves to climb their first one of Taiwan's top 100 peaks.

Gongliao Volunteer Team	2017	2018
Participants	12	21
Growth Rate (%)	1 st year of the project	75%



Activities and Descriptions

Creating social relations capital

Second-hand Book Donations

513 second-hand books were collected and gifted to Daping Elementary School in Wanli District, New Taipei City, and the Boyo Social Welfare Foundation.

In 2018, we headed to Daping Elementary School to hold book donations and wealth management events, with volunteers from Yuanta Bank sharing basic wealth management concepts in hopes of inspiring the children to learn more and enjoy better lives to enrich their lives.

Yuanta Love Soap Dreams

Supporting people with physical and mental disabilities in developing self-reliance and cultivating specialist skills.

Together with the Down Syndrome Foundation ROC's shelter workshop, we purchased 500 bars of herbal soap to serve as charitable promotional items, with 32 volunteers working with children with Down syndrome on making the soap.



Cakes for Charity

For five years running, for every cake ordered in the Cakes for Charity event, NT\$100 has been donated to the Harmony Home Association, assisting the out-of-wedlock or abandoned children of foreign migrants with living in Taiwan, attending school, and seeking medical treatment.

In 2018, a total of 1,000 charity cakes were sold, resulting in donations to 11 long-time cooperative charitable partners.

Yuanta Movies for Charity

We held a charity film festival, inviting friends and partners of the Yuanta Cultural and Educational Foundation to join in.

In 2018, we held four film screening sessions, inviting partners from five organizations to enjoy the shows.

Volunteers from Yuanta gifted the books to Daping Elementary School and shared basic wealth management concepts.



8-2 Supporting for the Underprivileged and Caring for Children

Activities and Descriptions

Yuanta Happy Day

Since its inception in 2012, Yuanta Happy Day has been dedicated to the simple ideal that "every child deserves a gift of their own".



Creating social relations capital

- Over the past 7 years, more than 3,800 children have had the chance to experience new joy through this, with over 1,000 employees and family members volunteering for this event.
- For the three Yuanta Happy Day events in 2018, we invited 28 charities and schools, with a total of 726 children participating and receiving tailor-made "gift bags."

Yuanta Life Charity Sale

Yuanta Life has been devoted in philanthropy activities for a long time and continuously implemented the business philosophy: "Give yourself a chance to help others and help you own." With love and care, we achieve the cultural of "Honor, Compassion, and Contribution."



Since 2016, Yuanta Life has annually encouraged employees of Marketing Department to come together and donate souvenirs from company trips for charity sales, with all money received donated to social welfare organizations. This year, we were able to donate NT\$40,850 to Chung Yi Children's Home. Since 2016, these donations have accumulated to NT\$367,348.



Yuanta Bank "Give Love, Give Warmth" Donation Platform

The charity donation event, which was held by Yuanta Bank, provides more convenient money transfer mechanism. Donors could pay by "online transfer", "credit card" to dozens of charity groups.



Yuanta Bank, having established a robust platform for credit card based donation, has sponsored a variety of community groups through providing cardholders with a simple way to transfer donations to various charitable organizations online or by fax. Over the course of the year, this resulted in a sum total of 371 donations totaling NT\$590,000.

Yuanta Securities Helps Angels Get their Wings

Yuanta Securities participate in charity events actively and takes the concept of returning to the society as an important mission. Through the combination of our business development and the devoting concept, we came up with the Charity Collecting Point event, in wish of bring more love and hope to the social welfare organizations in need.



Yuanta Securities uses the "Power to the People" warrants competition as an opportunity to encourage investors to accumulate points for charity through investing in Yuanta warrants, joining forces with 2,000 investors to reach the participation threshold of 6,000. Through the "Dollar-cost Averaging and Wealth Management Can Be Charitable Too" event, investors use dollar-cost averaging purchases to contribute to charity, with some 12,003 people participating. Between the two, we donated a total of NT\$400,000 to the Angel Heart Family Social Welfare Foundation.



The invited students of Yuanta Happy Day gathered at Taichung Asia University, enjoying a day filled with the team games, "tailor-made gift bags" and the love from the volunteers, all adding to the incentives for learning for these children.

Activities and Descriptions

Hualien-Taitung Region Newspaper in Education (NIE) Project

In concert with the Mandarin Daily News' "Send Word to the Mountains" project, we worked with 19 elementary schools in Hualien and Taitung Counties to promote reading of the news in education.



Creating social relations capital

This round, the students of the 33 NIE Experimental Classes - a total of 473 students - worked to boost their reading and writing skills and their awareness of current events.

Cultivating Local Teachers with Kids' Bookhouse

"Kids' Bookhouse" has nine locations across Taitung, where they provide care and educational services to nearly 300 children of economically disadvantaged families.



For nine years, we have sponsored "Kids' Bookhouse" for hiring local youths as supplementary teachers, encouraging young college students to come back home and serve their community while also providing them with employment opportunities, as well as giving local kids the most fitting education.

Helping Children Dream through Philharmonic Education

We work with the Taipei Philharmonic Foundation for Culture and Education to promote music education.



Over the past three years, we have established some 15 branches to further musical education and serve 27 schools in New Taipei City and Taoyuan.



Supporting Education and Youth Self-reliance

Activities and Descriptions

1. Cultivating Rural Talent through Scholarships

In 2011 we launched the Rural Talent Cultivation Program, reviewing our scholarships each year and awarding them to deserving students from across Taiwan.

2. Supplementing Rural High School Education - "Summer and Winter Classes", "Kangaroo Project for Community Youth Tutoring"

Working with Fu Jen Catholic University, we have gotten involved in tutoring in rural communities, helping children in these communities get access to similar educational opportunities to their urban compatriots.

3. e-Tutors

We have worked with the Ministry of Education's e-Tutors program, which uses computers, the Internet, teleconferencing, and an online educational platform to nurture college students and children from rural communities by providing interaction and learning.



Creating social relations capital

• Thus far, a total of 995 people have received support, resulting in 72 outstanding college graduates and 3 graduate students.

• As of 2018, a total of 3,916 people had participated in our rural high schools education and tutoring efforts.



• In 2018's Yuanta-FJU Rural Tutoring Project, a total of 1,620 underprivileged students took part.

Yuanta-FJU Dreams Take Flight Project

Activities and Descriptions

In following the various levels of the President Educational Award, students are encouraged to work hard in their studies without the restrictions of their families' financial situations.

Yuanta Scholarship for Outstanding Underprivileged Talent



Student recipients of "Yuanta Scholarship for Outstanding Underprivileged Talent" took photo with managers of Yuanta Group at the award ceremony.

Creating social relations capital

Over the past three years, 172 people have received scholarships, and as of 2018, 10% had given back through participating in Yuanta-led activities, creating a virtuous cycle.

8-3



Building Financial Education and Industry-Academia Cooperation

Activities and Descriptions

Summer Research Program

Since 2007, during the school summer vacation each year, graduate students from about 20 colleges around Taiwan with backgrounds in finance have joined Group subsidiaries to work on their theses and internships. The program has been promoted for 12 years.

Yuanta Cup EMBA Case Analysis Competition

Since its inception in 2007, this competition has gone on to become a major event on Taiwan's academic calendar. Combining case study with competition, it has created new academic value while also helping both business and academia reach new heights.

Creating social relations capital

So far, we have helped cultivate some 190 finance graduate students, helping them with both practical and academic thesis work. Of these, 7% have gone on to join the Group, becoming one of Yuanta's Management Associates (MA).



In 2018, EMBA students from 8 national colleges around Taiwan eagerly took part in the "Yuanta Cup", with the winners donating the full value of their prizes to charity. This year, a total of NT\$320,000 in prizes were awarded, all of which was donated to 9 charitable organizations, creating a win-win-win situation for Yuanta, the participants, and the charities.

Activities and Descriptions

NTU-Renmin University Chinese Business Case Research Cooperation Framework Program

To promote the development of a platform for cross-strait business management case studies, for the past seven years, Yuanta has been the exclusive sponsor of the "Chinese Business Case Research Cooperation Framework Program", which is held jointly by National Taiwan University's College of Management and Renmin University of China's Business School.

NCCU Financial Technology Research Center Cooperative Project

We have sponsored research at the National Chengchi University Financial Technology Research Center for three years, and in 2018, we also sponsored the 2nd "Hit Fintech" Taiwan Digital Finance Technology Summit.

Sponsoring International Financial Conferences

We sponsor the International Conference of Taiwan Finance Association. In 2018, the conference was focused on "new trends in finance", particularly in response to the recent passage of the "Financial Technology Development and Innovative Experimentation Act". Participants explored the current status of Fintech innovation in Taiwan and issues in behavioral finance.

Corporate Governance Summit

We sponsored the "The 14th International Summit on Corporate Governance", which hosted scholars and experts from Taiwan and abroad, sharing their experiences and providing a valuable reference for Taiwan in the field of corporate governance.

Cultivating Financial Talent and Promoting Industry-Academia Exchange

Consistently promoting the core value of Industry-Academia cooperation: "Let students learn about the actual development, business model of financial industry, the job and work principle of the employee, through the experience of internship, to accomplish our responsibility of educate the youth", for the purpose of cultivate the talent in financial industry.



At the Foundation sponsored "The 14th International Summit on Corporate Governance", Yuanta independent director, Prof. Yeh Yin-hua spoke on the effectiveness of directors, encouraging independent directors to speak up with their suggestion.

Creating social relations capital

To date, a total of 87 large-scale cross-strait enterprise case studies have been undertaken, giving more than 700 managers chances to learn and get inspiration from one another.

By promoting exchange in ideas with international experts on Fintech topics around the Asia-Pacific region and Taiwan, we hope to bring together the best of both Eastern and Western experience and resources, thus supporting the ongoing development of financial technology in Taiwan.

150 leading scholars and professionals in the financial sector from both Taiwan and abroad were invited to participate, bringing together the wisdom of both the academic and industrial sides of the field for in-depth explorations of important issues in finance.

The Summit of 2018 focused on "implementing independent director systems and strengthening corporate governance value", with Yuanta Group independent director Prof. Yeh Yin-hua and Prof. Albert Hsueh in attendance to share the importance of corporate governance.

To help foster a deeper understanding of finance in the youth, as well as offering internship opportunities and prospects for future industrial development, the Group held some 50 campus exhibitions and briefing sessions over the year, reaching out to 5,395 students. We also worked with NCCU, NCTU, and other major universities to hold classes that attracted 3,208 participants.

Cultivating Financial Talent and Promoting Industry-Academia Exchange.





Provision of Health Care and Care for the Elderly

Activities and Descriptions

Volunteering with the Mennonite Christian Hospital

We have worked with the Mennonite Christian Hospital for 12 years so far to take care of the elderly of Taiwan's East Coast, with Yuanta volunteers donating gifts for Mid-Autumn Festival and Chinese New Year feasts, bringing a little festive cheer to long-term patients unable to go home for the holidays.

Sponsoring Art and Promoting Elderly Care

We sponsored a performance workshop holding a stage show called "Grandpa's Coffee Time", aiming to use theater to make the voices of the underprivileged heard and encourage society to pay more attention to issues of intergenerational education and dementia

Yuanta Life "Silver in the Sunshine - Caring for People with Dementia"

Yuanta Life took "Silver in the Sunshine - Caring for People with Dementia" as core to schedule a series of charity events, in order to accompany elders build up their colorful aged life.

Creating social relations capital

▶ As of 2018, Yuanta's cooperation with the Mennonite Christian Hospital has assisted a total of 1,873 people.

▶ For the show, we invited 80 elderly people and partners from the Taiwan Alzheimer's Disease Association and Hondao Senior Citizen's Welfare Association, both of which have long been committed to serving the elderly, to help everyone celebrate and rediscover the power of love and family.

▶ Yuanta Life planned a series of philanthropic activities focused on caring for the elderly and helping them create rich and enjoyable lifestyles. Both internal and contract staff from Yuanta Life formed volunteer teams and traveled to the Bitan Elderly Day Care Center in Xindian, New Taipei, Taichung's Ganlin Social Welfare Foundation, and Kaohsiung's Sun Garden Long-term Care Center to hold a variety of entertaining and interactive activities and games to show these elderly folks some love and concern.



Yuanta Life "Silver in the Sunshine - Caring for People with Dementia"



8-4



Serving the Community and Protecting the Environment

Activities and Descriptions

Protecting Children and Young People

Yuanta has a long-standing cooperative relationship with the Taiwan Fund for Children and Families, working together to care for the youth of Taiwan for 12 years and counting. In 2018, we took an active part in the "Love You Neighbor" program.

After-Care Activities

We take part in activities relating to judicial protection, maternal and child safety, assisting in the building of employment industry chains, leading both the public and corporate groups to pay attention to the work of judicial protection and assisting people in returning to society after having served their time.

Protecting Malawi with Dr. Bjørngaas

From November 2017 through January 2018, we held 10 Yuanta Charity Music Festivals, collecting some NT\$2 million through the Yuanta Cultural and Educational Foundation and Yuanta Funds for donation to the Bjørngaas Foundation in Pingtung.

Creating social relations capital

▶ Leveraging the 297 operating locations of our subsidiaries Yuanta Securities, Yuanta Bank, and Yuanta Life, the Group has put up posters and sent out flyers promoting the "Love Your Neighbor" program, helping create a more robust safety net for children who are victims of abuse.

▶ In 2018, we also assisted in the Sino-Japanese After-care Handicraft Exhibition and "Words of Bronze: Love and Hope" book launch. Additionally, in 2018 the Yuanta Cultural and Educational Foundation was honored by the Ministry of Justice as an "Accomplished Group in the Promotion of After-care".

▶ The Bjørngaas Foundation used the donations to organize a charity education activity called "Charity Beans English Academy," helping elementary students from around Taiwan learn English. By answering an English vocabulary question, they helped a Malawian farmer sell a fair-trade coffee bean, supporting their efforts to make a living.

Yuanta supports After-care policies for a long time, which was honored by the Ministry of Justice



Yuanta actively participated in "Love Your Neighbor" program to protect abused children.



Activities and Descriptions

Creating Parent - Child Reading Space with Pingtung County Government

In response to the Pingtung County Government Cultural Affairs Department's book drive, part of a project to revitalize historic sites, Yuanta Futures donated books to be housed at the "Tree Books", a transformed former residence of the principal of a Japanese-era army school.

TFSR Financial Services Charity Carnival

The Group echoed with "2018 TFSR Financial Services Charity Carnival" in Keelung, Taoyuan, and promoting the financial acknowledge and spreading the love and charity.

Yuanta Blood Drives

In Yuanta Financial Holdings promotion of blood donation activities, the beneficial health effects from regular donation were relayed. The event increased from once a year to three times per year. This not only maintain the balance of the blood stock, but also helps the staff making a good habit of donating blood, demonstrating the Group's specific actions to implement corporate social responsibility.

Creating social relations capital

The Pingtung County Government Cultural Affairs Department rebuilt the former home of the principal of the Japanese-era army school as the "General's House," then closing it and renovating it into "Tree Books". Yuanta Futures, in response, collected donations of books, donating a total of 250 second-hand books to the Bookstore to help create a parent-child reading space.

Yuanta Financial Holdings leading a team of employees from Yuanta Securities, Yuanta Bank, and Yuanta Life in participating, with Chairman Wang Rong-Jou personally attending to provide encouragement and join in on the charity work.

Over the past eight years, the Group has collected a total of 13,415 bags of donated blood, and for three years running we have been honored by the Taipei Blood Center as an "Outstanding Corporate Blood Donation Group".



Yuanta Futures and Pingtung County Government Cultural Affairs Department created a parent-child reading space together.



Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, and Yuanta Life in participating TFSR Financial Services Charity Carnival.



Yuanta's employees fervently responded to the Group's blood donation activities, enjoying the opportunity to contribute to charity.

Appendix

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Topic-specific Disclosures (including G4 Sector Disclosure - Financial Services)

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ISO 26000 Social Responsibility

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	Compliance with regulations and avoid risks from human rights issues through auditing	Employee Development	67
Human Rights	Addressing the human rights risk situations	Environmentally Friendly Employee Development	67, 85
	Avoidance of complicity - direct, interest, silenc, etc.	Corporate Governance	27
	Resolving grievances	Stakeholder Communication	15
	Non-discrimination against vulnerable groups	Employee Development	67
	Protect civil and political rights	Corporate Governance	27
	Protect economic, social and cultural rights	Corporate Governance	27
	Protect basic work rights	Corporate Governance	27
Labor Practices	Promoting Employment and employment relationships	Employee Development	67
	Working conditions and social protection	Employee Development	67
	Maintain social dialogue	Employee Development	67
	Maintain working health and safety	Employee Development	67
	Labor development and training	Employee Development	67
Environment	Pollution prevention	Environmentally Friendly	85
	Sustainable resource utilization	Environmentally Friendly	85
	Climate change mitigation and adaptation	Environmentally Friendly	85
	Environmental protection, biodiversity and natural habitat restoration	Environmentally Friendly	85
Fair Operating Practices	Anti-corruption	Corporate Governance	27
	Responsible political involvement	Stakeholder Communication	15
	Fair competition	About this Report	1
	Promoting social responsibility in the value chain	Sustainable Finance	47
	Respect property rights	Sustainable Finance	47
Consumer Issues	Fair marketing, information and contractual practices	Sustainable Finance	47
	Protecting customers' health and safety	Sustainable Finance	47
	Supporting sustainable consumption	Environmentally Friendly	85
	Customer service, support, and complaint and dispute resolution	Sustainable Finance	47
	Customer data protection and privacy	Sustainable Finance	47
	Access to essential services	Sustainable Finance	47
	Education and awareness	Sustainable Finance	47
Community Involvement and Development	Community involvement	Social Prosperity	93
	Employment creation and technical development	Employee Development	67
	Technology Development	Sustainable Finance	47
	Wealth and Income Creation	Sustainable Finance	47
	Education and Culture Promotion	Social Prosperity	93
	Health Promotion	Social Prosperity	93
	Responsible Social Investment	Sustainable Finance Social Prosperity	47, 93

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Report by TWSE Listed Companies—Finance and Insurance Table

Items	Related Report Section(s)	Page(s)
Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	Sustainable Finance	47
A listed company under Article 2 shall disclose the number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	Employee Development	67

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

Chapter	Related Report Section	Page(s)
Chapter 1: General Provisions	Sustainable Governance and Stakeholder Communication Corporate Governance	15, 27
Chapter 2: Exercising Corporate Governance	Sustainable Governance and Stakeholder Communication Corporate Governance	15, 27
Chapter 3: Fostering a Sustainable Environment	Environmentally Friendly	85
Chapter 4: Preserving Social Welfare	Sustainable Finance Employee Development Social Prosperity	47, 67, 93
Chapter 5: Enhancing Disclosure of Corporate Social Responsibility Information	Sustainable Governance and Stakeholder Communication Corporate Governance	15, 27
Chapter 6: Supplementary Provisions	Sustainable Governance and Stakeholder Communication	15

Independent Assurance Opinion Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Yuanta Holding Co., Ltd. 2018 Corporate Social Responsibility Report

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

This independent assurance opinion statement has been prepared for the stakeholders of Yuanta 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. 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 only.

Scope

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

1. The assurance scope is consistent with the description of Yuanta Holding Co., Ltd. 2018 Corporate Social Responsibility Report with the following exceptions:
2. The evaluation of the nature and extent of the Yuanta's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 Assurance Standard (2008) with 2018 Addendum sustainability assurance engagement.

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

Opinion Statement

We conclude that the Yuanta 2018 Corporate Social Responsibility Report provides a fair view of the Yuanta CSR programmes and performances during 2018. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Yuanta and the sample taken. We believe that the 2018 economic, social and environmental performance information are correctly represented. The CSR performance information disclosed in the report demonstrate Yuanta's efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a top level review of issues raised by external parties that could be relevant to Yuanta's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Yuanta's approach to stakeholder engagement. Moreover, we had sampled two external stakeholders to conduct interview
- interview with 32 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that Yuanta has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for 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's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among organization.

Materiality

The Yuanta publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Yuanta and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Yuanta's management and performance. In our professional opinion the report covers the Yuanta's material issues.

Responsiveness

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

Impact

Yuanta has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Yuanta has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the Yuanta's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, Yuanta and BSI have agreed upon to include in the scope. In our view, the data and information contained within 2018 Yuanta CSR Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

Yuanta provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Yuanta's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the Yuanta'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 experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2019-05-03



bsi.

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