



ESG  
REPORT 2023

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# About This Report

Yuanta Financial Holding Co., Ltd. (hereinafter referred to as "Yuanta Financial Holdings") has long been committed to promoting positive developments in environmental, social, and corporate governance (ESG) areas, adhering to the principles of prudent and steady management. We acknowledge the risks, opportunities, and challenges brought by climate change, and invest in financial products and services that have a positive impact on society and the environment. We disclose our goals and progress publicly to demonstrate our commitment to sustainability.

## Reporting Period

Yuanta Financial Holdings prepares and publicly discloses our ESG Report on a yearly basis. This year we published the "Yuanta Financial Holdings 2023 ESG Report" in June 2024 (hereinafter referred to as this report). The fourteenth (14<sup>th</sup>) edition of our report can be downloaded in both Chinese and English versions from the "Sustainability" section of the Yuanta Financial Holdings website.

This report covers the Group performance in 2023 (January 1, 2023 to December 31, 2023) in three ESG dimensions—environmental, social, and corporate governance—as well as the management of the Group and its response to material issues.

The previous report was issued in June 2023.

## Report Authoring Principles

### Compliance Standards

### Sustainability

- Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Universal Standards) 2021
- Integrated Report (IR)
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards—Investment Banking and Brokerage
- Sustainability Accounting Standards Board (SASB) Standards—Commercial Banks
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Financial

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

### Environmental

- ISO 14001
- ISO 14046
- ISO 14064-1
- ISO 14067
- ISO 20400
- ISO 50001
- PAS 2060

### Social

- ISO 22301
- ISO 26000
- ISO 27001
- ISO 45001
- ISO 45005



## Report Boundaries and Scope

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

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

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

## Report Quality Management Process

### 1 Integrate

Information for the report is provided by each unit of the Group, which is responsible for ensuring completeness and correctness of this information before submitting to the Corporate Sustainability Office for overall planning.

### 2 Compile

The Corporate Sustainability Office is responsible for coordination and compilation of information regarding 2023 sustainability performance and progress toward related goals.

### 3 Review

- Internal

Verified by the responsible persons and supervisors of each unit and each subsidiary.

- External

This report has been verified by BSI Taiwan according to AA1000AS v3 assurance standards and GRI standards.

Following verification, this report is compliant with GRI standards Universal Standards 2021 and AA1000 Type II moderate-level assurance.

### 4 Finalize

Draft submitted to the board of directors for review and finalization.

In accordance with R.O.C. Statement of Auditing Standards No. 1, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", PwC Taiwan has provided limited assurance on certain key performance information.

## Contact Information

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# A Word from the Chairman

2023 was a turbulent year characterized by both opportunities and challenges. As the impact of the pandemic gradually waned, businesses faced new obstacles, including geopolitical conflicts, a high interest rate environment, and a slowdown in the global economy, leading to significant market fluctuations. In response, establishing resilience became a top priority for businesses.

Despite these challenges, Yuanta Financial Holdings achieved steady profits and growth through the concerted efforts of all its employees. For 2023, our company reported a net profit after tax of NT\$26.566 billion, with earnings per share (EPS) of NT\$2.09. This performance underscores our prudent management approach in a volatile financial environment, effectively safeguarding the assets of our clients and shareholders.

Focusing on the theme of "Rebuilding Trust," the World Economic Forum (WEF) explored crucial issues such as maintaining peace and security, fostering employment and economic growth, addressing the development of new technologies like artificial intelligence (AI), and formulating long-term strategies for climate change and environmental preservation. Recognizing that emerging risks and uncertainties have become the new normal, our company understands that building resilience is essential for achieving sustainability. This approach aligns with our vision of becoming an international sustainability benchmark company, actively promoting a better future for future generations.

**Low-carbon operations to respond to the global net-zero trend**  
"Net zero emissions" is currently a global goal pursued by governments and enterprises alike. As a member of the Financial Supervisory Commission's "Coalition of Movers and Shakers on Sustainable Finance," our company is committed to supporting the nation's strategy to achieve net zero emissions by 2050. In line with this commitment, we continuously improve our internal carbon management practices. We also collaborate with relevant authorities and various financial industry associations to "build capacity in the financial industry to transition to net zero." As the convener of the Capacity Building and Certification Working Group, we actively promote relevant regulations and talent training mechanisms. Additionally, we leverage the power of investing and financing to support industries engaged in forward-looking economic activities and key strategies.

The Company officially implemented an internal carbon pricing mechanism in 2023 to start reducing carbon emissions within its own operations. Cross-departmental cooperation teams were established to drive these carbon reduction efforts. In 2023, the Company's carbon reduction achievements exceeded expectations, accounting for 8% of the overall carbon reduction target. These efforts resulted in savings of approximately NT\$2.38 million in carbon emission costs, based on a price of NT\$1,500 per ton of carbon dioxide emitted. In terms of climate risk and opportunity management, the Company has published reports from the Task Force on Climate-related Financial Disclosures (TCFD) for two consecutive years. The first verification of these reports earned the highest-level certification of "Level 5+ Excellence," demonstrating the effectiveness of the Company's scientific and systematic environmental management practices.

In addition, the Company actively provides green financial services and issues green financial products. It incorporates social and environmental risks into transaction considerations throughout its business processes. By issuing a variety of products that align with Environmental, Social, and Governance (ESG) principles, the Company collaborates with stakeholders to leverage its financial influence.

## Outstanding ESG performance to exert positive influence

The Company has been included in both the Dow Jones Sustainability World Index and the Dow Jones Sustainability Emerging Markets Index for five consecutive years, earning the distinction of being listed as a constituent stock on both indices. In 2023, it was ranked first globally in the comprehensive financial services category. Additionally, the Company has received an A rating in the International Carbon Disclosure Project's (CDP) evaluation for four consecutive years and has maintained its position as a Leadership Level member for six consecutive years, establishing itself as a benchmark company in the domestic financial industry.

We have actively responded to sustainability initiatives. In 2023, we announced our participation in the Partnership for Carbon Accounting Financials (PCAF), adopting international standards for carbon accounting in investment and financing to establish mechanisms for managing climate change risks and fulfill our responsibilities in finance. We have also joined initiatives related to nature and biodiversity, including the Task Force on Nature-related Financial Disclosures (TNFD), becoming one of the global early adopter companies, and the Partnership for Biodiversity Accounting Financials (PBAF), aligning with global enterprises to exert positive influence in the financial industry.

## Making society better is our responsibility!

A strong earthquake hit Hualien on April 3, 2024. As a force for social stability, Yuanta donated NT\$20 million to support disaster relief. This donation was used to assist with medical and humanitarian relief, as well as health and safety efforts, through the Ministry of Health and Welfare's 0403 Hualien Earthquake Disaster Donation Special Account. Meanwhile, Yuanta Life promptly provided care for its policyholders, offering disaster-stricken households six major service measures to help them through this difficult time.

Sustainability is about building "our common future." The Group has long been focusing on vulnerable groups, supporting communities and organizations, and expanding our philanthropy scope. All colleagues at Yuanta demonstrate enthusiasm and social care by actively serving as volunteers. In 2023, over 150 groups collaborated with Yuanta and over 640,000 individuals were beneficiaries of philanthropic activities. We not only lead by example but also invite our employees, their families, our suppliers, and our customers to participate in philanthropic and environmental advocacy activities.

For Yuanta Financial Holdings, striving to be at the forefront of sustainable development is an unchanging commitment to ourselves and society. In the future, the Company will continue to integrate the net-zero transition concept into its daily operations and business decisions. We will guide our employees, customers, suppliers, and other stakeholders on how to leverage peer effects to drive the industry and society toward sustainable development, achieving the optimal state of the common good and sustainability.



Chairman



# Important Achievements and Sustainable Management Outcomes in 2023



- Selected as a constituent stock of the Dow Jones Sustainability (DJSI) Emerging Markets Index and World Index for the 5th consecutive year; ranked 1<sup>st</sup> in the category of diversified financial services and capital markets globally.



- S&P Global "The Sustainability Yearbook 2023"



- CDP (formerly Carbon Disclosure Project) | We have been ranked in the Leadership Level A for six consecutive years. Also recognized as an A-level Leader of the Supplier Engagement Rating.



- The 7<sup>th</sup> Consecutive Year | FTSE4Good Emerging Index constituent stock
- The 6<sup>th</sup> Consecutive Year | FTSE4Good TIP Taiwan ESG Index constituent stock



- Bloomberg | 2023 Bloomberg Gender-Equality Index (GEI)



- Ranked in the top 5% of the Taiwan Stock Exchange's 9<sup>th</sup> Corporate Governance Evaluation.
- Top 20% in the first Sustainable Finance Evaluation
- Taiwan Corporate Governance Association| CG6013 (2021) Corporate Governance Framework Assessment Certificate with High Distinction (Certificate valid for December 29, 2022 to December 28, 2024)

- Corporate Governance Asia Magazine | Asia's Best CEO (Investor Relations) – CEO-Chien Weng
- Asia's Best CFO (Investor Relations) – CFO Hsu-Shu Mai
- Best Investor Relations Professional – Executive Vice President Ching-Tang Wu
- Best Investor Relations Company
- Best Environmental Responsibility Company

- HR Asia | Best Company to Work for in Asia
- 2023 National Sustainable Development Award (non-manufacturing industries)
- Global Views Monthly | ESG Corporate Sustainability Awards: Financial Insurance Industry Category—Exemplary Award

- CommonWealth Magazine | CommonWealth Sustainable Citizenship Award Top 100 Enterprises
- Wealth Magazine | Financial Holdings CSR Premium Award
- TCSA (Taiwan Corporate Sustainability Awards) | Growth through Innovation Leadership Award, Talent Development Leadership Award, and Creative Communication Leadership Award
- TCSA (Taiwan Corporate Sustainability Awards) | Taiwan Top 100 Sustainable Exemplar Enterprises Award and Corporate Sustainability Report Platinum Award
- TSAA (Taiwan Sustainable Action Awards) | Environmental Sustainability Award, Social Inclusion Award, and Economic

- Development Award
- British Standards Institution (BSI) | Sustainability Resilience Award - Pilot Award
- British Standards Institution (BSI) | Information Resilience Award – Group Award
- Taiwan Blood Services Foundation | Outstanding Blood Donor Group for the 9th consecutive year



# Milestone

A dedicated CSR unit was established.  
**Voluntarily published the first CSR Report.**

**2011**

**2015**

Supported Carbon Disclosure Project (CDP) and replied to the Climate Change Questionnaire.

Start the sustainable development of the group strategic blueprint.

**2016**

**2018**

- Establishment of **the Sustainability Committee at the level of the board of directors.**
- Imported Task Force on Climate-Related Financial Disclosures (TCFD).

**2019**

**2020**

- Selected as a constituent stock of the Dow Jones Sustainability (DJSI) Emerging Markets Index and World Index.
- Established "Sustainable Finance Guidelines" at the financial holding company level.
- The first diversified financials company in Taiwan to sign the Science-Based Targets Initiative (SBTi).
- **Imported Internal Carbon Pricing (ICP).**

**2021**

- Approved the renaming of "Sustainable Development Committee", **"Corporate Sustainability Office"** and "Integrity Management Office" at the meeting of the board of directors.
- **The first branch in Taiwan's financial industry to use 100% green electricity.**
- Followed the Sustainability Accounting Standards Board (SASB) indicators for investment banks and brokers, disclosed ESG information related to investors, and confirmed through third parties.
- Yuanta Life introduced the principle of perpetual insurance and **published the Principles for Sustainable Insurance (PSI) report.**



## Milestone

- Selected as a constituent stock of the Dow Jones Sustainability (DJSI) Emerging Markets Index and World Index for the 5th consecutive year; **ranked 1st in the category of diversified financial services and capital markets globally.**
- **Ranked by CDP in the Leadership Level A for six consecutive years.** Also recognized as an A-level Leader of the Supplier Engagement Rating.
- **Joined the Partnership for Carbon Accounting Financials (PCAF).**
- **Included in the Bloomberg Gender Equality Index for 4 consecutive years.**
- Yuanta Financial Holdings and Yuanta Futures **ranked in the top 5% of the Taiwan Stock Exchange's 8th Corporate Governance Evaluation.**
- Yuanta Bank ranked among the **top 20% in the first Sustainable Finance Evaluation.**
- The TCFD report received the highest-level certification of "Level 5+: Excellence".
- Completed carbon neutrality inspection: Yuanta Bank "Full Series of Credit Cards".
- Complete carbon footprint inspection: Yuanta Securities "Online Investment and Financial Management Services"

2023

2022

- The first diversified financials company in Taiwan to **pass the SBTi science-based carbon reduction target.**
- **Published the first TCFD report.**
- Yuanta Securities "Mr. Investor" APP and Yuanta Bank "Mobile Banking" APP **passed zero-carbon product verification.**
- Joined the "Coalition of Movers and Shakers for Sustainable Finance."

2024

- **Joined the Task Force on Nature-related Financial Disclosures (TNFD), becoming one of the global early adopter companies.**
- **Joined the Partnership for Biodiversity Accounting Financials (PBAF).**

keep Going!



1.1 YUANTA FINANCIAL HOLDINGS PROFILE

1.2 OPERATING PERFORMANCE



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

Looking ahead to the post-pandemic era, our company will prudently manage risks and continue to adopt a comprehensive growth development strategy with "solidification of cores and driving of growth" as the main focus. We will focus on two main aspects, "focusing on the Taiwan capital market" and "expanding overseas profit engines". While balancing the three core principles of "stable profitability", "risk management", and "sustainable development", we will operate business, markets, and customer groups with growth potential, leveraging the benefits of cross-industry and cross-border integration within the Group to effectively stabilize and enhance the level of profitability. We aim to steadily move towards the two major goals of "Asia-Pacific's best financial service provider" and "international benchmark enterprise for sustainability".

## 1.1 Yuanta Financial Holdings Profile

### Basic information of Yuanta Financial Holdings

Location of headquarters	No. 66, Section 1, Dunhua South Road, Songshan District, Taipei City
Established	February 4, 2002
Chairperson	Mr. Tony Shen
Chief Executive Officer	Mr. Chien, Weng
Capital	NT\$ 126,890,824,000
Total assets	NT\$ 3,298,659,820,000
Number of employees	11,463
Industry type	Finance and Insurance
Stock code	2885

Note: The number of employees includes both domestic full-time staff and contract employees.

### Global Locations

As of the end of 2023, we had a total of 317 locations in Taiwan, with operations across entire Taiwan to provide our customers with a full range of financial services. In recent years, Yuanta Financial Holdings has focused on overseas development, and we currently have 109 overseas locations. In the future, we will continue to respond to business development needs by strengthening overall competitiveness through organizational adjustments

#### Taiwan locations

Company	No. of Taiwan locations
Yuanta Financial Holdings	1
Yuanta Securities	149
Yuanta Bank	149
Yuanta Life	8
Yuanta Funds	2
Yuanta Futures	5
Yuanta Venture Capital	1
Yuanta Asset Management	1
Yuanta Securities Investment Consulting	1
Total	317



#### Overseas locations

■ Yuanta Securities ■ Yuanta Bank ■ Yuanta Futures

Company	No. of overseas brick-and-mortar locations	
Yuanta Securities	102	Hong Kong, Korea, Cambodia, Indonesia, Thailand, Vietnam, Shanghai, Beijing, Shenzhen
Yuanta Bank	5	Korea, Hong Kong, Philippines, Myanmare
Yuanta Futures	2	Hong Kong
Total	109	—

Note: In April and November 2022, Yuanta Securities and Yuanta Futures established subsidiaries in Singapore through reinvestment, and their operating projects are pending approval from the competent authorities in Singapore.



## 1.2 Operating Performance

### Financial Performance

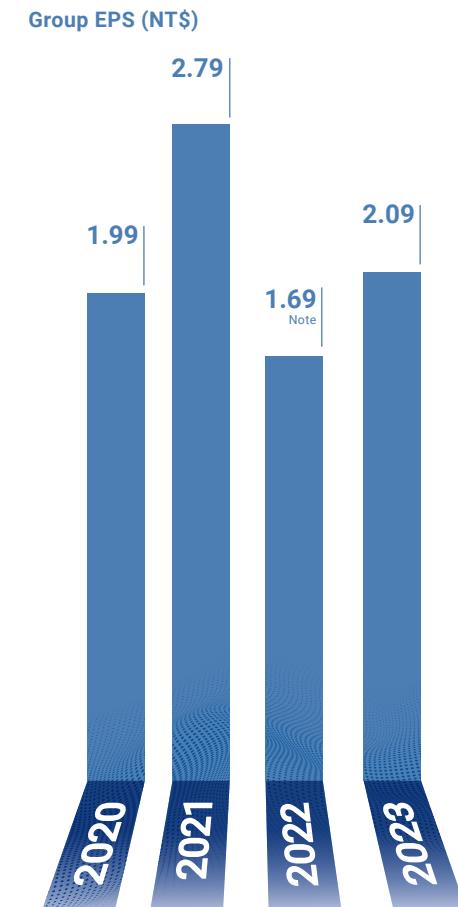
Looking back at the fiscal year 2023, the global market experienced significant volatility due to geopolitical conflicts, a high-interest-rate environment, and a global economic slowdown. Our company persisted to adhere to our prudent and sound operating principles, making internal adjustments in response to external changes. In 2023, our company generated after-tax net profits of NT\$26.566 billion with an earnings per share (EPS) of NT\$2.09, and ranked fifth among fourteen listed financial holding companies.

#### Group Economic Performance

Unit: NT\$ thousand

	2021	2022	2023
Direct Economic Value	Net interest income	29,973,751	30,701,365
	Net non-interest income	89,266,752	60,800,517
	Service fees and commissions	40,606,346	25,120,057
	Insurance business	16,021,241	13,377,691
	Investment income	32,320,073	(1,642,031)
	Foreign exchange profit	(5,384,950)	19,127,589
	Other income	5,704,042	4,817,211
	Subtotal of direct economic value	119,240,503	91,501,882
Distributed Economic Value	Operating expenses	40,846,155	37,456,374
	Employee salary and benefits	33,955,070	25,428,255
	Donation to governmental agency	146,359	33,775
	Donation to school fund	2,198	4,837
	Social welfare	136,138	127,953
	Political donations	0	0
	Pay dividends and interest	14,564,923	18,206,154
	Income tax expenses	4,950,047	9,102,438
	Fines	13,239	36,875
	Subtotal of distributed economic value	94,614,129	90,396,661
Retained Economic Value <sup>Note</sup>		24,626,374	1,105,221
			21,163,318

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



Note: The Group EPS is adjusted retrospectively based on the increased capital stock after the earnings capitalization in 2023.



## Operating Performance of Subsidiaries

Unit: NT\$ thousand

Company	Operating Direction of Subsidiaries	Item	2021	2022	2023
Yuanta Securities	Balancing the development of various businesses domestically, and actively promoting the regional layout in Asia overseas	Total assets	539,006,241	430,070,051	498,423,232
		After-tax gains and losses	23,293,080	12,051,504	13,793,474
		EPS (NT\$)	3.53	1.83	2.09
Yuanta Bank	Expanding lending scale and deepening customer base, enhancing customer service through emerging technologies and digital platforms	Total assets	1,651,478,911	1,712,135,805	1,834,464,451
		After-tax gains and losses	8,021,862	7,288,388	8,657,463
		EPS (NT\$)	1.08	0.99	1.17
Yuanta Life	Focusing on USD traditional insurance and investment-linked products, and steadily expanding protection-type and long-term products	Total assets	390,529,091	415,054,660	433,372,854
		After-tax gains and losses	2,074,289	1,376,517	2,018,960
		EPS (NT\$)	0.87	0.58	0.85
Yuanta Funds	Focusing on four core developments ① Expanding Taiwan equity fund base ② Actively promoting high dividend quality products ③ Promoting global themed products ④ Actively developing digital financial transformation	Total assets	6,934,264	7,157,085	7,659,524
		After-tax gains and losses	1,918,960	1,820,634	2,547,106
		EPS (NT\$)	8.46	8.02	11.22
Yuanta Futures	Strengthening the domestic and international brokerage business to maximize the benefits of the business channels and enhance brokerage revenue	Total assets	95,652,955	109,878,680	110,060,069
		After-tax gains and losses	860,282	1,145,348	1,852,719
		EPS (NT\$)	2.97	3.95	6.39
Yuanta Venture Capital	Emphasizing on both core and growth businesses, with the industry changes, grasping local business opportunities, supplemented by overseas markets	Total assets	3,946,044	2,913,675	3,281,118
		After-tax gains and losses	939,305	(197,272)	361,007
		EPS (NT\$)	3.46	(0.73)	1.33
Yuanta Asset Management	Deepening the handling of existing assets, implementing the management of non-performing loan (NPL) cases, refining foreclosure real estate appraisal, real estate management and maintenance planning within the Group, appraisal and participation in urban renewal and renewal of old and dangerous buildings	Total assets	4,023,338	4,121,624	4,186,698
		After-tax gains and losses	139,433	126,379	147,022
		EPS (NT\$)	0.42	0.38	0.44
Yuanta Securities Investment Consulting	Continuously providing real-time, professional and abundant investment analysis and research reports to enhance customer service	Total assets	299,984	307,872	301,856
		After-tax gains and losses	1,085	10,850	3,981
		EPS (NT\$)	0.11	1.09	0.40

**Regional Net Income**

Unit: NT\$ thousand

Regions	2021	2022	2023
Taiwan	97,828,337	77,385,770	81,435,070
Korea	16,527,007	10,267,024	12,354,420
Others	4,885,159	3,849,088	4,300,393
Total	119,240,503	91,501,882	98,089,883

**Regional Net Profit before Tax**

Unit: NT\$ thousand

Regions	2021	2022	2023
Taiwan	37,531,220	25,988,433	30,674,154
Korea	5,288,240	1,765,771	2,406,407
Others	1,321,884	659,609	905,090
Total	44,141,344	28,413,813	33,985,651

**Taxation Governance**

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

**1. Compliance with laws and regulations:** The Company shall comply with the tax laws and regulations of each country in which it operates and the spirit of its legislation, complete tax returns, and make tax payments in accordance with the law, fulfilling its social responsibility as a tax payer.

**2. Tax structure:** Tax planning and organizational restructuring is to be conducted legally and not for the primary and sole purpose of tax avoidance.

**3. Economic substance:**

(1) The Company is not to deliberately transfer profits or organizational structure to the Organization for Economic Cooperation and Development (OECD) or the EU List of Non-cooperative Jurisdictions for Tax Purposes, or to countries or regions with low tax burden outside of Taiwan as defined by the Income Tax Act. (e.g., tax havens).

(2) Transactions with related parties shall comply with the principles of regular transactions, and the pricing shall reflect the economic substance and comply with the OECD and the laws and regulations of each country in which the Company operates to prepare transfer pricing related documents in order to comply with the transfer pricing regulations.

**4. Risk Management:**

- (1) Each tax plan must comply with the principles of sustainable development, corporate social responsibility, and risk management to protect shareholders' rights and interests and create shareholder value.
- (2) In order to reduce the Company's and subsidiaries' domestic and overseas tax risks, the Accounting Department is to actively participate in the discussions of important or special tax issues between the Company and its subsidiaries due to differences in tax opinions and planning; if necessary, external professional advisors may be appointed or consulted to effectively control tax risks and evaluate countermeasures.

**5. Active communication:** Maintain a good, appropriate communicative relationship with the tax authorities and provide our perspective and experience as part of the industry to help improve the tax environment and national taxation system.

**6. Information transparency:** Comply with International Financial Reporting Standards (IFRS) and other relevant laws and regulations and regularly disclose tax information in public, such as financial statements, to ensure that tax information is open and transparent.

**7. Personnel training:** Continue to improve and strengthen professional tax-related capabilities through education, training, and participation in various taxation-related seminars.

**Group Tax Information**

Unit: NT\$ thousand

Items	2022	2023	Average
Net profit before tax (A)	28,413,813	33,985,651	31,199,732
Income tax expenses (B)	5,703,400	5,457,422	5,580,411
Adjustment items (C)	Time differences	647,519	721,049
	Tax-exempt income	669,563	1,633,643
Effective tax rate (%) ((B)+(C)) / (A)	24.71	22.99	23.85
Income tax cash payment (D)	9,102,438	2,821,086	5,961,762
Cash tax rate (%) (D) / (A)	32.04	8.30	20.17



The tax rate of the Group differs from the average effective tax rate and the average cash tax rate in the diversified financials industry provided by the Global Industry Classification Standard (GICS) because:

#### 1. Single jurisdiction tax law:

The tax rate in Taiwan is 20%, lower than the average tax rate (22.9%). Because Taiwan's tax code stipulates that some income is considered tax-free, such as that from securities trading, the rate is lower than the national statutory tax rate. The amount of tax-free income affected in 2022 and 2023 were NT\$669,563 thousands and NT\$1,633,643 thousands, respectively.

#### 2. Time differences:

Mainly due to deferred income tax items not recognized for temporary differences, overestimation of income tax in previous years and unrecognized tax losses in previous years were used in this year. The impacted amounts for 2022 and 2023 were NT\$647,519 thousands and NT\$721,049 thousands respectively.

#### Tax Deductions Recognized by National Taxation Bureau of Taiwan

Unit: NT\$ thousand

Items		2021	2022	2023
Unrecognizable Deductions	Donation/Contribution	0	0	0
Recognizable Deduction without a Limit Amount	Donations to aid in national defense infrastructure, support the military, to government at all levels, to the Small and Medium Enterprise (SME) Development Fund, and otherwise approved by the Ministry of Finance.	143,008	38,189	36,661
Recognizable Deduction with a Limit Amount	Donations to education, culture, philanthropy, charitable groups/institutions, and charitable trusts	110,328	126,489	109,140
	Election donations that comply with the Political Donations Act	0	0	0
	Donations to the China region	0	0	0

Note: The Group mainly gave donations to education, culture, public welfare, charitable institutions or groups and public welfare trusts in 2023. Yuanta did not give any improper donations or sponsorships.

#### The Domestic and Overseas Tax of the Yuanta Group

Unit: NT\$ thousand

Items	2021	2022	2023
Domestic (Taiwan) tax amount	4,360,943	7,927,733	2,311,707
The ratio of domestic (Taiwan) tax amount to the total tax amount (%)	88.10	87.09	81.94
Overseas (Korea) tax amount	329,831	887,598	320,729
The ratio of overseas (Korea) tax amount to the total tax amount (%)	6.66	9.75	11.37
Overseas (other countries) tax amount	259,273	287,107	188,650
The ratio of overseas (other countries) tax amount to the total tax amount (%)	5.24	3.15	6.69

#### 2023 Tax Information

Unit: NT\$ thousand

Country/Region	Total Employees <sup>Note</sup>	Operating Income (Net Income)	Net Profit before Tax	Income Tax Expenses	Income Taxes Paid
Taiwan	11,537	81,435,070	30,674,154	4,562,808	2,311,707
Korea	1,834	12,354,420	2,406,407	663,495	320,729
Others	1,542	4,300,393	905,090	231,119	188,650

Note: According to International Accounting Standards 19, the term "employees" as referred to in this table includes directors of the board, managers, regular employees, and contract workers, but excludes supervisors, dispatched workers, and those employed through labor or business outsourcing.



## Major Positions on Public Associations

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

The Group actively participates in various public association activities, such as banking associations, securities associations, investment trust and consulting associations, life insurance associations, trust associations, and Chinese National Association of Industry and Commerce, Taiwan. The purpose of some public associations is to assist the government in the implementation of financial policies. Expenses related to implementation of financial industry policy research and promotion incurred by these types of public associations was NT\$65,820 thousands in 2023.

In practicing sustainable finance, Chairman Tony Shen of Yuanta Financial Holdings joined the Financial Supervisory Commission's (FSC) Coalition of Movers and Shakers for Sustainable Finance on behalf of the Company in 2022. Through taking more proactive and practical actions in the five areas of "green procurement", "funding and engagement", "information disclosure", "assistance and promotion", and "international outreach", we lead the financial industry in addressing climate change issues, gathering and leveraging influence, and promoting sustainable development.

In the area of promoting ESG financial products, Chairman Tsung Sheng Liu of Yuanta Securities Investment Trust Co., Ltd. (Yuanta Funds), also serving as the Chairman of Securities Investment Trust & Consulting Association of the ROC, actively promoted the sustainable transformation of the securities investment trust and consulting industry in 2023. In response to the new regulatory requirements for funds and other financial products, he collaborated with competent authorities to establish ESG financial product regulations, investments, risk management, ecological

systems, and infrastructure. This will enable the securities investment trust and consulting industry to launch more ESG financial products, while assisting businesses and society in practicing sustainability.

In promoting TCFD disclosure in the banking industry, Chairman Tony Shen of Yuanta Financial Holdings served as a director of the Bankers Association of Taipei. In 2023, he actively promoted TCFD-related research in climate change risk and opportunity. The competent authorities will require all banking industry participants to disclose climate-related financial information based on the research findings of the bankers associations, assisting banks in quantifying the potential financial impact of climate change risks and strengthening risk management.

**Financial Industry Policy Research and Promotion Related Expenditure Statistics Table**

Unit: NT\$ thousand

Unit	2020	2021	2022	2023
Chinese National Futures Association	29,716	31,693	30,475	28,788
Taiwan Securities Association	19,627	14,535	21,691	23,379
The Bankers Association of the Republic of China	2,942	2,602	5,081	5,071
Securities Investment Trust & Consulting Association of the R.O.C.	3,222	3,566	3,629	3,608
Others	3,345	4,224	6,529	4,975
Total Expenditures	58,852	56,620	67,405	65,820
Data Coverage (%)	100	100	100	100

Note: Expenses related to the research and promotion of financial industry policy in 2023 were mainly aimed at promoting the development of Taiwan's financial industry. The Group actively participates in various public association activities, such as those organized by securities associations, futures associations, banking associations, and funds associations, and our directors of the board or senior executives hold important positions in the associations, providing practical experience and helping promote the development of fintech and innovative digital technology to build a smart finance environment. We support the development of green finance and financial inclusion to build a sustainable financial society. In addition, the Group has made no contributions to political groups, lobbying activities, and other tax-exempt groups and related expenses.



## Governance Mechanisms for Public Policy Engagement – Climate Consistency

### ■ Climate policy statement

Released the "Yuanta Financial Holding Company Net-Zero Declaration", with net-zero emissions in 2050 as the development direction, and formulated the "Sustainable Finance Guidelines", "Climate Finance Operations Guidelines", "Environment and Energy and Climate Change Management Policy", and "Supplier Sustainable Procurement Guidance" as the core, it is committed to building a sustainable financial ecosystem, responding to national policies and participating in the global low-carbon transformation process, and is consistent with the Paris Agreement.

### ■ Lobbying activities and management mechanisms of industry associations

#### Governance structure and management responsibilities

- Lobbying activities: According to the nature of the lobbying topic, an internal task force is established to divide the powers and responsibilities of each relevant unit to more efficiently integrate internal opinions. For example, the internal task force of the Coalition of Movers and Shakers for Sustainable Finance was established, with the chief executive officer as the convener, and divided into five groups according to sustainable issues, responsible for advocating sustainable financial policies and practical development.
- Industry associations: The corporate planning department implements the participation process of industry associations, reports to the chairperson of the board according to the public policy issues promoted by industry associations, and assigns corresponding internal units to participate in order to assist industry associations to promote public policy development smoothly.

#### Review, monitoring, and management procedures

- When participating in lobbying activities and industry associations, for different lobbying or discussion issues, the relevant responsible units will give feedback and form consensus according to practical feasibility through meeting discussion or written reply, etc., and report to senior management and governance unit for review according to the content of the resolution. In addition, since the participation of industry associations is mandatory by law in Taiwan, the pre-participation review procedures cannot be implemented. However, the Company will review whether the public policy positions of industry associations are consistent with the Company every year, and take corresponding management actions.

- Review and monitor lobbying activities and industry associations related to climate issues, actively manage the risks and impacts of climate change, join hands with all stakeholders to cooperate with the spirit of the "Yuanta Financial Holding Company Net-Zero Declaration", and lead the industry and value chain in net-zero transformation.

- When participating industry associations have inconsistent policy positions on climate change with the Company, we will follow the Company's internal management mechanism to communicate with participating industry associations in real time, and consider withdrawing financial support or terminating membership.

#### Scope of application

The scope of climate-related lobbying and industry association management mechanisms covers operating bases in all regions.

### ■ Results of climate-related lobbying and industry association participation

- The Company was invited by FSC to jointly organize the "Coalition of Movers and Shakers for Sustainable Finance" together with the leaders in Taiwan's financial industry, and went hand in hand with the competent authorities to lead Taiwan's financial industry to face up to the issue of climate change, gather and exert influence, and together promote sustainable development.
- The securities, futures, banking, life insurance, and investment trust/funds industry associations that the Group participates in actively promoted the progress of climate change issues, including financial disclosure of climate change risks and opportunities (TCFD), and greenhouse gas emission inventory (scopes 1, 2 and 3).



# CHAPTER 02

# SUSTAINABILITY STRATEGIES AND COMMITMENTS

2.1 SUSTAINABLE COMMITMENT 2.2 SUSTAINABLE GOVERNANCE

2.3 STAKEHOLDER ENGAGEMENT 2.4 SUSTAINABILITY STRATEGIES AND GOALS



## 2.1 Sustainable Commitment

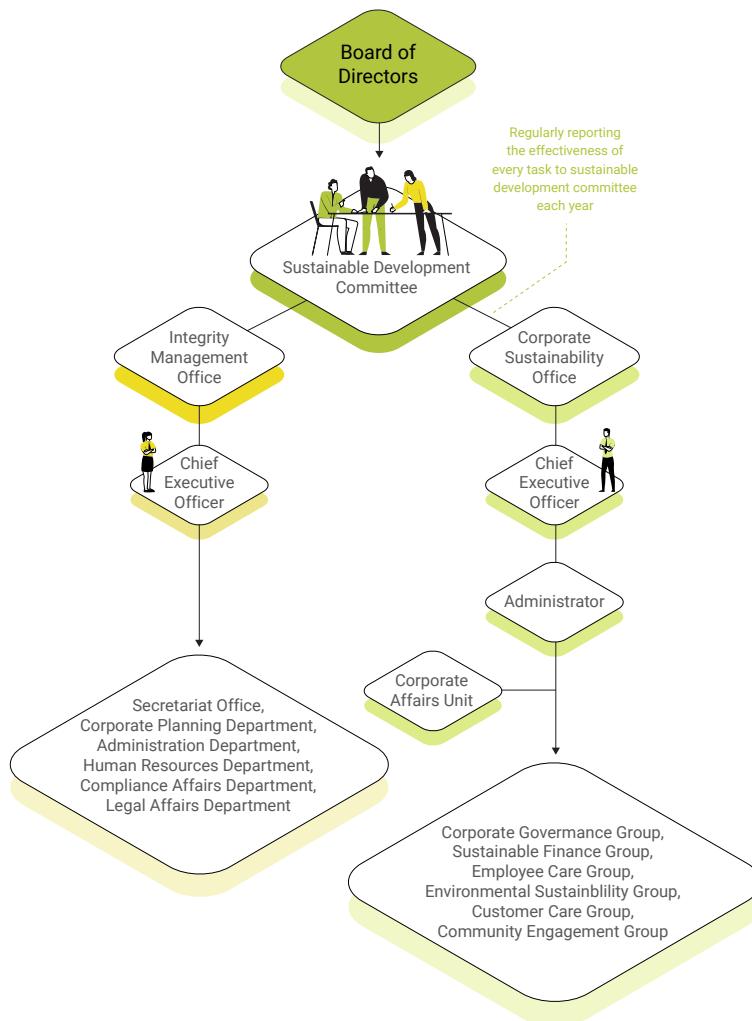
Following the rise of global sustainable development, the Company set "becoming an international benchmark enterprise for sustainability to actively promote a better future for future generations" as our vision, actively complied with the Sustainable Development Goals (SDGs) established by the United Nations, paid attention to developing ESG practices while engaging in financial operations and generating profits, and built a sustainable management and service model.

To respond to climate change and promote sustainable financial development early, in 2022, we, under the leadership of the competent authority, cofounded the Coalition of Movers and Shakers on Sustainable Finance with our partners in the financial industry. We prudently assessed the physical and transition risks in response to climate change, took specific actions to reduce carbon emissions, guided customers to maximize peer effects, and drove industries and society to try to achieve sustainable development.

<b>Commitments</b>	<b>Projects</b>	<b>2023 Implementation</b>
 <b>Net-Zero Carbon Emissions</b> <ul style="list-style-type: none"> <li>Yuanta Financial Holdings supports the Paris Climate Agreement's "50% global carbon reduction by 2030 and net-zero carbon emissions by 2050" target</li> <li>Group-wide carbon governance and carbon reduction target setting with reference to the Science-Based Targets (SBT) and the Partnership for Carbon Accounting Financials (PCAF).</li> </ul>	Green Energy Procurement and Utilization  Carbon Governance	<ul style="list-style-type: none"> <li>Five business locations under the ownership of Yuanta Securities, Yuanta Bank, and Yuanta Futures exclusively utilize 100% green energy.</li> <li>Green energy supplied: 2,643,435.8 kWh; overall green energy usage by the entire group in 2023: 7.06%.</li> <li>During the internal carbon pricing trial period, the entire group met the carbon reduction targets, with five subsidiaries surpassing the targets. In 2024, an internal carbon pricing task force is established, and regular internal carbon pricing review meetings are held to enhance the internal carbon pricing management mechanism.</li> </ul>
 <b>Sustainable Finance</b> <p>Green finance has become a trend in the international financial industry, incorporating environmental and social risk considerations in the evaluation of financial instruments and projects. Contributes to a virtuous cycle of investment and industry pursuit of sustainable development.</p>	Responsible Investment Engagement  Responsible Lending	<ul style="list-style-type: none"> <li>Yuanta Funds engaged in dialogue with invested companies regarding sustainable supply chain screening. In addition to reviewing international quality management standards verification of supply chain vendors, the signing of supplier codes of conduct was completed. Also considered were the supply chain vendors' own carbon reduction targets and implementation plans related to climate change, integrating the impacts and risks of climate change into the supply chain management process.</li> <li>Yuanta Life focused on the environmental performance of invested companies, engaging in two-way discussions and planning medium- to long-term greenhouse gas reduction targets. This is aimed at improving the impact of invested companies on the environment and communities, continuously promoting reforestation and biodiversity to mitigate the effects of climate change and achieve sustainable development.</li> <li>The "Industry-Specific Environmental and Social Risk Management Rules" were established to strengthen the risk control of high-carbon emission industry.</li> <li>Yuanta Bank referred to the 'Guidelines for Sustainable Economic Activities Recognition' and expanded the scope of projects. This includes enhancing incentive programs related to green buildings to promote industry efforts in reducing building energy consumption and greenhouse gas emissions.</li> <li>Yuanta Bank actively promotes sustainability-linked loans to encourage companies to implement sustainable practices, with a focus on promoting internal ESG policies and strategies. It has approved a total of 47 cases, with a loan balance of NTS\$1.7 billion.</li> </ul>
 <b>Talent Cultivation</b> <p>Yuanta is committed to the transmission of financial knowledge. In addition to using its financial expertise to train its employees to perform multiple functions internally, Yuanta also conveys financial knowledge to students, the general public, and the senior community, so that the Company, the public, and its customers can grow together and grasp the trends of financial management.</p>	Green Financial Talent Development Program  New Generation Financial Literacy	<ul style="list-style-type: none"> <li>As a founding member of the "Coalition of Movers and Shakers on Sustainable Finance," the Company plays a crucial role as one of the conveners of the Capacity Building and Certification Working Group. Together with regulatory authorities and other financial institutions, we collaboratively establish regulations requiring directors of the board, supervisors, senior executives, and regular employees to complete three hours of sustainable finance training courses annually. This initiative lays the foundation for talent development in advancing sustainable finance.</li> <li>We provide professional ESG skills training, covering topics such as climate risk management and stress testing, ESG investment and practical application, green and sustainable finance talent program, friendly service, fair customer treatment, and other SDG (sustainable development goal) practices. Our goal is to deepen the sustainable finance knowledge and skills of financial professionals in various fields.</li> <li>We collaborate with industries and academia to disseminate financial knowledge, such as participating in campus finance seminars, hosting corporate visits, mentoring investment and wealth management clubs, and conducting recruitment and other campus activities. Additionally, we cooperate with tertiary institutions to offer credit courses.</li> <li>To cultivate students' ability to apply theoretical knowledge learned in the classroom to actual investment trading, we organize stock market and foreign exchange trading simulation competitions, allowing students from colleges and universities across Taiwan to experience the real-life fluctuations in the financial market.</li> </ul>



## 2.2 Sustainable Governance



### Sustainable Governance

In an effort to uphold the concept of sustainable development and to implement corporate governance, the Company has established a "Sustainability Committee" in 2018 as a functional committee under the Board of Directors, with the aim of strengthening the board's management of integrity operations and active practice of sustainable development. And on March 15, 2022, the 39th meeting of the eighth (8th) Board approved the renaming of the "Sustainability Committee" to "Sustainable Development Committee". This term of the Sustainable Development Committee is composed of the Chairman of the Board of Directors and four independent directors, with the Chairman of the Board of Directors acting as the convener and the proportion of independent directors being as high as 80%. Meetings shall be held at least twice a year and may be called as often as necessary.

The Sustainable Development Committee is responsible for the following:

1. Assisting in integrating the values of integrity management and sustainable development into the Company's business strategies.
2. Compliance with laws and regulations to establish measures to ensure integrity management and fulfill corporate sustainable development.
3. Supervising and implementing company policies regarding integrity management and sustainable development, as well as evaluating their effectiveness.
4. Any other matters pertaining to the establishment, supervision, and implementation of policies on integrity management and sustainable development.

### Sustainable Governance Operating Model

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

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

Frequency of sustainable governance meetings

Name of Meetings	Number of Meetings	Important motion
Sustainable Development Committee	4	<ul style="list-style-type: none"> <li>• Revising the "2021-2025 Group Sustainable Development Strategy Roadmap" for the Company</li> <li>• Publishing the 2022 Sustainability (ESG) Report of Yuanta Financial Holdings</li> <li>• Plan for greenhouse gas inventory and verification across the Group</li> <li>• Communication status and materiality assessment process regarding stakeholder concerns</li> </ul>



## 2.3 Stakeholder Engagement

### Stakeholder Communication

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

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

#### Stakeholder Communication Topics of Interest

Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2023 Key communication achievements
Shareholders and Investors / Creditors	Two-way communication through periodic overseas and domestic legal conferences and one-on-one meetings with institutional investors are carried out each year to provide institutional investors with a clear understanding of the Company's long-term development strategies and financial and business overview and to learn about institutional investors' suggestions and ideas for the Company and report them to decision makers for consideration of the Company's future strategic direction.	Corporate governance Integrity management Legal compliance Risk management Sustainable finance Financial inclusion Information and transaction security Climate action	Announcement of operation profile on Market Observation Post System and company website  Announcement of financial reports and investor presentations on the Company's website  Shareholders meeting  International ESG ratings  Participating in credit rating  Issuance of Annual Report and ESG Report in English and Chinese	Monthly  Quarterly  Annual  Annual  Annual  Annual	<ul style="list-style-type: none"> <li>• 1 shareholders meeting.</li> <li>• The Company has been selected for multiple international ESG assessments, including being listed for 5 consecutive years in the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index; S&amp;P Global Sustainability Yearbook Silver Class; CDP Leadership Level A; Bloomberg Gender Equality Index; FTSE4Good Emerging Index; and FTSE4Good TIP Taiwan ESG Index.</li> <li>• The Company, along with Yuanta Securities and Yuanta Bank, has been certified for excellent corporate governance systems by the Taiwan Corporate Governance Association through the CG6013 (2021) corporate governance assessment. (Certificate valid from December 29, 2022 to December 28, 2024).</li> </ul>



Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2023 Key communication achievements
Shareholders and Investors / Creditors	Two-way communication through periodic overseas and domestic legal conferences and one-on-one meetings with institutional investors are carried out each year to provide institutional investors with a clear understanding of the Company's long-term development strategies and financial and business overview and to learn about institutional investors' suggestions and ideas for the Company and report them to decision makers for consideration of the Company's future strategic direction.	Corporate governance Integrity management Legal compliance Risk management Sustainable finance Financial inclusion Information and transaction security Climate action	Setting up Chinese and English website and stakeholder contact area  Domestic and international investor presentations  Disclosing the latest information on corporate governance and sustainable development  Communication with investors through bond underwriters, preparation of public prospectuses  Providing the Company's credit rating report and disclosing the latest financial and operational information for reference in credit evaluation	On a regular basis  Nonscheduled basis  Nonscheduled basis  Nonscheduled basis  Nonscheduled basis	<ul style="list-style-type: none"> <li>The 2022 Yuanta Financial Holdings ESG Report has been released in both Chinese and English versions and will be regularly updated on the Company's official website.</li> <li>We received invitations to participate in 7 investor conferences and conduct more than 85 meetings (including video and phone conferences) with analysts and institutional investors. As part of our ongoing efforts, we frequently gather investor feedback and analyze areas of concern, such as net-zero transition, risk management, and market trends, among others, which are in turn reported to senior management on a regular basis.</li> <li>Following the SASB's sustainability accounting standards for "Investment Banking and Brokerage" and "Commercial Banks"; transparent disclosure of TCFD climate risk and opportunity management earned BSI's highest level of certification, "Level 5+: Excellence."</li> <li>A third-party institution has been contracted to oversee and audit compliance with corporate debt obligations on behalf of the debt holders.</li> </ul>
Government Agencies	To comply with the relevant requirements and strengthen management capabilities through regular and periodic responses to surveys with the competent authorities and to release major information and to respond to relevant inquiries.	Legal compliance Customer rights Friendly and excellent working environment	Joining the Coalition of Movers and Shakers on Sustainable Finance  Reporting operations overview  Responding to inquiries from the competent authorities through official documents, meetings, phone calls, emails and public information  Announcement of material information  Reporting the results to the Market Observation Post System within 2 days of receiving the credit rating	Quarterly  Quarterly  Nonscheduled basis  Nonscheduled basis  Nonscheduled basis	<ul style="list-style-type: none"> <li>Under the leadership of the FSC, we have organized the "Coalition of Movers and Shakers on Sustainable Finance" with our financial industry peers and jointly promoted the "Financial Industry Net-Zero Promotion Work Platform" with financial related associations.</li> <li>On a monthly/quarterly basis, operational status reports and declarations have been submitted to the competent authorities, enabling them to grasp the overall financial landscape.</li> <li>The Company has not violated any regulations regarding information disclosure, material news, and press conference reporting requirements set forth by the Taiwan Stock Exchange.</li> </ul>



Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2023 Key communication achievements
Current Employees	Through communication with employees, we listen to their opinions and needs, and communicate with them about the Company's policies, including education and training, workplace safety and health, compliance with laws and ethics, and performance appraisal, so that we can work together to achieve good results.	Corporate governance Integrity management Talent cultivation and development Friendly and excellent working environment	Club activities Convening labor-management meetings and occupational safety and health committees Performance evaluation and feedback Employee engagement survey Occupational safety and health training Organized Summit Forum / "Yuanta e-Learning" online courses Employee complaint mailbox, internal communication channel, e-newsletter  Employee Benefit Committee, Employee Stock Ownership Committee, and Labor Retirement Reserve Committee	Quarterly/ Monthly Quarterly Half year Every two years On a regular basis On a regular basis On a regular basis  Nonscheduled basis	<ul style="list-style-type: none"> <li>Supervisors at all levels incorporated sustainable development objectives and ESG business into their annual work objectives and linked them to the reward system to implement sustainable business development.</li> <li>To develop and implement occupational health and safety prevention programs such as maternal health protection plans, prevention for diseases induced by abnormal workloads, ergonomic hazard initiatives, and other measures for infringements of job duties.</li> <li>To ensure the safety of employees and maintain uninterrupted operations, verification has been conducted using the ISO/PAS 45005 COVID-19 occupational health and safety management guidelines during the pandemic period.</li> <li>The Company achieved an 85% participation rate in the Employee Sustainable Engagement Survey conducted among employees at home and abroad. Of the participating employees, 80% expressed a positive evaluation of the level of sustainable engagement.</li> <li>The average training hours per employee were 55.3 hours, with an average training cost of NT\$5,517.9 per person. The total training hours decreased by 2.9% compared to the previous year, while the total training costs increased by 45.3%. This was mainly due to the adjustment in the proportion of physical and digital courses in response to the alleviation of the COVID-19 pandemic in 2023.</li> <li>Based upon daily COVID-19 situations, epidemiological investigations have been conducted, with notifications issued and preventive measures implemented. A total of 32 epidemic prevention guidelines have been released to safeguard the health of employees and their families.</li> </ul>
Potential Employees	The Company welcomes outstanding talents and helps students understand the current status of the financial industry to help them with their career choices.	Talent cultivation and development	Industry-academic cooperation internship Lectures, industry-academia cooperation Recruitment website, company website, company Facebook Course cooperation, career counseling	Annual/ Half year On a regular basis On a regular basis Nonscheduled basis	<ul style="list-style-type: none"> <li>The Group actively nurtures young financial professionals through continuous collaboration with major universities and colleges. This collaboration involves classroom lectures, plenary speeches, corporate visits, internships, and campus competitions. Through these activities, we aim to nurture young individuals in building financial knowledge and gaining practical experience. They explore career opportunities in the financial industry, enhancing their competitiveness and financial literacy. In the current year, a total of 22,135 new-generation talented individuals were nurtured through academia-industry collaboration.</li> <li>We operate a Facebook fan page and an official internship opportunity website to assist students in understanding Yuanta and its various internship and employment opportunities.</li> </ul>



Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2023 Key communication achievements
Clients /Debtors	We provide a complete range of products to meet customers' needs, provide more diversified and convenient services, and combine multi-faceted issues and methods to attract customers' attention and increase customer loyalty. We also help customers understand the risks and costs associated with the use of financial products and services, so as to reduce the chance of future disputes.	Customer rights Financial product innovation and services Information and transaction security Financial inclusion Sustainable finance	E-News and various investment research reports  Payment discount program notification letter  Repayment negotiation  Customer service center, customer service and complaint hotline  Web services and mobile services app  Investment and financial management seminars, talks and forums  Customer satisfaction survey  Debenture replacement	Daily/ Monthly  Daily/ Monthly  On a regular basis  On a regular basis  On a regular basis  Nonscheduled basis  Nonscheduled basis  Every 5 years	<ul style="list-style-type: none"> <li>The weighted average of customer satisfaction for the five major subsidiaries is 99.40%.</li> <li>Yuanta Securities' "Mr. Investor" and Yuanta Bank's "Yuanta Mobile Banking APP" are the first zero-carbon apps in their respective industries to pass both ISO 14067 and PAS 2060 international certifications.</li> <li>Yuanta Bank has approved 47 sustainability-linked loans with a total amount of NT\$31.7 billion.</li> <li>Yuanta Life has undertaken micro-injury insurance policies with a total coverage amount of NT\$1.75 million.</li> <li>Yuanta Funds has a total of 22 funds with the highest rating of 5 globes from Morningstar, Inc., with a combined fund size of NT\$723.875 billion.</li> <li>Yuanta Securities has been ranked in the top 20% in the Principle for Financial Service Industries to Treat Clients Fairly; Yuanta Life received the Best Progress Award.</li> <li>Yuanta Securities Investment Consulting has established the "Money-Managing Expert" YouTube channel, producing and broadcasting 275 videos, accumulating nearly 3.06 million views.</li> <li>A comprehensive grievance channel with dedicated units for dispute and complaint resolution. <a href="http://www.yuanta.com/TW/ESG/Stakeholder-Engagement/Contacts">www.yuanta.com/TW/ESG/Stakeholder-Engagement/Contacts</a></li> </ul>
Media	The Company has created good media relations and established smooth communication channels, so that the media can report fairly the Company's operating status to the public.	Corporate governance Integrity management Legal compliance Financial product innovation and services	Providing the latest market overview and financial commodity information  Media, press conferences, and advertising  Explanation of unexpected events	Regular  Nonscheduled basis  Nonscheduled basis	<ul style="list-style-type: none"> <li>Issued 189 press releases this year.</li> <li>Specialized staff is responsible for media communication between the Company and its subsidiaries, and respond to media questions immediately.</li> <li>Issued press releases or statements on major issues.</li> <li>Provided the latest market overview and financial products information to help the public keep abreast of market trends.</li> <li>From time to time, the Company and its subsidiaries hold press conferences and events.</li> </ul>



Stakeholder	Materiality	Topic	Communication channels, feedback methods	Communication frequency	2023 Key communication achievements
Community	The relationship between business and society is one of coexistence and co-prosperity. Our role as a "charity platform" helps others to realize their dreams, turn their lives around, and move forward to happiness. We also help the public to know more about the Group and how it continues to spread positive energy for Taiwan.	Social welfare	Yuanta Blood Donation Campaign	Annual	<ul style="list-style-type: none"> <li>The Group invested 12,019 volunteers, logged 2,193 volunteer hours, and benefited 640 thousand people from its annual public welfare activities.</li> </ul>
			Dream Big Project /Yuanta-FJCU Dreams Take Flight Project	Annual	<ul style="list-style-type: none"> <li>For seven consecutive years, we have organized the "Dream Big Project" and provided human and material resources to assist 45 small social welfare organizations in need, benefiting 450 thousand people in total. For the past 13 consecutive years, we have been promoting the Yuanta-FJCU Dreams Take Flight Project and have provided 2,097 Yuanta scholarships, including 148 undergraduates and 7 graduate students, as well as academic tutoring for more than 363 primary and secondary school children in rural areas</li> </ul>
			Social welfare, academic education, and environmental protection activities	On a regular basis	
			Community care and neighborhood visits	Nonscheduled basis	
			Collaboration with NPO/NGO groups	Nonscheduled basis	<ul style="list-style-type: none"> <li>Disclosure of the status of public donations on our website <a href="https://www.yuanta.com/TW/ESG/Social-Engagement">https://www.yuanta.com/TW/ESG/Social-Engagement</a></li> </ul>
Suppliers	To enable our suppliers to understand our environmental and human rights standards and to work together with them to promote ESG concepts.	Supplier management	Supplier reviews	Annual	<ul style="list-style-type: none"> <li>Annual evaluation of 164 major suppliers, classified into 3 grades of ABC according to the evaluation results, including 48 grade A (excellent), 111 grade B (qualified), and 5 grade C (engaging and coaching).</li> </ul>
			Supplier self-assessment	Annual	<ul style="list-style-type: none"> <li>Following the "Yuanta Financial Holding Co., Ltd. and Subsidiaries Guidelines of Supplier Management" and evaluating both new and existing suppliers based on 3 ESG dimensions.</li> </ul>
			Supplier conference	Annual	<ul style="list-style-type: none"> <li>Organized 3 supplier conferences to communicate and provide training on sustainability-related issues such as net-zero emissions and information security.</li> </ul>
		Social welfare	Signing of Supplier's Terms and Conditions for Sustainable Procurement	Regular	<ul style="list-style-type: none"> <li>The entire Group has passed the ISO 20400 Sustainable Procurement Guidelines and requires contracted suppliers to sign the "Sustainable Procurement Guidance of Yuanta Financial Holdings" listed in the contract.</li> </ul>



## Materiality Assessment Procedures

Our Company values the views of our stakeholders. Our stakeholders include shareholders and investors/creditors, government agencies, customers/debtors, current employees, potential employees, media, communities, and suppliers. We employed various channels and stakeholder communication to understand and identify their concerns. The Company conducts materiality assessments and reviews every year, of which the results are presented, along with the potential internal/external risks of financial-related business, and presented reports to the Board of Directors to implement Enterprise Risk Management (ERM). The material topics of 2023 were evaluated and adjusted in accordance with the GRI Standards: Universal Standards and the practical situations reflected within and outside the Company, through discussions and joint decisions made by the head of the Corporate Sustainability Office and the group leaders. In response to these material topics, corresponding management policies and concrete actions are disclosed, and the assessment process and identified material topics are as follows:

### Procedures for identifying material topics

#### STEP 01 Identify

Based on the GRI standards and upholding the dual importance principle, the Company selected 17 key sustainability issues by taking into account factors such as international standards (SASB, DJSI and TCFD), international trends, peer development in the industry, industry characteristics, and the concerns raised by stakeholders through communication channels.

#### STEP 02 Evaluate

To evaluate the probability and magnitude of positive and negative impacts on the external economy, environment, and people, including impacts on their human rights (ESG) in each sustainability issue that the Company may encounter, based on the expertise of each sustainability team on the issues<sup>Note 1</sup>.

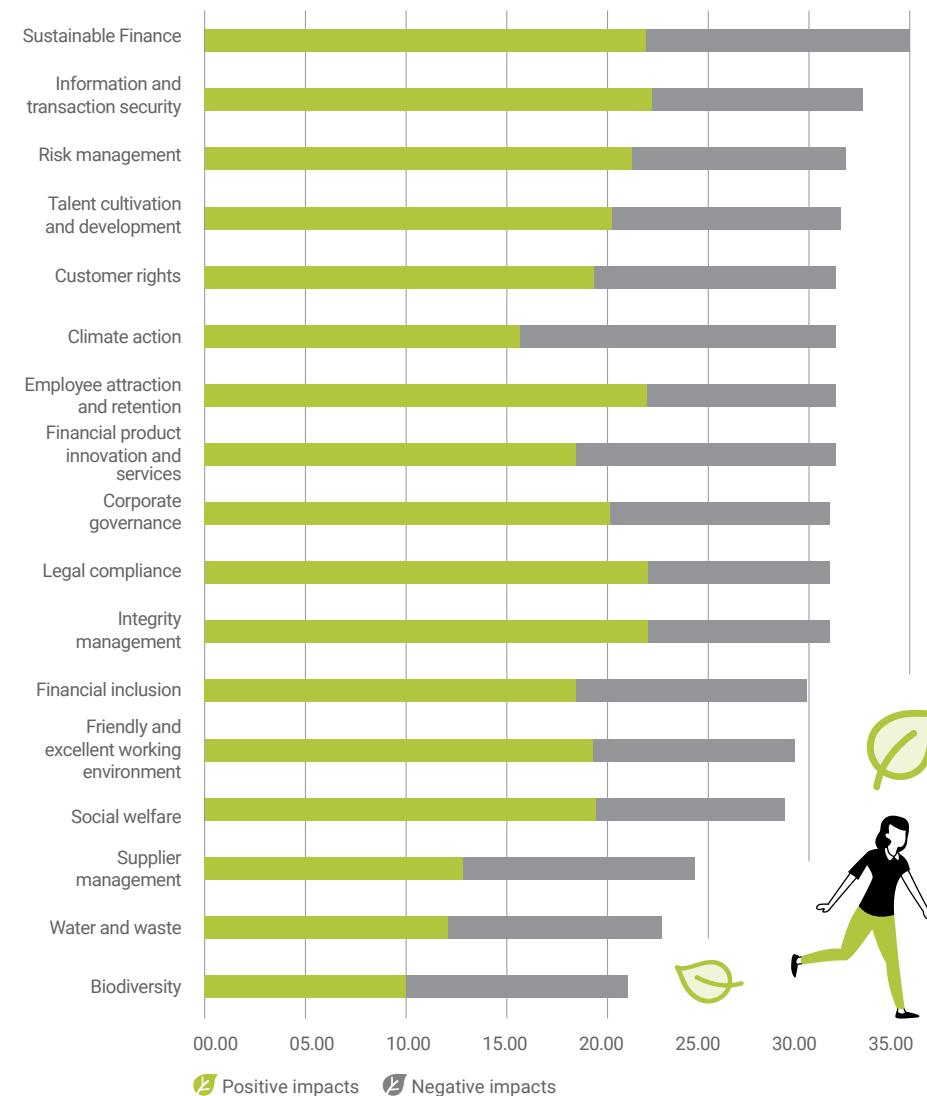
#### STEP 03 Prioritization

To calculate the impact level of each sustainability issue based on the probability and magnitude of positive and negative impacts and rank the impact levels accordingly. Sustainability issues with impact levels reaching 60% or above are considered significant <sup>Note 2</sup>. In 2023, 12 significant sustainability issues were identified and confirmed by the head of the Corporate Sustainability Office and the leaders of each sustainability group to ensure that important ESG information has been fully disclosed in the report.

#### STEP 04 Review

After the completion of the report, the Corporate Sustainability Office's teams conduct a final review and report to the Sustainable Development Committee and the Board of Directors to determine whether there are any ESG information and performance improperly or unfaithfully expressed. The results of the identification of Material Topics and feedback from stakeholders are also used as an important reference for the next annual report.

### Impact of sustainability topics



Note.

1. The positive impact assessment focuses on the probability of occurrence, as well as the size and scope of the impact.

2. The impact level is measured in points, with a total of 50 points. Sustainability issues with impact levels reaching 60% or above (i.e., 30 points or more) for total impact are considered significant.



## Material Topics and Their Impact Boundaries

In 2023, 12 material topics were identified, and remained the same ones as those identified in 2022. The results of the analysis differed only in the impact level order. The following is an analysis of the involvement levels of these significant sustainability issues in terms of the "Value Chain Impacts", "Impact Dimensions", and "Impact Categories".

Degree of impact involvement: ■ Direct shock, \* Indirect shock, ◆ Shock caused by business relationship

Material Topics	Corresponding sections	Impacted Parties-Value Chain							Impact Dimensions			Impact Categories			
		Yuanta Financial Holdings	Shareholders and investors / creditors	Government agencies	Potential employees	Customers/ debtors	Media	Community	Suppliers	Environment	Social	Governance	Business conduct	Product/ Service	Supply chain
Sustainable finance	3.1 Sustainable finance	■	■			■◆				■	■			■	
Financial inclusion	3.2 Innovative social financial products	■				■				■	■			■	
Climate action	4.1 Response to the International Carbon Reduction Program	■					*			■			■	■	
Customer rights	3.3 Customer rights	■			■		■◆			■				■	
Financial product innovation and services	3.2 Innovative social financial products									■	■			■	
Employee attraction and retention	6.1 Employee attraction and retention	■								■					
Talent cultivation and development	6.2 Talent cultivation and development	■	■	■	*					■			■		■
Corporate governance	5.1 Corporate governance	■	■	■						■	■	■	■		■
Integrity management	5.2 Integrity management	■	■	■		■	■	■◆		■	■	■		■	
Legal compliance	5.4 Legal compliance	■	■	■	■					■	■	■	■	■	
Risk management	5.3 Risk management	■	■	■	■					■	■	■	■	■	
Information and transaction security	5.5 Information Security	■	■	■		■		■◆		■	■	■	■	■	■



## Material Topics Management and Commitment

● Actual Positive Impact ○ Potential Positive Impact ▲ Actual Negative Impact △ Potential Negative Impact

Material Topics	Importance to Yuanta	Impact Category	Impact Description	Potential Risk Factors	Policy	Evaluation/Mitigation Measures	Corresponding sections
Corporate governance	The Company believes that good corporate governance and integrity management are the foundation of its operations. In particular, the financial industry plays an important role in maintaining the stability of the financial environment and the flow of commercial capital. Therefore, we are committed to sound management, decision-making oversight, and professional and ethical operations, which are key to gaining the trust of our stakeholders.	●▲	Enforce relevant laws and regulations such as the Corporate Governance Guidelines to help build favorable corporate governance systems and ensure stable company operations.	Poor or unstable governance and operational decisions	Corporate Governance Guidelines	<ul style="list-style-type: none"> <li>Every 2 years, the Taiwan Corporate Governance Association is commissioned to conduct an evaluation of the Company's corporate governance system. Through regular and in-depth reviews by external institutions and experts, the evaluation examines the completeness of the Company's relevant governance system, effectiveness of the system operations, implementation of disciplinary measures, and relevance and integrity of disclosures. The results of this evaluation serve as a reference for the Company to continuously improve and strengthen its corporate governance system.</li> <li>The performance of the Board of Directors and Functional Committees is evaluated annually (self-evaluation), and every 3 years, the performance of the Board of Directors is evaluated by an outside professional and independent organization or outside experts.</li> </ul>	5.1 Corporate governance
Integrity Management	Integrity has always been our management philosophy. In order to carry out our corporate philosophy of sustainable management, we have been promoting corporate governance, strengthening the management of the Board of Directors on integrity management and practicing corporate social responsibility, and integrating integrity and ethical values into our management strategy.	●▲	Implement integrity management to help stabilize market order and protect the rights and interests of our stakeholders.	Ineffective implementation of integrity and ethical standards, or incidents of dishonesty	<ul style="list-style-type: none"> <li>Integrity Management Guidelines</li> <li>Procedures for Integrity Management and Guidelines for Conduct</li> <li>Whistleblowing System and Implementation Measures</li> <li>Professional Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>The prevention plan and the related regulations established by the Company.</li> <li>Internal control and other related regulations for each unit to follow internal control and operating procedures.</li> <li>General business audits conducted by the auditing unit on an annual basis.</li> </ul>	5.2 Integrity Management
Risk Management	The global financial environment is becoming more complex and the risks involved in the financial industry are more diversified and intensified. Through the 3 lines of defense of risk management, the Company can effectively diversify, transfer or reduce risks to achieve a win-win-win situation for customers, shareholders, and employees.	●▲	Establish comprehensive risk management measures to help improve operational resilience against crises, safeguard assets, and maintain financial market stability.	Inadequate risk management or failure to promptly report and address emergencies	<ul style="list-style-type: none"> <li>Risk Management Policy</li> <li>Crisis Management Policy and Procedure Rules</li> <li>Various risk management measures</li> </ul>	<ul style="list-style-type: none"> <li>Compliance and enforcement of regulations and internal control systems are verified through the Internal Auditing Department, which is part of the Board of Directors.</li> <li>An annual risk management mechanism assessment is conducted, and the assessment results are reported to the Audit Committee and the Board of Directors.</li> </ul>	5.3 Risk Management



Material Topics	Importance to Yuanta	Impact Category	Impact Description	Potential Risk Factors	Policy	Evaluation/Mitigation Measures	Corresponding sections
Legal compliance	Good compliance with laws and regulations is an important basis for companies to gain the trust of their stakeholders. In order to reduce compliance risks and ensure that the Company operates in compliance with relevant laws and regulations, we aim to strengthen employees' awareness of compliance, maintain an effective and appropriate internal control system, and promote sound operation of the Company.	●▲	Comply with relevant laws and regulations to help stabilize market order and protect the rights and interests of our stakeholders.	Failure to properly enforce legal compliance	<ul style="list-style-type: none"> <li>• Compliance Manual</li> <li>• Anti-Money Laundering and Counter-Terrorist Financing Policy</li> </ul>	Through the Internal Auditing Department under the Board of Directors, the Company conducts general business audits at least once a year and project business audits every 6 months.	5.4 Legal compliance
Information and Transaction Security	With the increasing development of technology, the financial trading environment is becoming more and more dependent on the Internet, and the diversification of services also brings the impact of information security risks. The Group aims to provide stable and secure information services with the sustainable goals of "protecting the security of information assets" and "maintaining business continuity to achieve sustainable business operation".	●△	Strengthen information security protection networks and employee information security awareness to prevent hackers and to prevent private customer information from leaking, protecting the rights and interests of our stakeholders.	Information leakage, theft or loss of data	Information Security Policy	The information security team of the Company and each subsidiary holds regular group meetings and management review meetings every year to evaluate and improve on the effectiveness of information security management, audit and evaluation results, and feedback from stakeholders.	5.5 Information Security
Employee attraction and retention	Talent is an important driving force for companies to move forward. The Group actively invests resources in recruiting outstanding and diversified talents, and through the employment of diversified talents, the Group is able to further expand into Taiwan.	●△	Pay attention to the issues of retaining old employees as well as attracting talented domestic and foreign workers to improve the competitiveness of domestic industries and to increase employment opportunities, including those for disadvantaged groups.	Difficulty in recruiting and retaining talent	We have established multiple channels to source talents and provided a comprehensive compensation and benefit system to recruit domestic and overseas talents.	We have established a long-term incentive plan linked to sustainable performance, actively retained high-performing personnel, and conducted regular employee engagement surveys.	6.1 Employee attraction and retention



Material Topics	Importance to Yuanta	Impact Category	Impact Description	Potential Risk Factors	Policy	Evaluation/Mitigation Measures	Corresponding sections
Talent Cultivation and Development	In the ever-changing financial industry, human resources are one of the foundations of the Company to provide good services and corporate innovation. The Company actively cultivates multiple functions of its staff, consolidates core professions, and develops new functions to meet the needs of the financial industry and the Group's business development and enhance the Group's overall competitiveness.	●△	Spend extra on employee training courses, invest in diversified resources for employee development, and provide them with favorable and equal career development opportunities in order to improve employee engagement and the Group's competitiveness.	Lack of accessible learning resources	The Group's talent cultivation strategy is to align with "solidification of cores and driving of growth", encourage employees to learn and transfer to other positions, and promote lifelong learning by combining physical and online training courses and providing learning resources through four course structures: Management College, Professional College, License College and Life College.	Managing employee education and training coverage rate, cultivating green financial talents, and reviewing employee performance evaluation.	6.2 Talent Cultivation and Development
Customer rights	From the perspective of customers' needs, the Group leverages the diverse core business characteristics of its subsidiaries to introduce diversified and innovative products, strengthen customer communication, cultivate customer trust and loyalty, and continue to provide attentive and caring services to customers.	●△	Care about the rights and interests of customers and provide them with complete communication mechanisms to understand their needs promptly and protect their rights and interests.	Inequality in accessing financial services for all customers	<ul style="list-style-type: none"> <li>• Personal Data Protection Act</li> <li>• Cyber Security Management Act</li> <li>• Financial Holding Company Act</li> <li>• Regulations on Joint Marketing among Subsidiaries of Financial Holding Companies</li> </ul>	We incorporate the principles of fair treatment into our daily core business. Each of the 5 subsidiaries has established a specialized unit, with the chief executive officer as the convener, to hold regular meetings to plan, review, and promote improvement plans on matters related to the principle of fair treatment of customers and product review, and to report the implementation status to the Board of Directors to strengthen implementation from the top down.	3.3 Customer rights
Financial Product Innovation and Services	Digital platforms and mobile services have become part of our daily life. In response to the gradual changes in the behavioral patterns of consumers and the financial industry, the Group has been improving the functions of its financial digital platform based on its business characteristics, optimizing the investment process and customer habits through a convenient and fast digital experience, cultivating customer loyalty, and strengthening the Group's digital competitiveness.	●△	Continue to promote financial product innovations and services, increase the reach of financial services, and reduce the use of paper and carbon emissions through the increased use of digital media.	Complexity of operating digital financial platforms	<ul style="list-style-type: none"> <li>• Digital platform development process</li> <li>• Design criteria specification document and production design specification XD file</li> </ul>	We hold monthly meetings and occasional meetings with colleagues in the digital finance department of each subsidiary to discuss and ask the head of the digital finance department of each subsidiary to report on the content, progress, schedule, and promotion of mobile device development and optimization. Every 6 months, we evaluate the growth rate of mobile users of each subsidiary's digital finance department.	3.2 Innovative social financial products



Material Topics	Importance to Yuanta	Impact Category	Impact Description	Potential Risk Factors	Policy	Evaluation/Mitigation Measures	Corresponding sections
Sustainable finance	The Group places emphasis on sustainable financial development and is in line with international trends. We have developed Sustainable Finance Guidelines and are gradually incorporating ESG considerations into our lending, investment and financial products and services development. We also combine the business expertise of each subsidiary to provide diversified financial services and support the development of enterprises with sustainable concepts, and use our influence as a capital provider and manager to channel capital to sustainable industries and expand the influence of sustainable finance.	●△	Encourage our business partners to set sustainable goals, promote green energy, and support sustainability-related industries as well as companies with good ESG performance to drive society to engage in sustainable practices. We also enhance the Company's revenue performance through low-carbon products and services.	Failure to consider ESG factors in investment and financing decisions	• Sustainable Finance Guidelines • Industry-Specific Environmental and Social Risk Management Rules	Through half year meetings of the chief executive officers of the Company and its subsidiaries, we review the progress and performance of sustainable investment and financing, ESG products and services, and ESG consultation and negotiation, and discuss relevant international trends and directions for promoting sustainable finance, so that ESG can be implemented in our operations.	3.1 Sustainable finance
Financial Inclusion	The Group is committed to strengthening the inclusiveness of its financial services and integrating the core idea of "fulfilling your biggest dreams" to provide diversified, convenient, and lower-cost financial services to the disadvantaged people and micro-enterprises in the society, effectively promoting the development of local finance and expanding the reach of financial services, such as micro-insurance, public trust, and barrier-free financial services. We hope to enable disadvantaged groups to enjoy equal access to financial services.	●△	Continue to promote financial inclusion, protect the rights and interests of the public to obtain financial services, promote social equity, and achieve inclusive growth.	Lack of affordable financial services for the general public	-	We track and manage the performance of each subsidiary's financial inclusion products on a quarterly basis. Through each subsidiary's quarterly reports on the new financial products developed, the number of participants, and the amount of money involved, as well as their achievements of the FSC's financial inclusion targets, in order to fulfill the financial inclusion policies of the competent authorities.	3.2 Innovative social financial products
Climate action	We are committed to building a corporate green culture by managing internal energy consumption and greenhouse gas emissions, continuously improving energy efficiency, and actively purchasing green power and renewable energy to reduce the environmental impact of our operations.	●△	Care about climate action issues, set carbon reduction targets, and implement GHG inventory, energy management, climate finance, and supply chain carbon reduction management to mitigate global warming; and use our financial power to promote low-carbon industrial transformation.	Absence of strategies to mitigate the impact of climate change	Environmental and Energy and Climate Change Management Policy	• Environmental related ISO standard system is introduced and third-party verification is obtained. • Annual review of carbon reduction, energy saving, renewable energy use, water saving, and waste reduction targets.	4.1 Response to the International Carbon Reduction Program



## 2.4 Sustainability Strategies and Goals

The Group has established a "2021-2025 Sustainable Development Strategy Roadmap" to practice sustainable development through five major dimensions and uphold the service spirit of "fulfilling your biggest dreams". In the process of practicing sustainability, the Group takes "D.R.E.A.M" as a keyword: DEVOTION (full engagement in social participation), RELIABILITY (customers' number one trusted brand), EXCHANGE (green pioneers in environmental change), ACHIEVEMENT (provide an exceptional workplace that employees aspire to work in), and MOTIVATION (a leader in corporate governance), and sets 52 medium- and long-term goals for the five sustainable initiatives. We are actively involved in various sustainability programs, adjusting our goals and objectives in line with domestic and international trends, and regularly reviewing our achievements. The targets for 2023 were achieved as follows:



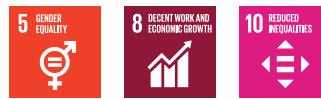
**DEVOTION**  
Full engagement in social participation



**MOTIVATION**  
A leader in corporate governance



**ACHIEVEMENT**  
Provide an exceptional workplace that employees aspire to work in

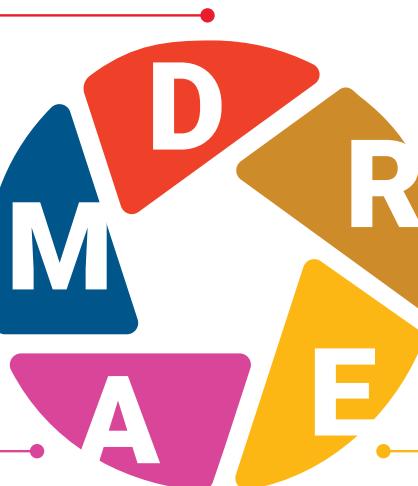
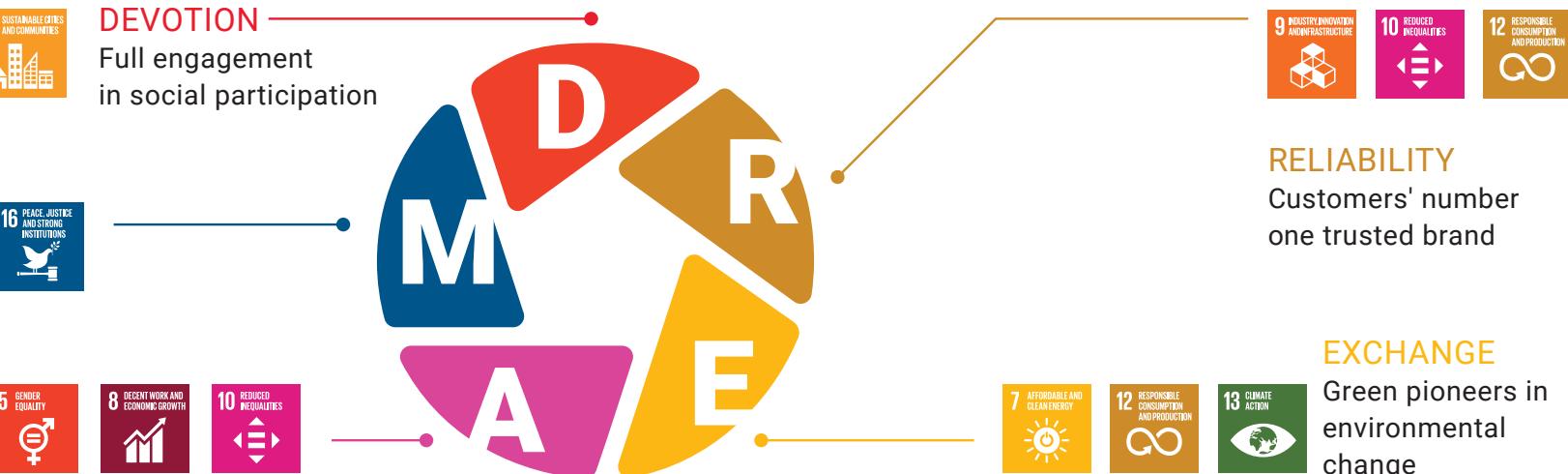


**D DEVOTION**  
Full engagement in social participation

**R RELIABILITY**  
Customers' number one trusted brand

With the "public welfare platform" as the core, we integrated the Group's resources, connected stakeholders, and used our financial functions to help solve social and environmental problems, becoming a solid partner of social welfare organizations and demonstrating social influence.

Using financial technology to promote products of financial inclusion, expand the accessibility and use of financial services, and enable all customers to have reasonable access to financial services.



**A ACHIEVEMENT**  
Provide an exceptional workplace that employees aspire to work in



**E EXCHANGE**  
Green pioneers in environmental change

To properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, we identify and manage the risks of climate change by incorporating them into our operational decisions.

In the face of global warming and the resource depletion crisis, the Group is fully committed to responding to the trend of energy saving and carbon reduction and to carry out mitigation and adaptation actions to reduce the impact on the environment.

Employees are a company's most important asset. We are committed to providing a friendly and excellent work environment by promoting physical and mental health programs and welfare measures that are better than the law requires.

We provide employees with multi-functional education and training system and course activities, and strengthen employees' competitive advantage through performance evaluation mechanism to enhance talent retention rate and corporate competitiveness.

**M MOTIVATION**  
A leader in corporate governance

Actively respond to the "Corporate Governance 3.0 Sustainable Development Roadmap" by improving the corporate governance structure, strengthening the functions and effectiveness of the board of directors, and enhancing information transparency to ensure shareholders' rights and interests and enhance sustainable corporate development.

Establishing an independent and comprehensive risk identification and management mechanism to manage various operational risks, enhance the quality of risk management, and ensure sustainable and sound business operations.



## DEVOTION • Full engagement in social participation

Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Social welfare	Employee participation in volunteer activities (Base year 2021, 2588 participations).	Employee participation in volunteer activities increase by 20% compared to the base year.	●	12,109 participations in volunteer activities.	Employee participation in volunteer activities increase by 25% compared to the base year.
	Expanding stakeholders'social engagement activities.	An accumulative total of 5% supplier involved.	●	An accumulative total of 135 suppliers (13%) involved.	An accumulative total of 8% supplier involved.
	Continuing to support social activities of senior care and medical services	12 sessions per year.	●	18 sessions per year.	15 sessions per year.
	Empowering local social organizations and groups to promote social betterment.	Empowering at least 6 local organizations or groups.	●	Empowering at least 8 local organizations or groups.	Empowering at least 8 local organizations or groups.
		10% of the branch locations of the entire Group complete community care activities.	●	13.9% of the branch locations of the entire Group complete community care activities.	15% of the branch locations of the entire Group complete community care activities.
	Continuing to provide additional assistance to students who wish to complete their studies.	Collaborate with key partners to continue to help motivated students complete their education.	●	<ul style="list-style-type: none"> <li>• "Yuanta-FJCU Dreams Take Flight Project" has been held for 13 consecutive years and 105 people received the scholarships in 2023.</li> <li>• "Yuanta Scholarship for Outstanding Underprivileged Talent" has been held for 8 consecutive years and 78 people received the scholarships in 2023.</li> </ul>	Collaborate with key partners to continue to help motivated students complete their education.
	A long-term concern for children and disadvantaged groups in remote areas.	Collaborate with 100 key partners to continue to care for children in remote areas and disadvantaged groups.	●	Collaborate with 150 key partners to continue to care for children in remote areas and disadvantaged groups.	Collaborate with 120 key partners to continue to care for children in remote areas and disadvantaged groups.
	Financial education for disadvantaged groups.	Provide 10 sessions of financial education for disadvantaged groups.	●	Provide 14 sessions of financial education for disadvantaged groups.	Provide 17 sessions of financial education for disadvantaged groups.
	Integration of financial business models with social participation.	Continue to promote the integration of financial business models with social participation.	●	<ul style="list-style-type: none"> <li>• Yuanta Bank's "Give Love, Give Warmth" charity donation platform had a total of 779 donations, with a total amount of NT\$ 1,788,396.</li> <li>• Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Investment Trust donated NT\$ 1,745,725 in micro-insurance premiums, benefiting 5,928 people.</li> </ul>	Continue to promote the integration of financial business models with social participation.
Financial Inclusion	Assisting small investors in building financial habits through regular fixed deposits or small savings accounts.	Participation increase by 10% compared to the previous year.	▲ Note	NT\$ 925 thousand of regular fixed deposits accounts, participation decrease by 1.3% compared to the previous year (NT\$ 937 thousand).	Participation increase by more than 10% compared to the previous year.

Note : The project includes "regular investment in stocks" and "regular investment in funds." Due to the rise in market interest rates, customers have shifted some of their assets to invest in fixed-income products to earn stable returns. The number of deduction accounts for regular investment in stocks increased by 50.7% compared to the previous year, totaling 165,636 accounts. However, the number of participants in regular investment in funds decreased by 8% to 759,596 accounts. Consequently, the overall number of deduction accounts for regular investment decreased by 1.3% compared to previous years.



## RELIABILITY • Customers' number one trusted brand

Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Sustainable finance	Complying with voluntary green investment and financing guidelines (Principles for Responsible Banking PRB), (Principles for Responsible Investment PRI), (Principles for Sustainable Insurance PSI).	Voluntarily follow the Principles for Sustainable Insurance (PSI).	●	Yuanta Life voluntarily complies with PSI and published the "Principles for Sustainable Insurance and Stewardship Report" in December in accordance with its framework.	Plan execution schedule.
	Continuing to promote the Group's sustainable finance commodity development strategies - Implemented "Sustainable Finance Guidelines" assessment.	Introduce " Sustainable Finance Guidelines " and evaluate 10,000 cases in total.	●	9,190 assessment cases this year; evaluated 27,613 cases in total.	Introduce " Sustainable Finance Guidelines " and evaluate 18,000 cases in total.
	Evaluate project financing cases based on the Equator Principles.	Promote and implement the Equator Principles industry-specific environmental and social risk management mechanism.	●	Based on the Equator Principles, 2 project financing cases have been evaluated, and all two have been declined after careful evaluation of the lending period and shareholder background.	Promote and implement the Equator Principles industry-specific environmental and social risk management mechanism.
	Social and environmental risks are taken into account in transactions (for companies in the steel, plastic materials, and semiconductor manufacturing industries)	Complete 600 social and environmental risk assessments.	●	233 assessment cases this year; evaluated 1,158 cases in total.	Complete 1,000 social and environmental risk assessments.
	Growth in revenue of ESG-related products/services (about NT\$255 billion in 2020).	Total sustainable investment / lending amounted to NT\$300 billion.	●	Total sustainable investment / lending amounted to NT\$978.3 billion.	Total sustainable investment / lending amounted to NT\$340 billion.
	Issue/underwrite/invest in sustainable development bonds.	Continue to issue/underwrite/invest in sustainable development bonds.	●	Issued/underwrote in sustainable development bonds worth NT\$14.47 billion; invested in sustainable development bonds worth NT\$55.35 billion.	Continue to issue/underwrite/invest in sustainable development bonds.
Financial product innovation and services	Making digital accounts convenient to increase the number of users.	The ratio of online account opening/member registration is 33%.	●	The average online account opening/member registration ratio among the five subsidiaries and Yuanta Securities Investment Consulting reaches 38%.	The ratio of online account opening/member registration is 39%.
	Digital mobile user activity levels.	Active digital mobile users account for 60% of all electronics users.	●	Active digital mobile users account for 79.1% of all electronics users.	Committed to the development of digital financial system deployment, providing customers with a full range of digital services related to their lives.
	Carbon footprint verification for financial products or services.	Expanding carbon footprint verification scope of financial products or services.	●	Yuanta Securities' "Online Investment and Financial Management Services", Yuanta Bank's "Credit Card" and Yuanta Funds' "Online Services (Application/Transaction/Inquiry)" have all passed ISO 14067 verification and obtained carbon labels	Continuing to promote carbon footprint verification for financial products or services.



Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Customer services	Customer satisfaction.	Yuanta Securities 97.0% Yuanta Bank 93.0% Yuanta Life 91.5% Yuanta Funds 95.3% Yuanta Futures 95.5%	●	All 5 major subsidiaries achieved their goals.	Yuanta Securities 97.5% Yuanta Bank 95.0% Yuanta Life 92.5% Yuanta Funds 95.8% Yuanta Futures 96.0%
	Providing reliable and high-quality customer complaint management process using ISO 10002.	Ongoing annual certification.	●	All 5 major subsidiaries achieved their goals	Ongoing annual certification.
	Implementing the principle of fair treatment of customers.	More than 5 hours of training per person per year on the principles of fair treatment.	●	The Company and all five major subsidiaries achieved their goals.	More than 5 hours of training per person per year on the principles of fair treatment.
Information Security	ISO 27001 Information security management system certification.	Annual verification is conducted to more effectively ensure the security of both financial and confidential information, and reduce the risk of unauthorized or illegal use of information.	●	The Company and all five major subsidiaries achieved their goals.	Annual verification is conducted to more effectively ensure the security of both financial and confidential information, and reduce the risk of unauthorized or illegal use of information.
	Establishment of security operations centers (SOC) for information security incident monitoring mechanism.	<ul style="list-style-type: none"> <li>Yuanta Financial Holdings, Yuanta Life, Yuanta Funds, and Yuanta Futures have strategized the introduction of the Security Information and Event Management (SIEM) system for security purposes.</li> <li>Establishing SOC for Yuanta Group information security incident monitoring mechanism (with Yuanta Securities and Yuanta Bank prioritized).</li> </ul>	●	<ul style="list-style-type: none"> <li>SIEM progress: Yuanta Financial Holdings, Yuanta Life, Yuanta Funds, and Yuanta Futures have been introduced of the SIEM system.</li> <li>SOC progress: Yuanta Securities and Yuanta Bank have established SOC; SOC (outsourced monitoring service project) has been established ahead of schedule.</li> </ul>	Establish Group-wide SOC for information security incident monitoring mechanism.
	Implementation of an AI analysis mechanism.	Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures are planning to implement a system with AI analysis mechanism.	●	The Company and all 5 subsidiaries have implemented AI analysis mechanism and continue to complete EDR active blocking protection.	Establish a Group-wide AI analysis mechanism.



## EXCHANGE • Green pioneers in environmental change

Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Climate action, Water, and Waste	Implementation of climate change adaptation and mitigation.	<ul style="list-style-type: none"> <li>Formulating investment and financing measures for climate change risk management.</li> <li>Passing the TCFD compliance assessment.</li> </ul>	●	<ul style="list-style-type: none"> <li>Completed the formulation of "Yanta Financial Holdings Co., Ltd. Investment and Financing Climate Risk Management Measures".</li> <li>The 2022 TCFD report was released in July and obtained the highest level certification of BSI "Level 5+: Excellence".</li> </ul>	Continuing to improve on financial impact assessment and disclosure of risks and opportunities.
	Actively participate in international climate evaluation.	Proactively responding to CDP climate change questionnaire and continuing to achieve the leadership level.	●	Made CDP's "A-List" for 4 consecutive years, and have been ranked in the leadership level for 6 consecutive years.	Proactively responding to CDP climate change questionnaire and continuing to achieve the leadership level.
	Control the carbon emission target of the whole Group (Based on the SBT methodology). <sup>Note</sup>	6% reduction in carbon emissions and 5% reduction in energy consumption per unit of revenue.	●	8.12% reduction in carbon emissions and 16.20% reduction in energy consumption per unit of revenue.	8% reduction in carbon emissions and 7% reduction in energy consumption per unit of revenue.
	Control of group-wide waste reduction (Base year is 2019)	Waste per capita reduced by 2% compared to base year.	●	Waste per capita reduced by 84.36% compared to base year.	Waste per capita reduced by 3% compared to base year.
	Control of group-wide water reduction (Base year is 2019)	Water consumption per square meter reduced by 2.5% compared to base year.	●	Water consumption per square meter reduced by 2.79% compared to base year.	Water consumption per square meter reduced by 4% compared to base year.
	Use green energy (Base year is 2020).	<ul style="list-style-type: none"> <li>At least 4 operating locations use 100% green energy.</li> <li>The use of green energy has reached 4% of the benchmark year's electricity consumption (equivalent to approximately 1.6 million kWh).</li> </ul>	●	<ul style="list-style-type: none"> <li>5 operating locations(Yanta Securities 2 offices, Yuanta Bank 2 offices, Yuanta Futures 1 office) use 100% green energy.</li> <li>The use of green energy 2.64 million kWh.</li> </ul>	The use of green energy has reached 6% of the base year's electricity consumption (equivalent to approximately 2.4 million kWh).-
	Newly constructed office buildings have received the Green Building Label.	Yuanta Bank's newly constructed office building on Ren'ai Road in Taipei (Yuanta Financial Plaza) has been green-building certified.	●	Target achieved.	The Nanjing Fuxing urban renewal project and Yuanta Life's newly constructed office buildings on Songjiang Road in Taipei have been green-building certified.

Note: The Group has established Category 1 and Category 2 carbon reduction targets based upon the SBT methodology. Category 1 and Category 2 carbon reduction targets are set to reduce emissions by 31% by 2034 and 51% by 2050, respectively. Progress towards these targets will be reviewed and refined every five years as part of a phased approach to carbon reduction.



Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Supplier Management	Audit suppliers on ethical and sustainability issues through ISO 20400 sustainable procurement guidelines.	Continuous supplier process management optimization with ISO 20400 sustainable procurement guidelines.	●	This year's optimization actions include completing the "Supplier Checklist" and revising the "Guidelines of Supplier Management and Key Points for Procurement Processing"	Continuous supplier process management optimization with ISO 20400 sustainable procurement guidelines.
	Suppliers are required to comply with Supplier's Terms and Conditions for Sustainable Procurement.	100% coverage of contracted manufacturers.	●	100% coverage of contracted manufacturers.	100% coverage of contracted manufacturers.
	Risk assessment and audit of major suppliers.	The self-assessment questionnaire retrieval rate is 100%, and the on-site inspection rate for high-risk suppliers is 30%	●	<ul style="list-style-type: none"> <li>A total of 164 suppliers completed the 2023 annual evaluation exercise, with a recovery rate of 100%.</li> <li>Arranged on-site audits for 5 high-risk suppliers, with an on-site audit rate of 30%, and provided remedial measures suggestions and tracking.</li> </ul>	The self-assessment questionnaire retrieval rate is 100%, and the on-site inspection rate for high-risk suppliers is 50%
	Supplier Sustainability Management and Evaluation.	<ul style="list-style-type: none"> <li>Percentage of C-tier suppliers reduced compared with previous year.</li> <li>C-tier suppliers are listed as a non-priority procurement list, and the cooperation with C-tier suppliers is reduced year by year.</li> </ul>	●	<ul style="list-style-type: none"> <li>Percentage of C-tier suppliers reduced 1% compared with previous year. (2023 supplier evaluation: 48 A- tier suppliers, 111 B- tier suppliers, and 5 C- tier suppliers)</li> <li>Completed C- tier supplier engagement coaching and continued to track improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of C-tier suppliers reduced compared with previous year.</li> <li>If the supplier becomes a C-tier supplier for 3 consecutive years, it will be deleted from the procurement list.</li> </ul>



## ACHIEVEMENT • Provide an exceptional workplace that employees aspire to work in

Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Friendly and excellent work environment	Committed to demonstrating corporate responsibility through safe, healthy and sustainable processes.	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 30% of employees throughout the entire Group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached over 80% annually.</li> </ul>	●	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 30% of employees throughout the entire Group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached 100% annually.</li> </ul>	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 60% of employees throughout the entire Group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached over 85% annually.</li> </ul>
	Promoting employee health, safety and welfare programs.	<ul style="list-style-type: none"> <li>The frequency rate (FR) and severity rate (SR) of disabling injuries are better than the average of 2% in the financial services sector.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 80%.</li> </ul>	●	<ul style="list-style-type: none"> <li>Continue to strengthen occupational safety education and training on corresponding measures to reduce the possibility of occupational disasters.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 90%.</li> </ul>	<ul style="list-style-type: none"> <li>The frequency rate (FR) and severity rate (SR) of disabling injuries are better than the average of 3% in the financial services sector.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 85%.</li> </ul>
	Application for workplace health label certification.	The Group achieve workplace safety and health certification for 75% of its operations. (A total of 1+6 or more obtained)	●	A total of 8 companies in the Group have achieved "Workplace Safety and Health Week (Badge)" certification.	The Group achieve workplace safety and health certification for 88% of its operations. (A total of 1+7 or more obtained)
	Long-term bonus and reward plan.	Design of long-term incentive and sustainable development plans and evaluation mechanisms.	●	Some personnel of the Company have also incorporated KPIs into ESG indicators, thereby increasing the coverage of assessment-related reward plans.	Implement a long-term compensation plan that links sustainable development and performance to encourage commitment and long-term engagement.
Employee attraction and retention	Employee engagement survey.	<ul style="list-style-type: none"> <li>Over 85% participation rate in the survey of employee engagement in Taiwan and abroad.</li> <li>Employee engagement rate 85% or higher for both Taiwan and overseas employees.</li> </ul>	▲ Note	<ul style="list-style-type: none"> <li>Over 85% participation rate in the survey of employee engagement in Taiwan and abroad.</li> <li>Employee engagement rate 80% or higher for both Taiwan and overseas employees.</li> </ul>	<ul style="list-style-type: none"> <li>Over 85% participation rate in the survey of employee engagement in Taiwan and abroad.</li> <li>Employee engagement rate 85% or higher for both Taiwan and overseas employees.</li> </ul>
	Excellent talent retention rate.	Maintain 93% - 95% retention rate of high performers.	●	There will be 1,601 high performers in 2023, and the retention rate of high performers in the company and directly affiliated companies is 94.1%.	Maintain 93% - 95% retention rate of high performers.

Note: In the previous "Employee Sustainability Commitment" survey conducted in 2021, the global economic situation was optimistic, and the Taiwan stock market was active. The Company achieved record profits, and the employee bonus ratio reached its highest level in years. However, in this present survey, due to economic market cycles, employees anticipated a decrease in the annual bonus ratio. Therefore, the goal for this item was not achieved.



Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Talent Cultivation and Development	Ratio of employees receiving education and training.	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>93% of employees in Taiwan and overseas receive education and training.</li> <li>83% or more of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>	▲ Note	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>99.5% of employees in Taiwan and overseas receive education and training.</li> <li>79% or more of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>95% of employees in Taiwan and overseas receive education and training.</li> <li>85% or more of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>
	Green finance talent development program	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year.</li> </ul>	●	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year.</li> </ul>
	Percentage of employees included in performance evaluation.	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage is over 93%.</li> </ul>	●	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage is over 99.8%.</li> </ul>	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage is over 95%.</li> </ul>
Human rights	Human rights due diligence and issue management.	<ul style="list-style-type: none"> <li>The value of existing risks remain or decrease from the previous year through the continued management of effective mitigation measures.</li> <li>Continue to systematically review and manage potential new risk issues.</li> </ul>	●	<ul style="list-style-type: none"> <li>The value of existing risks remain from the previous year through the continued management of effective mitigation measures.</li> <li>Compared with 2022, there is a new risk topic "Employment and Occupational Discrimination"</li> </ul>	<ul style="list-style-type: none"> <li>The value of existing risks remain or decrease from the previous year through the continued management of effective mitigation measures.</li> <li>Continue to systematically review and manage potential new risk issues.</li> </ul>
	Number of locations covered by the human rights risk mitigation measures; expanding the scope of human rights risk mitigation measures introduced.	Overseas companies with over 300 employees have implemented human rights due diligence investigations and measures for human rights risk mitigation.	●	Overseas subsidiaries Yuanta Securities (South Korea), Yuanta Securities (Thailand), and Yuanta Securities (Vietnam) have introduced human rights due diligence, and the group's overall coverage rate has reached 97%.	Overseas companies with over 200 employees have implemented human rights due diligence investigations and measures for human rights risk mitigation.

Note: The main reason for not meeting the target was the transition of some courses from digital back to physical sessions after the easing of the epidemic situation.



## MOTIVATION • A leader in corporate governance

Sustainability Topic	Item	2023 Target	Achievement Status	2023 Implementation	Mid-Term/ Long-Term Goal
Corporate Governance and Integrity Management	Top 5% listed companies by Corporate Governance Evaluation of Taiwan Stock Exchange.	Consistently ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange.	●	Ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange in 2022.	Consistently ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange.
	Conduct regular board performance evaluations to enhance the board's functions.	Plan for the 2024 external board performance evaluation.	●	Improvement actions and assessments have been completed in accordance with the recommendations of the September 29, 2021 site visit by the Taiwan Corporate Governance Association.	An external professional independent organization or external experts and scholars are appointed to conduct a performance evaluation of the board of directors every three years.
	Plan diversified director education programs to enhance the professional functions of directors of the board.	In line with the Corporate Governance 3.0 Sustainable Development Roadmap, we provide director education courses in line with the international trend development.	●	50 directors and supervisors participated in the annual course of "Money Laundering Prevention and Countering Financing of Terrorism and Directors' Legal Obligations and Responsibilities Promotion," totaling 150 hours; 59 directors and supervisors participated in the annual course of "Financial Consumer Protection Act and Fair Treatment of Customers" for a total of 177 hours.	In line with the Corporate Governance 3.0 Sustainable Development Roadmap, we provide director education courses in line with the international trend development.
	Improving information transparency.	Publish annual financial report within 2 months after the end of the accounting year.	●	<ul style="list-style-type: none"> <li>According to regulations, the 2022 Financial Report was announced and filed within 75 days after the end of the year.</li> <li>In line with the Corporate Governance 3.0 plan, we handled the matter in accordance with relevant regulations after the competent authorities have studied the feasibility of making an announcement within 60 days in 2023.</li> </ul>	Publish annual financial report within 2 months after the end of the accounting year.
Legal Compliance	Money Laundering Prevention Unit staff certified as international anti-money launderers.	70% of subsidiaries' specialists passing the international anti-money laundering exam.	●	Among 33 anti-money laundering supervisors and personnel of subsidiaries, 23 passed the international anti-money laundering exam, with a passing rate of 70%.	70% of subsidiaries' specialists passing the international anti-money laundering exam.
Risk management	Provide risk management sustainability goals.	<ul style="list-style-type: none"> <li>Continue to improve climate change risk management and develop a climate change quantitative analysis module.</li> <li>Develop risk quantitative modules, expand integrated system analysis functions, and increase the breadth and depth of financial investment and financial service risk management.</li> </ul>	●	<ul style="list-style-type: none"> <li>Assisted in the integration of financial engineering resources of Yuanta Financial Holdings to support pre-sale risk assessment and post-sale risk and reward monitoring of wealth management and trust business.</li> <li>Completion of the 2022 quantitative climate risk analysis, with new quantitative analysis dimensions, and disclosure in the 2022 TCFD report.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve climate change risk management and develop a climate change quantitative analysis module.</li> <li>Develop risk quantitative modules, expand integrated system analysis functions, and increase the breadth and depth of financial investment and financial service risk management.</li> </ul>



CHAPTER  
**03**

# CUSTOMERS NUMBER ONE TRUSTED BRAND

3.1 SUSTAINABLE FINANCE 3.2 INNOVATIVE SOCIAL FINANCE PRODUCTS 3.3 CUSTOMER RIGHTS



# 3.1 Sustainable Finance

## Supporting Sustainable Economic Development

### Sustainable Financial Management Structure

The financial industry serves as a leader in global socio-economic activities. Financial institutions play a critical role in raising the consumers, investors, and industries' awareness of sustainable development. In response to the global trend of net-zero transformation, the Group has been gradually enhancing its sustainable financial management mechanisms in recent years. The following management policies serve as the basis for implementation:

#### ► Sustainable Finance Guidelines

The Company formulated "Sustainable Finance Guidelines" to establish a principled framework and guidelines at the financial holding company level. Through a principled framework and guidelines, the Company incorporated ESG factors into its daily operations and decision making, regulated a list of ESG issues of concern, instituted a list of industries to be actively supported, standardized the list of companies to be avoided, and strengthened due diligence and prudent evaluation of ESG high-risk targets. Also, in order to guide our counterparties to pay attention to governance, environmental, and social risks and to fulfill their responsibilities as global citizens, we assessed their ESG performance when conducting "know your customer" (KYC), "customer due diligence" (CDD) or drafting investment reports. The Sustainable Finance Guidelines is used as a standard for our subsidiaries to implement criteria for sustainable lending and investment. We follow the rules to implement sustainability into our business planning and operations, and incorporate the spirit of sustainability into financial products and relevant services. Our business counterparties' awareness of sustainability is also enhanced through the constant communication of sustainability-related risks and opportunities during the business process.

#### ► Industry-Specific Environmental and Social Risk Management Rules

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

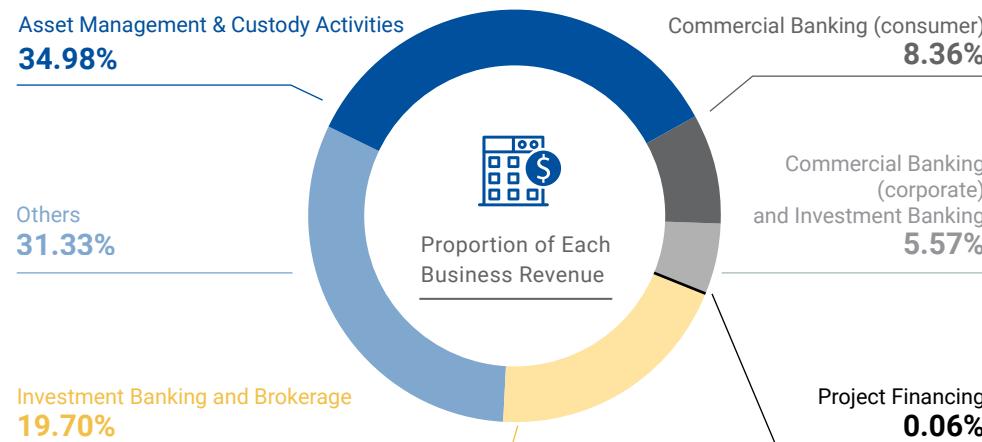
#### ► Key Points of Engagement and Voting Operations

In order to enhance the overall interests of the Company and its subsidiaries' customers, beneficiaries, and shareholders, the Yuanta Financial Holding Company Key Points of Engagement and Voting Operations have been established. These guidelines delve into understanding the risks and sustainable development strategies faced by credit and investment counterparties, and list the ESG issues of concern and their measurement aspects. During engagement actions, the performance of ESG-related issues is evaluated, and their sustainable implementation is continuously monitored to determine the subsequent investment and financing strategies of the Group. Additionally, when exercising voting rights at shareholders' meetings, careful evaluation of the content of each proposal is conducted in accordance with the ESG issues and their measurement aspects addressed in this policy to determine how to exercise voting rights. If information provided by third-party service providers is used to assist in determining voting opinions, it should also be aligned with the principles and regulations outlined in these guidelines.

If the resolutions of invested companies involve a major ESG issue or an ESG issue with potential major risks, the Group may discuss the resolutions with the invested company before shareholder meetings; if necessary, the Group may vote against the topic or waive the right to vote. Along with the communication and interaction with credit and investment counterparties on ESG-related issues, we encourage our counterparties to understand and prioritize sustainable development, leveraging the financial influence of institutional investors.

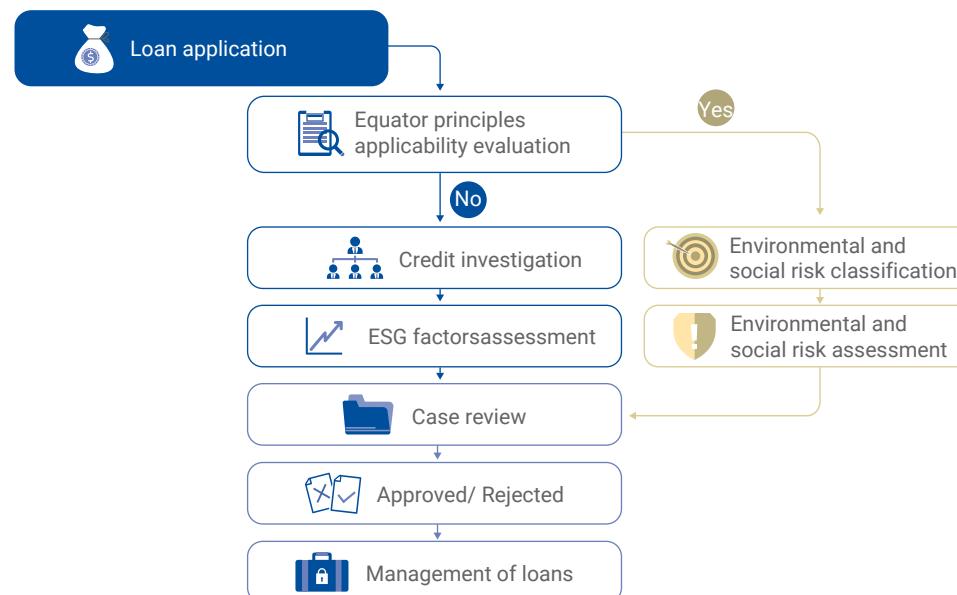


## Proportion of Each Business Revenue



## Responsible Lending

### Responsible Lending Flowchart (including Equator Principles)



The exacerbating climate change and biodiversity loss have presented the world with increasingly urgent challenges these days. As pivotal drivers of industrial transition and technological advancement, financial institutions face the risk of channeling funds into projects or enterprises that may harm the ecological environment or violate labor rights if they fail to effectively measure various ESG indicators of their transaction counterparties. This could lead to significant potential environmental or social risks.

The Group proactively responds to and manages ESG risks by voluntarily signing and adhering to the Equator Principles and disclosing sustainability indicators with significant financial impacts in accordance with the SASB Standards. This highlights industry risks and opportunities and facilitates effective communication of sustainability information. Through the Sustainable Finance Guidelines, Industry-Specific Environmental and Social Risk Management Rules, and Key Points of Engagement and Voting Operations, we carefully evaluate the business activities of our counterparties to assess whether there are potential risks to the environment or society in their use of funds. For high-risk counterparties, we conduct thorough due diligence investigations and may decline engagements with enterprises prohibited from undertaking credit business. Furthermore, if assessments indicate that there may be significant potential risks in the ESG performance of credit and investment counterparties, it is recommended for them to develop improvement plans on their own. We will then keep track of the implementation to determine whether to continue transacting with them. We also maintain good communication with customers through various channels such as customer service hotlines, email, online service platforms, customer satisfaction surveys, and proactive engagement. Yuanta Bank ranked among the top 20% in the Financial Supervisory Commission's first sustainable finance assessment in 2023. The Group aims to leverage our investment and financing capabilities to drive our counterparties to accelerate their transition to net zero, becoming a trusted brand that accompanies customers' growth.

Yuanta Bank follows the "Sustainable Finance Guidelines" to incorporate sustainable financial risk management into the lending business review and decision-making process. It also requires the completion of sustainable financial assessment for its lending business, stipulating that the lending business should carefully assess whether there are potential risks of environmental and social hazards in the counterparty or transaction content, and should incorporate ESG factors into KYC and CDD investigation processes to understand the regulatory compliance of the lending counterparty, international sustainability index scores, and the presence of negative ESG issues to ensure risk control. For project financing, we joined the Sustainable Finance Guidelines review program to examine the potential ESG risks of our creditors at the risk assessment stage. In accordance with the "Key Points for Project Financing Management," the Company conducts due diligence, evaluates the financial, legal, insurance, and technical feasibility and risks of the project, implements the after-loan management, and strengthens the review and approval process. If necessary, we commission external experts (e.g., lawyers, accountants, etc.), professional consultants or third-party inspection and testing organizations to issue evaluation reports.

Post-loan management, review and follow-up examinations are conducted by Yuanta Bank to see if the creditors properly utilized the loan according to the original loan plan and actually fulfilled the contractual requirements and other contractual matters. We will continue to pay attention to the use of funds after the contract is signed and funded and to the implementation of the tracing of the sustainable development, thus, avoiding any significant adverse impact on the environment and society through the implementation of various mechanisms and the strengthening of



review procedures. If a company is involved in events such as workplace accidents, environmental pollution, legal violations, or money laundering that may have a significant negative impact on society or the environment, enhanced due diligence (EDD) is conducted. In 2023, we did not have any lending customers with environmental or human rights issues that required the suspension of financing. Incorporating the ESG factor assessment process into the credit business process is as follows:

### Assessment Items for ESG Factors in Credit Business

Assessment of ESG Factors	Pre-credit assessment	
	Review whether the economic activities of the credit counterparty are in line with sustainability	
	<ul style="list-style-type: none"> <li>Determine if the activities are forward-looking or if they meet the technical screening criteria for sustainable economic activities and contribute substantially to "climate change mitigation."</li> <li>Ensure that the activities do not cause significant harm to environmental objectives such as "climate change adaptation," "sustainable management and conservation of water and marine resources," "transition to a circular economy," "pollution prevention and control," and "protection and restoration of biodiversity and ecosystems."</li> <li>Confirm that the activities do not pose significant harm to social security-related issues.</li> </ul>	
	Review whether the credit counterparty is an enterprise prohibited from undertaking credit	
	<ul style="list-style-type: none"> <li>Check if the credit counterparty has been sanctioned by regulatory authorities according to anti-money laundering, counter-terrorism financing, or related laws and regulations.</li> <li>Ensure that the credit counterparty is not engaged in illegal arms manufacturing, buying, selling, or trading.</li> <li>Confirm that the credit counterparty is not involved in illegal gambling activities, including underground or online gambling.</li> </ul>	
	Review whether the credit counterparty is considered as a controversial or highly sensitive enterprise in terms of environmental and social issues	
	<ul style="list-style-type: none"> <li>Significant environmental violations, occupational/food safety issues, and labor disputes, without presenting specific improvement plans.</li> <li>Highly controversial industries, such as wildlife poaching or habitat destruction.</li> <li>Other major violations, such as anti-money laundering and counter-terrorism financing, without presenting specific improvement plans.</li> </ul>	
	Assess ESG issues of concern	
Post-loan management	<ul style="list-style-type: none"> <li>Environmental issues: Climate change, biodiversity, water usage and wastewater management, packaging materials and waste management, emission of hazardous substances, and environmental impact assessment of collateral</li> <li>Social issues: Human rights, labor rights, gender diversity among employees, corporate product responsibility, information security, and fair customer treatment principles</li> <li>Governance issues: Board performance, gender diversity on the board, Independence of the board, shareholder and stakeholder rights, transparency of corporate governance information, and supply chain management</li> </ul>	
	Communicate and interact with customers	
Post-loan management	<ul style="list-style-type: none"> <li>Evaluate whether the primary economic activities of the company align with concepts such as "green," "ESG," or "sustainability" based on the Financial Supervisory Commission's Reference Guidelines for the Determination of Sustainable Economic Activities.</li> <li>Engage with businesses to see if they are interested in applying for sustainable financial products.</li> <li>Engage with customers and review loan application conditions to ensure compatibility with sustainable financial products, such as sustainability-linked loans.</li> </ul>	
	Post-credit assessment	
Post-loan management	Continuously monitoring the sustainability practices of credit and investment counterparties to assess whether their actions may have adverse effects on ESG factors is essential. If the review indicates potential adverse impacts on ESG factors or violations of environmental and social regulations	
	<ul style="list-style-type: none"> <li>Recommend the development of improvement plans and track their implementation. Subsequently, assess whether to continue transactions based on the progress.</li> <li>Depending on the severity of the situation, consider reducing the loan amount on a case-by-case basis.</li> </ul>	



Yuanta Bank's corporate banking lending business has implemented environmental and social (E&S) review in the CDD and KYC process to identify and manage customer risk cases. The number and amount of cases reviewed and approved by the "Sustainable Finance Guidelines" and "Industry-specific Environmental and Social Risk Management Rules" in 2023 were as follows:

Unit: NT\$ thousand

Industries	Cumulative approval of cases through the Sustainable Finance Guidelines	
	Number	Amount
Financial services and securities futures	408	301,911,825
Real estate development and operation industry	163	70,225,512
Computer, electronic products and optical products manufacturing industry	78	45,377,324
Wholesale industry	138	40,574,196
Electronic component manufacturing industry	121	33,301,105
Semiconductor manufacturing industry	34	28,847,929
Plastic materials manufacturing	54	26,915,518
Metal product manufacturing	74	21,535,526
Retail	58	20,676,530
Steel manufacturing	31	19,716,405
Other	903	217,040,285
Total	2,062	826,122,155

Unit: NT\$ thousand

Industries	Cumulative approved cases by Industry-Specific Environmental and Social Risk Management Rules	
	Number	Amount
Plastic materials manufacturing	54	26,915,518
Steel manufacturing	31	19,716,405
Semiconductor manufacturing industry	34	28,847,929
Total	119	75,479,852

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

## ► Green credits and Sustainability-Linked Loan

Yuanta Bank follows the spirit of the "Sustainable Finance Guidelines", and the Green Loan Principles (GLPs) and Sustainability Linked Loans Principles, jointly issued by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), and Asia Pacific Loan Market Association (APLMA), when considering green credits and Sustainability-Linked Loans. Our employees will guide businesses towards utilizing funds for green purposes through industry specialization, encouraging carbon reduction transformation, and prioritizing corporate social responsibility. By setting goals, companies will then understand the spirits of ESG. When these companies take proactive actions in any of the environmental, social, or governance aspect and achieve the predetermined goals, we will offer favorable lending terms to support businesses that promote sustainable social development collectively enhancing the positive impact on the environment and society. In the future, Yuanta Bank will review the achievement of its relevant ESG targets and refine relevant business processes. As of this year, there have been 69 cases of green credits, totaling NT\$34.5 billion, and 47 cases of sustainability-linked loans, with a credit balance of NT\$31.7 billion.

Yuanta Bank accepts corporate loan applications. During the ESG factor assessment phase, it explores industry-specific carbon reduction transformation issues through the "Industry Specialization Project." Following this framework, it engages with enterprises, guiding them towards net zero and sustainability targets.

Front-end research	Analyze industry specialization (compilation)
Engagement in sustainability targets	Engage with enterprises to discuss core values of sustainable operation
	Discuss achievable sustainability indicators with enterprises
	Set key performance indicators (KPIs) as measurement benchmarks
Review of the achievement of goals	Implement annual review of sustainability indicators and execute post-loan tracking management

Yuanta Bank adheres to sustainable finance guidelines to drive its business and actively supports enterprises with sustainable transformation prospects by providing financial products and services, thereby promoting environmental and social sustainability. It adopts the Reference Guidelines for the Determination of Sustainable Economic Activities to promote the "Green Buildings Promotion Project," offering financing for buildings that qualified for the Green Building Silver Certification or candidacy and for purchases of green buildings, and providing incentives for construction-related entities to enhance green building practices. The preferential interest rates are provided after review and confirmation. Two enterprises have responded, amounting to NT\$4.75 billion, effectively reducing building energy consumption and greenhouse gas emissions.



## Corporate Banking Lending Business

In response to the goal of net zero transition set by the government, Yuanta Bank has been actively promoting Six Core Strategic Industries by approving loans for green power and renewable energy industries and supporting relevant industries that endeavor to fulfill environmental protection and pollution control requirements through resource integration and green innovative material research and development. With such actions, Yuanta Bank receives the "Excellent Bank for Offering Loans to Six Core Strategic Industries" award.

Unit: NT\$ thousand

Categories	2022			2023	
	Loan Amount	Total Lending Amount <sup>Note 3</sup>	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount <sup>Note 3</sup>
Green loans, social loans, sustainable loans <sup>Note 1</sup>	171,124,052		26.76	200,709,500	22.18
Sustainability-linked loan <sup>Note 2</sup>	38,151,584	639,585,085	5.97	51,980,335	904,895,894
<b>Total</b>	<b>209,275,636</b>		<b>32.73</b>	<b>252,689,835</b>	<b>27.92</b>

Note:

1. This involves the green power and renewable energy industry as well as related infrastructure, and uses resource integration and innovative green material-related R&D to increase industries' demands for environmental protection equipment, lower water consumption, diminish the harmful impact of waste on the environment, prevent pollution and engage in related construction, build low-carbon buildings, and develop/carry out transportation-related industries and projects.
2. Taking reference from the GLPs issued by the LMA, LSTA, and APLMA, we engage in industry specialization discussions with businesses to establish sustainability performance targets (SPTs). These targets are then measured using pre-defined KPIs, and we subsequently track whether the businesses achieve these goals. If the targets are met, predetermined interest rate discounts are provided.
3. In this table, the total lending amount and loan amount are defined as the amount of money from new approved cases in the current year.

## Sustainable Small-and-Medium Enterprise (SME) Loans

Unit: NT\$ thousand

Categories	2022			2023	
	Loan Amount	Total Lending Amount <sup>Note 2</sup>	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount <sup>Note 2</sup>
Sustainable SME loans <sup>Note 1</sup>	18,138,108	125,902,557	14.41	25,449,903	343,816,244
					7.40

Note:

1. Companies that use the loans for "green expenditure" and those that engage in renewable energy power generation, cleaning technology, and energy efficiency are companies belonging to the ESG industry.
2. In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

## Equator Principles

Yuanta Bank signed the Equator Principles and became a member bank of the Equator Principles Association in 2020. Yuanta Bank also completed the formulation of the "Guidelines for Managing Equator Principles Financing Cases" and related operational procedures in the same year. The Equator Principles were officially implemented on June 1, 2021.

When providing customer credit or related financial advisory services, if the transactions meet the conditions for applying the Equator Principles and are assessed as cases with medium to high environmental and social risks, the credit counterparties will be required to commission an independent third-party organization to conduct environmental and social risk assessments, and issue an assessment report as a reference basis for the environmental and social risk assessment of the case.

The "Task Force on Environmental and Social Risk" was established by Yuanta Bank to evaluate, review, and monitor the environmental and social risks of lending cases. A classification is employed to manage environmental and social risks of large-scale project financing cases. The environmental and social impacts that the projects may cause in terms of climate change, greenhouse gas emissions, and important stakeholders are carefully evaluated under the framework of Equator Principles 4.0. At the environmental and social risk assessment stage, for credit cases rated as A or B grade, an environmental and social risk assessment report shall be completed. If the report lists post-loan monitoring conditions, the borrower shall, as required, commission an independent third-party organization to conduct environmental and social risk monitoring on a regular basis (at least once a year) and issue an "Environmental and Social Risk Monitoring Report." Adequate environmental and social risk monitoring reports and improvement action plans should be obtained when relevant conditions apply to ensure compliance with the Equator Principles and to raise the awareness of environmental protection and social responsibility among our customers.



Two project financing cases were reviewed according to the Equator Principles. However, both cases were declined, totaling NT\$800 million of the rejected cases. Case assessment is as follows:

Environmental and social risks		
Project name	Project A	Project B
Industry category	Energy and power industry	Energy and power industry
Project description	Funds are used for the construction of a 200 MW energy storage system power plant in Liuying District, Tainan City.	Funds are used for the construction of a 17 MW solid recovered fuel (SRF) renewable energy thermal treatment power plant in Taoyuan Technology Industrial Park, Taoyuan City.
Environmental and social risk assessment and management	The assessment procedures have been implemented for environmental pollution control and waste management at the construction site, air and noise pollution control, water pollution control, and construction site safety, and therefore control the scope of impact.	The assessment procedures have been implemented for air quality, surface runoff and construction wastewater, soil and groundwater, noise and vibration, odors, and supply chain, and therefore control the scope of impact.
Labor	Personnel-related policies will be based on existing policies of the parent company, including four major plans for labor health protection, safety and health work rules, occupational safety and health management plans, and procedures for supplier and contractor management. During the assessment period, no child labor or forced labor situations were identified.	Setting the goal of zero accidents for the operational team, emphasizing worker safety, adhering to labor laws issued by regulatory authorities, and providing an avenue for employee grievances to address work-related complaints. During the assessment period, no child labor or forced labor was found associated with this project.
Resource efficiency and pollution prevention and control	<p><b>Resource efficiency:</b></p> <ul style="list-style-type: none"> <li>Relevant policies on resource efficiency will be based on existing policies of the parent company.</li> </ul> <p><b>Pollution Control:</b></p> <ul style="list-style-type: none"> <li>Compliance with applicable environmental regulations has been ensured through approval of relevant plans or payment of related fees before construction, during construction, before operation, during operation, and during decommissioning stages.</li> </ul> <p><b>Waste Management:</b></p> <ul style="list-style-type: none"> <li>"Appendix Clauses of Occupational Safety and Health Specification Commitment Documents" have been established, requiring contractors to set up temporary toilets and sorting bins for the lawful removal and disposal of waste.</li> <li>Batteries used in this project are expected to be replaced every 12 to 15 years. The disposal of waste batteries will be handled by the supplier. However, during the assessment period, there was no specific plan or documentation for the disposal of waste batteries. It is recommended that communication with the supplier be strengthened to ensure proper recycling or disposal of waste batteries.</li> </ul>	<p><b>Resource efficiency:</b></p> <ul style="list-style-type: none"> <li>Introducing high-efficiency green energy generation technologies to achieve a plant-wide electricity generation efficiency of over 25%, thereby increasing the self-sufficiency of renewable energy.</li> </ul> <p><b>Pollution Control:</b></p> <ul style="list-style-type: none"> <li>Avoiding environmental impact from trucks carrying pollutants during the construction process and carefully reviewing disposal plans for waste building materials, etc.</li> </ul> <p><b>Waste Management:</b></p> <ul style="list-style-type: none"> <li>Bottom ash and fly ash should undergo regular or irregular leaching tests to determine whether further treatment is necessary.</li> <li>Incineration residue should be reused through resource recovery as much as possible to reduce the required landfill capacity.</li> </ul>



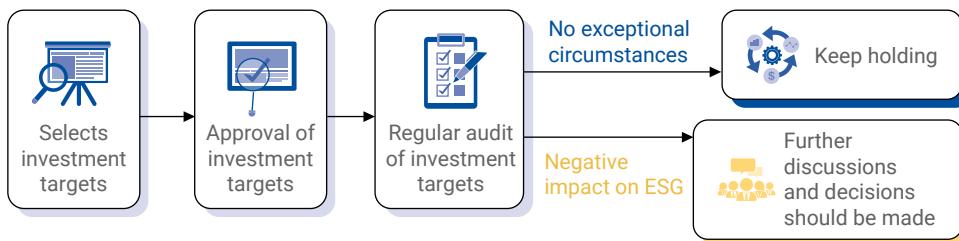
### Environmental and social risks

Project name	Project A	Project B
<b>Community health/safety and security</b>	<p><b>Community health and safety:</b></p> <ul style="list-style-type: none"> <li>Established a horizontal communication mechanism with local police stations, and emergency contact information (such as police, fire, and medical units) has been included in the emergency response plan.</li> <li>Measures to mitigate and control noise, air pollution, water pollution, waste disposal, and traffic impacts during construction have been outlined. Additionally, emergency response and disaster prevention plans have been established to ensure the safety of the construction site and nearby residents.</li> </ul> <p><b>Community security:</b></p> <ul style="list-style-type: none"> <li>During the construction phase, the main focus is on preventing material theft. Perimeter fencing with locks will be installed, and if an alarm is triggered, security personnel should arrive at the site within 2 hours. During the operation phase, the main focus will be on detecting abnormalities. Future security measures will include perimeter fencing, door locks, access control systems, and real-time CCTV monitoring.</li> </ul> <p><b>Complaint mechanism:</b></p> <ul style="list-style-type: none"> <li>During the construction phase, construction notice boards will be set up, with the construction site supervisor listed as the contact person, handling frontline communication and addressing concerns on-site.</li> </ul>	<p><b>Community health and safety:</b></p> <ul style="list-style-type: none"> <li>During future construction and operation phases, there will be no involvement with chemicals or other hazardous substances regulated by environmental protection and occupational health and safety laws/regulations and international environmental protection conventions.</li> </ul> <p><b>Community security:</b></p> <ul style="list-style-type: none"> <li>Establishing entry management guidelines to regulate the management and maintenance of vehicles entering the premises.</li> </ul> <p><b>Complaint mechanism:</b></p> <ul style="list-style-type: none"> <li>Setting up an external communication and complaint mechanism during the construction and operation phases to strengthen two-way communication.</li> </ul>
<b>Biodiversity and sustainable management of natural resources</b>	The project land is zoned as Category B industrial area, with no significant natural ecological areas or sensitive zones within the scope.	The project area hosts diverse terrestrial animals, birds, and plant species, but there are no endangered or rare species present. During construction and operation, strict supervision will be implemented for the discharge of construction wastewater, with enhanced control over the quality of wastewater discharged to prevent adverse impacts on the ecological environment.
<b>Risk category</b>	Risk category B	Risk category B
<b>Region</b>	Asia Pacific	Asia Pacific
<b>Independent third-party review</b>	Yes (AECOM) The independent review covered aspects including environmental and social management plans, social and environmental management systems, etc.	Yes (SINOTECH) The independent review covered aspects including environmental and social management plans, social and environmental management systems, etc.
<b>Reasons for refusal and subsequent control measures</b>	The arranger is not a member of the Equator Principles and has not yet provided an Environmental and Social Management Plan (ESMP), hence it is refused to proceed.	The annual Scope 1 and Scope 2 CO2 emissions for this project are approximately 209,844 metric tons of CO2, exceeding the threshold of 100,000 metric tons of CO2 for greenhouse gas emissions. The borrower has referenced the Energy Saving and Carbon Reduction Checklist for Public Works and formulated energy-saving and carbon reduction strategies tailored to the project characteristics. However, the improvement in environmental and social impacts is still pending observation, hence it is refused to proceed.
<b>Note</b>	The assessment results of land expropriation and involuntary resettlement, cultural heritage and climate change find no relevant risks associated.	The assessment results of land expropriation and involuntary resettlement and cultural heritage find no relevant risks associated. As for climate change assessment, upon formal operation, the project will commission an inspection agency approved by the Environmental Protection Administration to conduct carbon footprint verification in accordance with greenhouse gas inventory regulations.



## Responsible Investment

### Responsible Investment Process



Each subsidiary of Yuanta Financial Holdings incorporates ESG-related screening criteria into investment-related regulations according to its business type and establishes internal mechanisms to implement the spirit of

responsible investment. Yuanta Securities, Yuanta Bank, and Yuanta Life, in order to make the best use of the sustainable development of the financial industry, incorporates the assessment of ESG factors into the selection of medium- and long-term investment targets, and considers the environmental and social performance when selecting investment targets, so as to reduce environmental or social risks caused by the investment and to support the development of sustainable enterprises with capital.

Yuanta Bank is committed to sustainable investing. In order to streamline the investment review process, it has implemented a paperless system for transaction documents. The "Transaction Decision Management System" has been established to upload relevant transaction supporting documents electronically during the transaction review process, reducing the need for extensive document printing and storage.

Yuanta Securities selects investment targets in proprietary trading, and if the target is a medium- to long-term securities investment, the trading staff of the Securities and Investment Department should fill out the ESG checklist, perform the ESG audit operation process, and have the ESG assessment report approved by the department head of the Securities and Investment Department before executing the transaction. If the target is a bond, an ESG checklist is completed by the bond trader and signed by the senior executive of the bond department to ensure the quality of ESG audit operations.

The ESG audit criteria is formulated with reference to ESG-related indicators from domestic and international databases. The audit process is then conducted by Yuanta Securities' internal staff through the evaluation of relevant indicators and information including Bloomberg ESG indicator scores of investees, listed company websites, exchange websites, TDCC website and Bloomberg information. In the fixed-price securities trading business, Yuanta Securities uses the principle of medium- to long-term investment in marketable securities, and selects customers' designated investment targets based on whether they are constituent stocks of the FTSE4Good TIP Taiwan ESG Index, in the hope of guiding customers to select companies with good ESG performance.

### Incorporating ESG factors into the investment screening process (Regular audit of investment targets)

Prohibited undertakings checklist	Enterprises with controversial issues	ESG indicators evaluation	Industry-specific (steel, plastic, or semiconductor industry) ESG checklist
<ul style="list-style-type: none"> <li>Entities sanctioned by regulatory authorities according to anti-money laundering and counter-terrorism financing laws and regulations.</li> <li>Engagement in illegal arms manufacturing, buying, selling, and trading.</li> <li>Involvement in illegal gambling activities (including underground and online gambling).</li> </ul>	<ul style="list-style-type: none"> <li>Occurrence of significant environmental compliance violations.</li> <li>Occurrence of human rights violations (such as forced labor, child labor, etc.).</li> <li>Occurrence of major disputes related to labor rights.</li> <li>Occurrence of significant issues related to corporate governance.</li> <li>Engagement in activities such as pornography, wildlife poaching or habitat destruction, or the use of internationally banned or restricted chemicals/drugs/pesticides/herbicides or radioactive materials.</li> </ul>	<ul style="list-style-type: none"> <li>Bloomberg ESG score indicators (quantitative) (score standards are based on regulations of each subsidiary):               <ul style="list-style-type: none"> <li>S&amp;P Global ESG Rank</li> <li>Bloomberg ESG Disclosure score</li> <li>Sustainalytics ESG risk score</li> <li>MSCI ESG Rating</li> </ul> </li> <li>Bloomberg ESG score indicators (quantitative) (score standards are based on regulations of each subsidiary):               <ul style="list-style-type: none"> <li>Environmental item scores compared with historical data and industry peers</li> <li>Social item scores compared with historical data and industry peers</li> <li>Corporate governance item scores compared with historical data and industry peers</li> </ul> </li> <li>Whether the company is included in domestic and foreign ESG ETF components or sustainability index components.</li> <li>Whether there are material ESG issues involved, and if there are relevant improvement efforts.</li> </ul>	<ul style="list-style-type: none"> <li>Engagement and policy commitments on environmental and social communication:               <ul style="list-style-type: none"> <li>Public disclosure of environmental and social risk information</li> <li>Obtaining external independent verification</li> <li>Establishing highest-level commitments and policies and reviewing ESG practices</li> </ul> </li> <li>Environmental risk assessment               <ul style="list-style-type: none"> <li>Climate change (climate change assessments, etc.)</li> <li>Raw material acquisition (developing action plans, etc.)</li> <li>Energy consumption (use of renewable energy, etc.)</li> <li>Pollution prevention and control action plans (air and noise pollution control, water resource management, waste management and recycling, etc.)</li> </ul> </li> <li>Social risk assessment               <ul style="list-style-type: none"> <li>Occupational health and safety (employee health management activities, etc.)</li> <li>Labor rights (establishing labor-management communication channels, etc.)</li> <li>Community care (supporting vulnerable groups, supporting local development, etc.)</li> </ul> </li> </ul>



## Sustainable Stewardship

Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Funds have all signed the Stewardship Principles for Institutional Investors and announced on the Company's website the "Statement of Compliance with the Stewardship Principles", "Stewardship Report" and "Voting Record of Attendance at Shareholders Meetings of Investee Companies". We continue to pay attention to news, financial information, industry performance, business strategy, environmental protection, social responsibility, and corporate governance of our investee companies, expressing the Company's goal of actively implementing responsible investment.

The Company has established engagement and voting guidelines. The goal is to prompt the invested companies to improve their corporate governance quality and promote overall positive development towards society and the industry through credit issuing and other lending interactions. Crucial ESG issues such as climate change and biodiversity have been listed, so that all subsidiaries can establish relevant evaluation mechanisms or indicators. Companies with low ESG indicator scores will be engaged first. If these companies do not address or improve issues in question, the Group may limit the amount of funds available for them. Moreover, the Group does not rule out the possibility of expressing its appeal jointly with other financial institutions, industry associations, and/or government organizations. The Group has established a decision-making process in favor of the shareholder resolutions that allows us to participate in the invested company's decision making through voting. If the discussion topic involves a major ESG issue or an ESG issue with potential major risks, the Group may discuss the topic with the invested company's management before the shareholders meeting; if necessary, the Group may vote against the topic or waive the right to vote.

The Group also communicates with invested companies through telephone calls, e-mails, or meetings (such as institutional investors conferences and shareholders meetings). When an invested company violates ESG principles on specific issues and damages the rights of the Company's customers or beneficiaries, the Company will exercise its voting rights or other shareholders' rights to express its demands to the management of the invested company and further influence the conduct of the invested company. The total responsible investments of Yuanta Securities, Yuanta Bank, and Yuanta Life this year were NT\$66.77 billion.

The Sustainable Finance Guidelines and the Industry-Specific Environmental and Social Risk Management Rules are implemented in the Group's investment business, the cumulative amount and number of cases approved this year were as follows:

Unit: NT\$ thousand

Industries	Cumulative approval of cases through the Sustainable Finance Guidelines	
	Number	Amount
Government Agencies	63	35,778,953
Financial Insurance	94	24,710,992
Semi-conductor Industry	23	4,984,318
Communication Network	7	2,792,231
Steel	4	2,409,738
Public Business	4	2,400,000
Plastic Industry	3	1,850,000
Food Industry	4	1,280,675
Shipment Service	2	669,624
Cement Industry	2	391,250
Other	83	18,616,814
Total	289	95,884,596

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

Unit: NT\$ thousand

Industries	Cumulative approved cases by the Industry-Specific Environmental and Social Risk Management Rules	
	Number	Amount
Plastic Materials Manufacturing	1	400,000
Steel Manufacturing	3	2,109,738
Semiconductor Manufacturing	21	5,935,802
Total	25	8,445,540

Note:

1. All cases approved by the Industry-Specific Environmental and Social Risk Management Rules are evaluated by the Sustainable Finance Guidelines.

2. Data coverage includes Yuanta Securities, Yuanta Bank, and Yuanta Life.



## ■ Responsible Investment Engagement Initiatives

Yuanta Financial Holdings spares no effort in supporting the sustainable transformation of industries, continuously monitoring the actions and progress of invested companies in topics such as climate change, low-carbon transition, supply chain management, and corporate sustainability policies. We aim to promote concrete climate response actions and enhance climate resilience through interaction with investee companies. The Company has engaged with nine key invested companies in 2023. Industries involved include overseas mining, energy, and manufacturing, as well as domestic steel, semiconductor, electronic product distribution, and shipping industries. Among them, a total of three companies actively participated in climate organizations, set net zero targets, and formulated carbon reduction strategies, serving as successful engagement cases for the Company.

Yuanta Funds has conducted engagements as an institutional investors with invested companies and relevant partners to help them establish relevant response strategies, improvement plans, and future goals on major environmental issues. Examples of such engagements are as follows:

Engagement in Low-Carbon Transition		
Engaged partners 	Engagement objectives 	Engagement results 
Overseas invested companies	Manage ESG risks and opportunities and deliver sustainable results	Enhancing awareness of low-carbon transition and operational resilience among overseas investee companies, establishing clear carbon reduction goals, providing improvement plans for climate transition risks, and committing to change. Benchmarking against international standards, aligning ESG performance with corporate governance policies and future business plans, setting key indicators to track ESG issue development, and actively allocating resources to enhance sustainability practices.

Yuanta Funds and Yuanta Bank attach importance to the ESG assessment results of investee companies. Through engagement actions, they jointly discuss coping strategies for the challenges faced by invested companies in the low-carbon transition process in their current operations. At the same time, they compare against international standards and international organization index benchmarks, facilitating investee companies' understanding of corporate carbon reduction responsibilities, reducing energy transition risks, and assisting in setting carbon dioxide emission reduction targets. Through this dialogue opportunity, it was understood that companies have evaluated climate risk issues listed by the Transition Pathway Initiative (TPI) and are committed to improving deficiencies. Some invested companies have pledged to achieve net zero emissions by 2050 and are actively implementing it. However, some companies have not yet made commitments but are actively reducing their own and upstream suppliers' greenhouse gas emissions through other disclosure policies, jointly advancing towards environmental protection goals concerning energy conservation and carbon reduction. Yuanta Life also pays attention to the performance of invested companies on environmental issues. Through inquiries and communication, they discuss the planning of medium- and long-term greenhouse gas reduction targets to improve investee companies' impact on the environment and communities. Invested companies invest in upgrading equipment and continue to promote vegetation greening and restoration, as well as biodiversity, to reduce the impact of climate change and achieve sustainable development.

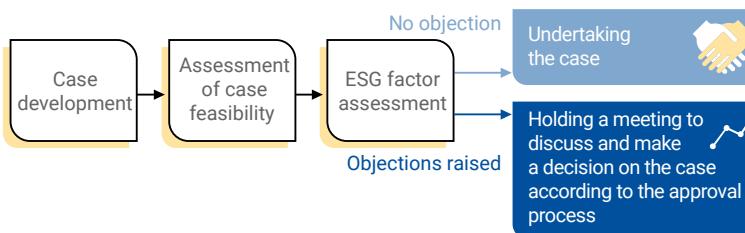
Communication of ESG Assessments and Engagement in Sustainable Supply Chain Screening Mechanisms		
Engaged partners 	Engagement objectives 	Engagement results 
Invested companies	Manage ESG risks and opportunities and deliver sustainable results	Providing feedback on ESG-related assessment results and content and developing improvement plans tailored to address internal deficiency. Additionally, increasing awareness of corporate green supply chain screening procedures and relevant ESG trends, understanding and tracking the content and funding plans of ESG/sustainability-linked loans to ensure that funds are effectively utilized to advance various sustainability initiatives. Also, monitoring the alignment/applicability of sustainable economic activities with the domestic Reference Guidelines for the Determination of Sustainable Economic Activities and encourage them to public disclosure.

Invested companies analyze assessment reports from major domestic and international ESG rating agencies (such as FTSE and MSCI), identifying gaps and proposing improvement plans based on the assessment results. Companies also continue to strengthen their own sustainability efforts by implementing initiatives such as the "ISO 14001 Environmental Management Systems," "ISO 14064 Greenhouse Gas Inventory," and "ISO 45001 Occupational Health and Safety Management Systems." They voluntarily obtain certification from international verification agencies and actively conduct independent greenhouse gas inventories. Yuanta Funds engages in dialogues with invested companies regarding sustainable supply chain screening, understanding that each company not only reviews the international quality management standards obtained by its supply chain vendors and completes the signing of supplier codes of conduct but also considers the carbon reduction goals and implementation plans set by the supply chain vendors themselves for climate change, incorporating the impacts and risks of climate change into the supply chain management process.



## Underwriting and Consulting Services

### Underwriting and Consulting Services Process



Yuanta Securities is responsible for the business development and customer relationship management of domestic listings, over-the-counter (OTC), and first listings of overseas companies as well as domestic and overseas capital raising and financial management services for listed companies. In order to implement the spirit of responsible investment, Yuanta Securities amended the "Principles for Responsible Investment Decision Making" in January 2023. Decisions for underwriting on a firm commitment basis are to be based on the PRI and its spirit. As the lead underwriter, cases are evaluated for their ESG compliance according to the "Responsible Investment Checklist." In addition, if the industries belong to industries regulated by the "Yuanta Financial Holding Co., Ltd. Industry-Specific Environmental and Social Risk Management Enforcement Rules", an evaluation using the Industry-Specific Environmental and Social Risk Management Checklist should be included for subscriptions or underwriting. Underwriting cases shall exclude companies that are prohibited by the Sustainable Finance Guidelines, as well as those proposed by Yuanta Securities Investment Management Policy. In addition, the Company shall support or strengthen the assessment of relevant industries in accordance with the guidelines, and shall state the relevant reasons if it resolves to subscribe or underwrite the industries with enhanced assessment.

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

Yuanta Securities has conducted engagement with consulting companies to reinforce their corporate governance and sustainable development, establish their sustainable development committees, and establish sections regarding investors, stakeholders, and company sustainable development on their websites. After the consultation, the companies have to provide sustainability (ESG) reports and prove that they have completed ESG issue risk assessment and critical information disclosure as a way to lay the foundation for sustainable governance.

### Incorporation of ESG Factors into Underwriting Procedures (ESG Factor Assessment)

#### ESG Factor Assessment

##### Incorporation of ESG Factors into Underwriting Procedures

###### Prohibited undertakings checklist

- Entities sanctioned by regulatory authorities according to anti-money laundering and counter-terrorism financing laws.
- Engagement in illegal arms manufacturing, buying, selling, and trading.
- Involvement in illegal gambling activities (including underground and online gambling).

###### Enterprises with controversial issues

- Occurrence of significant environmental compliance violations in recent 2 years causing discontinuous of work or shutdown.
- Occurrence of human rights violations (such as forced labor, child labor, etc.) in recent 2 years causing discontinuous of work or shutdown.
- Occurrence of major disputes related to labor rights in recent 2 years causing discontinuous of work or shutdown.
- Occurrence of significant issues related to corporate governance in recent 2 years causing discontinuous of work or shutdown.
- Occurrence of significant issues related to money laundering and financing of terrorism in recent 2 years causing discontinuous of work or shutdown.
- Engagement in activities such as pornography, wildlife poaching or habitat destruction, or the use of internationally banned or restricted chemicals/drugs/pesticides/herbicides or radioactive materials.

###### ESG indicators evaluation

- The issuer is a government entity.
- Those who have conducted assessments on all topics of sustainable finance or industry-specific environmental, social and governance risk and opportunity management in the past year.
- Pre-trade investment inventory (The bond department's investment position is less than NT\$1 billion; the securities investment department's medium- and long-term investment is less than NT\$600 million)
- Underwriting or subscription (Investment Banking Business Department: emerging stock subscription is less than NT\$100 million; capital increase underwriting amount is less than NT\$200 million; convertible bonds (including overseas) is less than NT\$600 million)
- Bloomberg ESG score indicators (quantitative): RobecoSAM or Sustainalytics or Bloomberg ESG Disclosure  $\geq 50$ ; Or Bloomberg ESG score Indicators (qualitative): The result of historical and peer evaluations has less than 2 "Poor" rating
- Whether the company is included in domestic and foreign ESG ETF components or sustainability index components.

###### Industry-specific ESG checklist

- ESG engagement and policy commitments:
  - Public disclosure of ESG information (For example, corporate official website, annual report, sustainability report)
  - Obtaining external sustainability-related awards in the past year
  - Establishing a dedicated ESG risk unit (For example, Risk Management Committee, Sustainability Committee, other functional committees or working groups)
  - Identifying ESG issues of concern to stakeholders
  - Respond to domestic and international ESG initiatives
- ESG risk and opportunity management:
  - Establishing climate change risk assessment and energy efficiency improvement
  - Developing pollution prevention and control action plans
  - Establishing response measures for occupational health and safety management
  - Social care and labor rights action plans
  - Disclosure of corporate governance information



## Underwriting Performance of Sustainable Development Bonds

This year, Yuanta Securities assisted in the underwriting of sustainable development bonds. The Company has participated in the underwriting of eleven green bonds including Taiwan Semiconductor Manufacturing Company Limited, Taiwan Power Company, United Microelectronics Corporation (UMC), and Far Eastern New Century Corporation; six sustainability bonds including Taiwan Cooperative Bank, Mega International Commercial Bank, First Bank, Bank of Taiwan, Korea Expressway Corporation; four social bonds of Far EasTone Telecommunications, E.Sun Commercial Bank, and Shinhan Bank; and two sustainability-linked bonds (SLB) of Hon Hai Technology Group and CHIMEI Corporation. The total amount of these bonds is NT\$14.47 billion.

The proceeds from the issuance of bonds by the aforementioned companies will be used for the development of renewable energy and energy technology, energy efficiency and energy conservation, greenhouse gas reduction, waste recycling or reuse, and other industrial applications related to the development of green energy. In terms of social benefits, we support affordable housing to enhance socio-economic development and rights protection, and we will continue to take practical actions to assist the development of green technology, care for the community, and enhance people's well-being.

Unit: NT\$ thousand

Categories	2022			2023		
	Total Value of Bonds	Value of Underwritten Bonds	Proportion of Total Bond Value (%)	Total Value of Bonds	Value of Underwritten Bonds	Proportion of Total Bond Value (%)
Green Bond Underwriting / Social Bond Underwriting / Sustainable Bond Underwriting <small>Note1</small>	17,800,000		16.66	13,673,540		13.85
		106,850,000			98,730,000	
Sustainability-Linked Bond Underwriting <small>Note2</small>	2,600,000		2.43	800,000		0.81
<b>Total</b>	<b>20,400,000</b>		<b>19.09</b>	<b>14,473,540</b>		<b>14.66</b>

Notes:

1. Bonds that meet the definitions of green bonds, social bonds, and sustainability bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.
2. Bonds that meet the definitions of sustainability-linked bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.
3. In this table, the underwriting value and underwriting amount are defined as the amount of money from new cases in the current year.

## Bond Underwriting

The revenue and number of cases of Yuanta Securities' bond underwriting business to be evaluated for implementation of the Sustainable Finance Guidelines in 2023 were as follows:

Unit: NT\$ thousand

Industries	Cumulative approval of cases through the Sustainable	
	Number	Amount
Semi-conductor Industry	6	12,690
Financial Insurance	7	2,299
Other	6	5,150
Public Business	4	3,952
<b>Total</b>	<b>23</b>	<b>24,091</b>

## Consulting Services ESG Factor Audit and Evaluation

Yuanta Securities has been actively implementing the Sustainable Finance Guidelines and has held a total of 117 IPO and SPO meetings to evaluate cases in 2023, of which 68 have been completed in the current year. The list of industries and underwriting amount is as follows:

Unit: NT\$ thousand

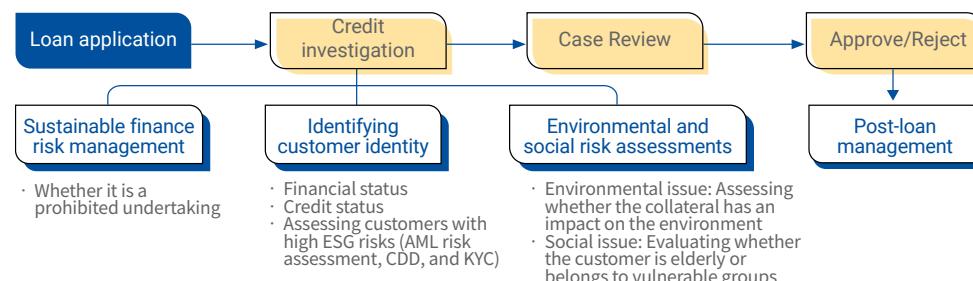
Industries	Cumulative approval of cases through the Sustainable Finance Guidelines	
	Number	Underwriting Amount
Electronic	20	4,005,361
Plastic Industry	1	2,805,600
Semiconductor-related	6	1,182,868
Electrical machinery-related	6	1,149,240
Biotechnology and Medical	5	527,847
Financial Insurance	2	450,000
Telecommunications network-related	4	446,901
Automotive industry-related	4	280,350
Optoelectronics-related	2	264,937
Information services-related	3	212,825
Computer peripherals-related	2	99,400
Shipping industry-related	1	1,500
Other	12	1,284,966
<b>Total</b>	<b>68</b>	<b>12,711,795</b>



## Creating a Sustainable Financial Life

### Consumer Banking Lending Business

#### Personal Credit Granting Process



#### Credit Business ESG Factor Assessment Items

Pre-credit Assessment (Credit Investigation Stage)	
Environmental Issue	Social Issue
<b>Assessing whether the collateral is located in:</b> <ul style="list-style-type: none"> <li>Areas with high flood risk</li> <li>Or those with physical risks such as geological sensitivity or high potential for soil liquefaction.</li> </ul>	<b>Evaluating whether the counterparty is elderly (over 65 years of age) or belongs in vulnerable groups.</b> <ul style="list-style-type: none"> <li>Assessing the borrowing individuals or guarantors aged 65 or above based upon the "Enhanced Risk Assessment Form for Elderly Customer Loans." This involves observing or inquiring about their health, daily life events, financial statuses, education levels, and ability to access financial services information to understand their capability to recognize any adverse impact on their right to borrow.</li> <li>Providing relevant consultation services for transactions involving elderly customers, and if witnessing is required, a third party can assist as a witness.</li> <li>For mortgage applications involving elderly customers or vulnerable groups as applicants or guarantors, ensure to confirm and select the "Care Inquiry and Declaration Form" option.</li> </ul> <b>Evaluating whether the counterparty is exposed to negative news.</b>

#### Performance of Personal Financial Instruments and Services

Categories	2022			2023		
	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)
Sustainable loans and mortgages <sup>Note1</sup>	8,614,902	121,769,757	7.07	10,086,730	142,133,187	7.10

Notes:

1. The funds are used for "green spending" and for companies engaged in renewable energy generation, clean technology, energy efficiency and other ESG industries.

2. In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

Unit: NT\$ thousand





## Going Paperless Promotes Green Living

### Diamond-Gold Carbon Lucky Account

Yuanta Bank hopes to raise the public awareness of environmental protection via the disclosure of carbon emissions reduced by implementing electronic transactions. Yuanta Bank presented the Diamond-Gold Carbon Lucky Account in 2022, allowing customers to obtain information about the total number of sheets of paper they saved by adopting electronic transactions simply by logging into their accounts via Yuanta Mobile Banking APP or Yuanta Bank Official Website and going to the My Carbon Account section. With this new feature, the customers can see the positive impact over time of the reduction in accumulated carbon reduction. It may then help to motivate them to begin making electronic transactions. Moreover, to incentivize customers to participate in carbon reduction movement with simple clicks, Yuanta Bank offers various green discounts including an exchange rate discount for online currency exchange, online applications for regular investing, and zero subscription fee for designated funds/ETFs. This year, Yuanta Bank saved 260 million pieces of A4 paper by encouraging its customers to adopt online applications and delivery for various tasks; the results are beneficial for saving resources and reducing overall energy consumption.

In addition, Yuanta Bank included an introduction of the Mobile Banking APP in the My Carbon Account section, describing how the APP became a zero-carbon emission APP by obtaining ISO 14067 Carbon Footprint verification and PAS 2060 Carbon Neutrality verification and how Yuanta Bank obtained other sustainability achievements such as officially adopting green power in 2021. The section also includes a column for articles related to daily climate, food and drinks, ecological issues, and carbon reduction issues to further educate customers. By inviting the customers to participate in carbon reduction, Yuanta Bank encourages them to change their behaviors, promote green financial services, and enhance the impact of digital finance.

To promote using digital transactions to reduce carbon emissions, Yuanta Bank launched its first campaign for the Golden Carbon Account in 2023 – the Carbon Reduction Summer Camp. During the event, users who completed any electronic transaction from the carbon reduction checklist successfully cut down 700 grams of carbon emissions. By also signing up for personalized LINE services, they could receive 50 gift points from "LINE POINTS for Carbon Reduction Support" using the Yuanta Mobile Banking app. 640,000 people signed up for the promotion throughout the year, collectively slashing carbon emissions by 173 metric tons of CO<sub>2</sub>.



Note: The carbon reduction calculation is based on multiplying the number of paper sheets saved by using electronic transactions by the carbon footprint value of virgin wood pulp copy paper published on the Carbon Footprint Information Platform (4.24E+0 kgCO<sub>2</sub>).

### Financial Services Carbon Footprint Verification

Yuanta Bank operates on the basis of digital operations. The carbon footprint for all types of credit cards already obtained certification from the British Standards Institution (BSI) in 2022. It also took the lead in focusing on the application of Mobile Banking APP services and verifying the carbon footprint of its APP. In addition, Yuanta Bank implemented a carbon neutrality project: it selected a wind power project that meets the sustainable development goals of the United Nations from the Gold Standard to conduct carbon offsets and achieve carbon neutrality. The carbon offsets will go to social welfare and be used to reduce poverty, improve healthcare and public health education, and create job opportunities. The bank obtained certification from BSI and became the first financial institution in Taiwan to obtain both ISO 14067 Carbon Footprint verification and PAS 2060 Carbon Neutrality verification. In response to growing demand for mobile payment services, Yuanta Bank's "Mobile Scan Payment Service" passed the British Standards Institution (BSI) ISO 14067 Product Carbon Footprint verification in November 2023, becoming the first financial institution to voluntarily conduct carbon footprint verification for its "Mobile Scan Payment Service." Furthermore, in February 2024, it advanced to obtain carbon labels issued by the Ministry of Environment. The Carbon Account has now integrated with seven major electronic payment service providers. It aims to follow international development trends, while participating in cross-border consumer payment services in countries such as Japan and South Korea in 2023. Now, by simply opening the "Yuanta Mobile Banking APP" and selecting the scan payment function, users can easily switch the consumption country and complete transactions by scanning QR codes at local stores marked with "TWQR," continuing to diversify and deepen its presence in the sustainable digital finance field.

Yuanta Securities has integrated ESG concepts into its operation strategy. In 2022, it became the first securities company in Taiwan to pass the BSI ISO 14067 Carbon Footprint verification and the PAS 2060 Carbon Neutrality verification with the "Mr. Investor APP" mobile application, officially achieving carbon neutrality. They continue to expand its scope of business. Yuanta Securities assisted the Ministry of Environment in formulating the Product Category Rules (PCR) for "Securities, Futures, and Investment Trust and Consulting Industry Online Services." This initiative led the securities, futures, and investment trust and consulting industry to establish rules as industry-standard practices. Under "Yuanta Securities Online Financial Service", carbon footprint verification was conducted for various online services including application, transactions, and inquiries. The ISO 14067 International Carbon Footprint Calculation Standard was used to examine the carbon footprint of online services used by investors of the Company, covering stages from raw material acquisition to service delivery and waste disposal. The carbon footprint of each online service was approximately 285 milligrams. In April 2023, "Yuanta Securities Online Financial Service" passed the BSI ISO 14067 Product Carbon Footprint verification, and in June, obtained the Environmental Protection Administration's carbon footprint labels. This achievement marked Yuanta Securities as the first benchmark operator in the securities industry to pass international carbon footprint verification and obtain domestic carbon labels. It aims to reduce the environmental impact during operations, strengthen the role of financial service institutions in global low-carbon transition, and encourage customers to move towards a low-carbon and green lifestyle.





## Investing in a Sustainable Future

### Existing Product ESG Investment Management



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



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



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

As of the end of the year, Yuanta Funds has 22 funds rated by Morningstar, Inc. with the highest rating of five Globes, including Yuanta Taiwan High-Yield Leading Company Fund (**the source of dividend distribution of the Fund may be the income equalization**), Yuanta Taiwan Top 50 ETF, Yuanta Taiwan High Dividend Fund (**the source of dividend distribution of the Fund may be the income equalization**), and Yuanta FTSE4Good TIP Taiwan ESG Fund (**the source of dividend distribution of the Fund may be the income equalization**). This year, the size of five Globes funds reached NT\$723.875 billion, indicating that sustainable investing is gradually gaining market attention.

Yuanta Funds focuses on ESG risk management when developing investment products and services. Yuanta Funds imports information from the internationally renowned ESG rating databases to establish a set of daily ESG risk assessment for investment objectives and combines fundamental analysis to evaluate whether portfolio companies are continuing to develop towards sustainable operations. If the ESG risk level of an invested company increases, Yuanta Funds will hold internal discussions to decide if the investment weighting of the company should be adjusted, and regularly reviews the ESG risks of its funds to ensure that its products have sustainability features, providing customers with the ability to invest in a sustainable future.

### ESG Investment-Linked Insurance Policies

The Group has a clear insight into the structural changes of the Taiwanese population and society. Sub-replacement fertility and an aging population means there is an increasing need for elderly care. One of our subsidiaries, Yuanta Life, launched several discretionary investment-linked insurance policies in 2022, including Yuanta Life Variable Universal Life Insurance and Yuanta Life Variable Annuities Insurance. Yuanta Life commissioned Yuanta Funds to operate Yuanta ESG Sustainable Growth Account. Via a specific qualitative and quantitative screening logic, the Account invests in sustainable and quality ETFs and mutual funds with a high-yield ratio. An exclusive ESG inspection filter is applied to verify the ESG level of all holdings. With accumulated assets from investing in both stocks and bonds and an end-of-year value-added payout mechanism (when there is an excess return, it will be added to the end-of-year payout), this type of account can meet the pension needs for an aging society.

### Procedure adopted by Yuanta Funds to select its ESG investment targets

1

#### ESG rating database

The company adopts international third-party ESG rating databases (e.g., MSCI and Substainalytics) to regularly screen and update the ESG rating of individual stocks

2

#### ESG inspection filter

Using the ESG rating database to screen and put the targets with high ESG ratings or low ESG risks on the list of potential investment targets.

Targets meeting and of the following requirements will be included in the list of potential investment targets:

1. At least 70% or more of the target constituents reach a certain ESG rating.
2. The weighted mean ESG risk of the target constituents is medium or lower.
3. The weighted mean ESG rating of the target constituents must be in the top 50% of their respective industries.
4. Targets appeal to ESG or sustainable investment

3

#### Stocks/bonds with growth potentials

1

#### High-Yield Leading Company Fund

2

#### Yuanta FTSE4Good TIP Taiwan ESG Fund

3

#### High Dividend Fund

### ESG Investment Products

The Group has observed recent investment market trends and provide customers with targeted and timely products that meet the spirit of ESG and products that track the sustainability indices compiled by Taiwan Index Plus Corporation (including ESG, green energy and electric vehicles).



## ■ Artificial intelligence of Things and Best Sustainability Companies

As digital technology-related applications such as AI, 5G, and the Internet of Things continue to evolve and business opportunities for relevant products continue to grow, a smart framework built with newly emerging technologies such as artificial intelligence of things plays a critical role in the digital transformation of companies. Proper 5G infrastructure and optimized 5G chips facilitate the development of smart agriculture, efficient energy use, and carbon reduction. Studies have shown that sustainable funds and companies with high ESG evaluation are more resilient, have better returns, and less volatility than traditional companies. Based on the above trend, the Group's subsidiaries have launched the following list of products. As of the end of this year, Yuanta Securities has 7 ETNs that tracks the sustainability index compiled by Taiwan Index Plus (including ESG, green energy and electric vehicles) with 82,000 units of ETNs in circulation and an outstanding amount of approximately NT\$570 million. Yuanta Funds has two 5G ETFs, one ESG ETF, and four Taiwan stock funds focusing on related industries, with fund size reaching NT\$37.973 billion. Yuanta Futures launched 3 ESG futures, with a trading volume of 8,780, accounting for 79% of the futures brokerage market.

Products	Features
<b>Demand for 5G, Internet of Things, high-speed computing, electric vehicles, etc. is on the rise</b>	
Yuanta Global 5G & NexGen Telecommunication Components ETF (Tracks iSTOXX Global Future Key Technology Index)	Focusing on 5G hardware infrastructure, covering communication components, IC design, cell phone components and other hardware manufacturing industries, and positioned to assist in the global smart life. As of end of this year, it was awarded 4 Globes by Morningstar Sustainability Rating.
Yuanta Global Future Communications ETF (Tracks ICE FactSet Global Future Communications Index)	Covering the overall development of 5G industry, from communication equipment and infrastructure to cell phone manufacturing and telecommunication, supporting the complete supply chain of 5G upstream, midstream, and downstream. As of the end of this year, it was awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Premier Fund	With a focus on high-technology and a complementary focus on traditional industries, we are able to grasp the trend of industry rotation. As of the end of this year, it was awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Economic and Trade Fund	The investment characteristics are focused on national economic construction-related industries and export-related stocks. As of the end of this year, it was awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta 2001 Fund	A portfolio of large-cap growth stocks & small and mid-cap potential stocks, covering industry champions and future stars. As of the end of this year, it was awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Duo Fu Equity Fund	A balanced portfolio of listed companies, with large-cap stocks with stable performance as core holdings, and actively seeking out small and mid-cap stocks with high-growth potential. As of the end of this year, it was awarded 5 Globes by Morningstar Sustainability Rating.
<b>High sustainability performers</b>	
Yuanta ESG High Dividend N (Tracks Selected ESG High Dividend Payout Index)	Screening the top 20% of listed companies with high ESG scores, the composition of the constituent stocks has mainstream market characteristics, and the industries include semiconductor, finance, electronic communication, construction and other targets, diversified investment in listed companies with good sustainable development and high dividends.
Yuanta TPEx ESG Growth ETN (Tracks TIP Customized TPEx ESG Growth Total Return Index)	In addition to the ESG index screening strategy, the Company also uses "growth indicators" to screen for high performance in revenue, earnings, market capitalization, and profit growth.
Yuanta TPEx ESG High Dividend Total Return ETN (Tracks Selected ESG High Dividend Payout Index)	The first ever ETN with dividends; exclusively investing in listed companies with high ESG scores and high dividends. The dividends are paid yearly.
Yuanta ESG Dividend Distribution (Tracks Selected ESG High Dividend Payout Index)	The "Selected ESG High Dividend Yield Index" link includes component stocks with high sustainability scores, good profitability, and strong dividend yield performance. The index selection strategy helps long-term investors enjoy relatively stable high dividends and returns.
Yuanta OTC ESG Leader (Tracks Selected OTC ESG Leader Return Index)	Tracking the "Selected OTC ESG Leader Return Index" compiled by Taipei Exchange and Taiwan Index Plus Corporation, and adopting the "Taiwan Sustainability Evaluation" model from the Center for Corporate Sustainability of National Taipei University, 10 to 20 component stocks are screened based on profitability, ESG indicators, volatility, and market capitalization, using the ESG-adjusted free float market capitalization weighting method to recognize the investment performance of OTC stocks that emphasize sustainability, profitability, and market representation.
Yuanta FTSE4Good TIP Taiwan ESG ETF (The source of dividends for this fund may come from income equalization reserves.) (Tracks FTSE4Good TIP Taiwan ESG Index)	The index is selected from the "FTSE4Good ESG Rating Model", and as of the end of this year has been recognized with Morningstar's Sustainability Rating of 5 Globes, and it is also certified with the Low Carbon Label. With environmental awareness on the rise, the product outlook is aligned with global trends, maximizing the benefits of investment while doing our part for the planet.
<b>Quality futures sustainable products</b>	
TAIFEX - Sustainability Futures (Link to FTSE4Good TIP Taiwan ESG Index)	Launched by the Taiwan Futures Exchange, FTSE Russell's international standard ESG rating model is used to select 66 constituent stocks by integrating their risk exposure and financial indicators. In response to the global trend of sustainable investment development, it meets the demand for spot market risk and related trading needs.
EUREX-Europe ESG Futures (Link to STOXX® Europe600ESG-X Index)	Based on the United Nations Global Compact principles, we have selected 581 constituent stocks from the European 600 Index, which is the first ESG-themed external commodity approved by foreign countries in Taiwan.
CME-E-mini S&P 500 futures (Link to Standard & Poor's 500)	The ESG Index is an index made up of S&P 500 Index constituents. Filtering of heavy participation from specific industries (e.g., tobacco and controversial firearms) and low scoring on the United Nations Global Compact was conducted on S&P 500 Index constituents to determine the ESG Index. Additionally, companies with their ESG scores on the bottom 25% of each GICS group according to S&P DJSI ESG evaluation are excluded.

Note: Sustainability ranking on Morningstar as of December 31, 2023.



## Sustainability Related Trending Products

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

Trend	Product	Feature				
Infrastructure	Yuanta Global Realty & Infrastructure Fund	Linking to infrastructure targets such as electricity, water resources, and transportation, and focusing on emerging market infrastructure issues.				
Bioenergy, Food Crisis	Yuanta Global Agribusiness Fund	Linking to agro-finance related industry targets, we focus on agro-food and water industry related issues, covering the agricultural industry chain including basic resources, agricultural production, processing and wholesale sales.				
	Yuanta Global Utility Fund	Our investment targets include wind, hydro, and solar power plants and power transmission and distribution companies. We are able to take hold of the opportunities of high dividend and steady growth in the power industry.				
	Green Energy-Related Warrant Products	From 2021 to 2023, the market shares of green energy-related warrants are 21.9%, 23.4% and 22.1%, topping the market for three consecutive years.  <table border="1" data-bbox="505 881 1044 944"> <tr> <td><b>159 warrants</b></td> <td><b>349 warrants</b></td> <td><b>21 warrants</b></td> <td><b>84 warrants</b></td> </tr> </table>	<b>159 warrants</b>	<b>349 warrants</b>	<b>21 warrants</b>	<b>84 warrants</b>
<b>159 warrants</b>	<b>349 warrants</b>	<b>21 warrants</b>	<b>84 warrants</b>			
Alternative Energy	Yuanta Green Energy ETN (Tracks Selected Taiwan Listed OTC Green Energy Compensation Index)	Linked with Yuanta Taiwan Green Energy Total Return ETN; the index constituents are stocks in the supply chain of solar and wind power industries in Taiwan.				
	Yuanta Electric Vehicles Total Return ETN (Tracks the Taiwan Electric Vehicle Representative Compensation Index)	We invest in 10 to 20 upstream to downstream companies in Taiwan's electric vehicle industry chain, covering the complete industry chain index components including high-quality Taiwanese companies specializing in electric vehicle power systems, charging stations, batteries, and other components.				
	Yuanta Electric Vehicle ETN (Expired and delisted from the market in December 2023)	We provide customers with investment channels to track Taiwan's excellent electric vehicle-related enterprises, encourage customers to pay attention to the development of Taiwan's electric vehicle industry, and lead them to follow the international trend of emphasizing the development of electric vehicle industry.				

## Proprietary Sustainable Investment Products

Unit: NT\$ thousand

Categories	2022			2023		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
ESG Integration <sup>Note 1</sup>	28,588,551		2.95	29,432,933		1.98
Best in Class <sup>Note 2</sup>	9,818,078		1.01	636,383,564		42.71
Thematic <sup>Note 3</sup>	10,760,868		1.11	10,530,193		0.71
Impact Investing <sup>Note 4</sup>	474,726,250	968,355,952	49.02	0	1,489,860,084	0
Other <sup>Note 5</sup>	42,983,646		4.44	95,503,368		6.41
<b>Total</b>	<b>566,877,393</b>		<b>58.53</b>	<b>771,850,058</b>		<b>51.81</b>

Note:

- Incorporate the ESG model into the design of financial products or set up relevant selection principles to systematically integrate ESG factors into investment analyses and decision-making.
- Select industries, companies, or projects with relatively more favorable ESG performance when designing financial products.
- Invest in a single or multiple thematic sustainability-related targets (e.g., climate change or clean energy) when designing financial products.
- Have measurable social and environmental impact and financial returns when designing financial products.
- Funds promoting environmental or social characteristics or with a sustainable investment objective, which include but not limited to EU SFDR Article 8 or EU SFDR Article 9.

## Third-Party Sustainable Investment Products

Unit: NT\$ thousand

Categories	2022			2023		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
ESG Integration <sup>Note 1</sup>	1,771,236		2.46	643,533		0.32
Best in Class <sup>Note 2</sup>	145,579		0.20	1,411,684		0.70
Thematic <sup>Note 3</sup>	787,264	72,015,620	1.09	1,664,693	201,872,831	0.82
Impact Investing <sup>Note 4</sup>	64,317		0.09	2,356,020		1.17
<b>Total</b>	<b>2,768,396</b>		<b>3.84</b>	<b>6,075,930</b>		<b>3.01</b>

Note:

- Consider ESG factors into the process of investment decision.
- Invest in the company with positive ESG performance relative to industry peers.
- Invest in themes or assets related to certain environmental or social issues, such as energy transition, climate change, promotion of equality, and so on.
- The investment strategy will bring positive impact on environment and society.

## Issuance of Sustainable Development Bond

Yuanta Bank issued the first sustainability bond with a total amount of NT\$2 billion in 2022. The fund is to be used mostly for green investment plans and social welfare investment plans, including healthcare, urban renewal, and renewable energy. Moreover, the bond is used for financing sustainability-related industries and helping green power technologies, circular economy, and other industries with social benefits to obtain mid- to long-term funds; benefits achieved include reducing greenhouse gas emissions and promoting affordable housing development. (Please refer to Sustainability Bond Investment Plan)

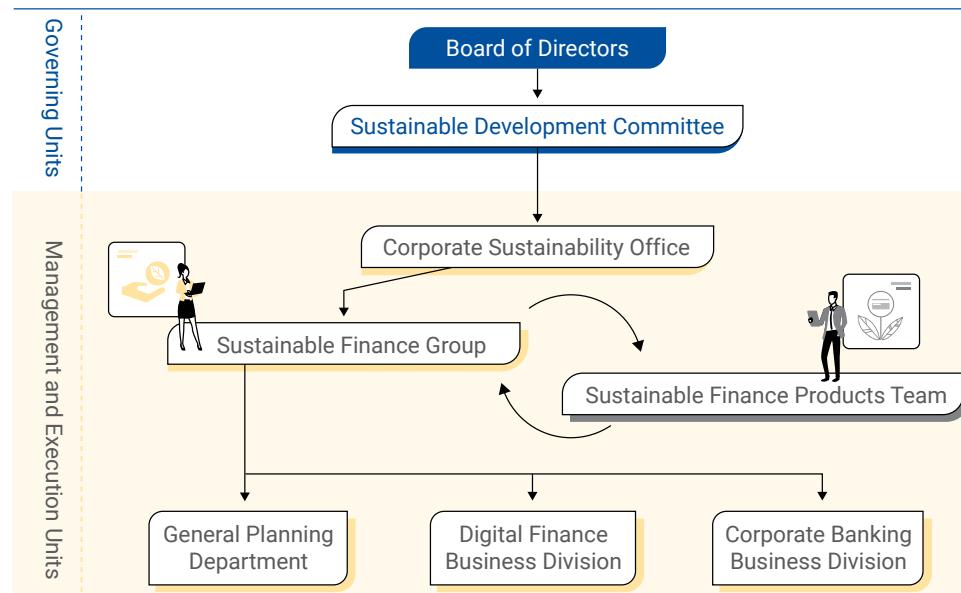


## 3.2 Innovative Social Finance Products

Social issues have become increasingly diverse and complex. Without timely response, underprivileged groups will be unable to obtain affordable financial services. Insufficient accessible facilities result in impairment of the rights and interests of people with disabilities. Improving the usability of all financial products and services and continuing to provide affordable financial products and services that meet the public's needs are the ultimate goals that the world expects from inclusive finance. The Group reviews all problems with innovative minds. All of our subsidiaries continue to pay attention to the needs of underprivileged groups and regularly review global trends of inclusive finance and social issues. Moreover, one of the core objectives of Yuanta Financial Holdings is to design financial products and service measures that meet the needs of underprivileged groups, develop innovative products, promote suitable services, and appoint professionals to each branch office and online to help the underprivileged groups. Feedback is taken to optimize relevant services on a regular basis. The subsidiaries shall stay in contact with their customers via the customer service telephone line, email, online customer service channel, and customer satisfaction surveys to manage customer relationships, drive economic developments in inclusive growth, make changes, and eliminate inequality to improve social welfare.

The Group has established inclusive finance policies. Through feedback from customer surveys, discussions with external groups are conducted to tailor financial and non-financial products and services for underserved groups. To ensure the rights and interests of underprivileged groups, the Company has appointed the board of directors as the top supervisor of inclusive finance. The employees are trained to avoid aggressive, predatory sales tactics. Procedures to prevent excessive debt have been established and a simple and efficient communication channel has been set up for relevant issues.

### Main Financial Inclusion-related Units of Yuanta



### Overview of Financial Opportunity and Risk Management in Inclusive Finance

In June 2023, the International Sustainability Standards Board (ISSB) released the sustainable disclosure standards. The Financial Supervisory Commission immediately announced in August that it would be in line with international standards. The adoption of the standards will gradually come into practice starting from 2026 for listed and OTC companies to improve the information transparency of Taiwanese companies.

In order to help stakeholders understand the Group's responses to the risks and opportunities of sustainability issues, we adopted the spirit of International Financial Reporting Standards S1 (IFRS S1) this year to conduct a trial assessment of the potential financial impact of inclusive finance issues on the Group. All the relevant information is disclosed in compliance with the four major aspects of IFRS S1 (governance, strategy, risk management, metrics and targets).

#### Governance Mechanism of Inclusive Finance

##### ■ Governing Units

The Board of Directors of the Company serves as the highest governing body for inclusive finance issues, responsible for overseeing and managing the Group's inclusive finance opportunities and risks, and promoting the overall policy and strategic actions. Under the Board of Directors, the "Sustainable Development Committee" is established, composed of the chairman and independent directors. Its functions include supervising and managing the overall inclusive finance opportunities and risks, regularly holding meeting at least twice a year to decide and review the goals and performance indicators of the Group's sustainable development strategies for inclusive finance, as well as reviewing the work plans and execution results related to inclusive finance submitted by the Sustainability Office. In 2023, the Board of Directors passed the first inclusive finance policy of the Group, laying the strategic foundation for the Group to promote inclusive finance issues.

##### ■ Management and Execution Units

The Corporate Sustainability Office is consisted of the Sustainable Finance Team and Sustainable Finance Products Team, responsible for managing and executing the Group's inclusive finance policies and related plans, including the development of inclusive finance products and services, as well as risk identification. Corporate Sustainability Office reports progress and result to Sustainable Development Committee every half year, review and discuss the progress of related products and services, track goal attainment through the bi-yearly cross-subsidiary sustainable finance meetings and the quarterly sustainable finance group meetings to ensure that inclusive finance products and services align with regulatory policy goals and the Group's vision for promoting inclusive finance.



## Inclusive Finance Strategy and Risk Management

The Group's inclusive finance policy outlines key strategic directions aimed at enhancing internal management processes and personnel training to improve the effectiveness of product and service development. This is done in coordination with risk management policies to provide suitable financial and non-financial products and services according to the needs of different demographic groups and the business attributes of each subsidiary. Additionally, we have established effective and understandable communication channels, with increasingly stronger partnerships and external advocacy to help build the financial literacy of target groups. The goal is to construct a comprehensive inclusive finance ecosystem from the inside out.

### 1. Opportunity and risk identification

- Each subsidiary conducts opportunity/risk identification of the products and services based on domestic and international trends in inclusive finance development, as well as relevant policy goals of domestic regulatory authorities.
- The General Planning Department, Digital Finance Business Division, and Corporate Banking Business Division integrate overall risk and opportunity identification and offer business development suggestions.



### 3. Opportunity and risk reporting and monitoring

- Strategies for addressing various opportunities and risks are developed and reported to the Sustainable Development Committee and the Board of Directors.
- Regular reporting to the Board of Directors and the Sustainable Development Committee on various inclusive finance-related work plans and execution results.
- Regular review of the achievement of inclusive finance business objectives and improvement measures.

### 2. Opportunity and risk assessment

- Each subsidiary assesses the impacts and severity levels derived from various opportunity / risk of the products and services based on business characteristics.
- Assessment scopes include market opportunities, risk appetite and limits, financial impact, etc.

## Inclusive Finance Opportunities and Risks

Each subsidiary of the Group regularly conducts identification and assessment of inclusive finance opportunities and risks based on its business characteristics. Relevant products and services are developed in accordance with domestic and international market trends and regulatory policy directions, with financial opportunities and risks measured to formulate business promotion strategies and risk response measures. The main products and services of inclusive finance in the Group are as follows: fractional share trading, regular investment plans for stocks/funds, loans for small/medium/micro enterprises, and "Quasi long-term care," "small amount endowment," and "micro" insurance. Some businesses are involved with financial risks such as credit risk and insurance risk, which corresponds to transaction fee income, loan interest income, premium income, and other potential financial opportunities creating the expansion of the financial assets scale.

Based on evaluations conducted by relevant units within the Group in 2023, the financial opportunities and risks associated with the main products and services of inclusive finance were assessed. Currently, these business activities account for a relatively low proportion of each unit's operations. Despite limited profitability, financial risks also fall within the risk appetite and limits. Therefore, the overall impact of inclusive finance business on the Group's financial condition, financial performance, and cash flow is not significant.

### Inclusive Finance Indicators and Goals

The Group considers domestic and international trends in inclusive finance development, as well as regulatory policy directions, for the establishment of systematic management indicators and goals, such as the number of account holders for regular investment plans in stocks or funds with scheduled deductions and the amount of premiums for microinsurance. We implement tracking and improvement measures for the effective promotion of inclusive finance by refining the Company's inclusive finance policies in line with current developments.



## Lower the Threshold for Investment Tools

### Odd Lot Trading

Intraday and after-market odd lot trading significantly lowers the investment threshold for retail investors, allowing them to fully participate in the capital markets. Yuanta Securities provides an electronic platform for placing orders on the Mr. Investor APP, eWinner, Yeswin, or the Company's website, offering a convenient, easy-to-use channel for retail investors to invest in the stock market.

Year	2022		2023		
	Type	Intraday	After-Market	Intraday	After-Market
Total number of investment accounts for the year		511,202	181,312	563,344	208,921
Number of transactions		13,887,542	829,766	18,784,466	978,983
Total investment for the year (NT\$ billion)		177.368	11.142	243.177	12.693

### Systematic Investment Planning (SIP)

Yuanta Funds launched Yuanta Taiwan High-Yield Leading Company Fund, based on the concept of "a Taiwanese stock fund for Taiwanese" (**the source of dividend distribution of the Fund may be the income equalization**) to provide a new option for long-term investment and retirement planning for Taiwanese citizens. In order to meet the needs of investors at different stages of their lives, we have designed interest-bearing and non-interest-bearing funds. The number of investors contributing on a regular, fixed-amount basis continues to rise. The fund continues to receive the highest rating of five out of five Globes from Morningstar Sustainability Rating.

Yuanta Bank also offers systemic investment planning with daily regular, fixed-amount investments in mutual funds, conveying the concepts of long-term investment and risk diversification to investors. In addition, Yuanta Funds has offered various discounts and promotions of the issued funds, which allows investors to subscribe for small amounts, with the threshold for single investment transaction lowered to NT\$10,000. Subscribing to systemic investment planning, the minimum monthly investment amount is NT\$3,000, allowing retail investors, senior citizens, and fund investors to all participate. In 2023, the total number of transactions was 4.9 million.

In response to the Taiwan government's financial inclusion policy, Yuanta Securities adjusted its policy regarding wealth management and trusts in August 2020, lowering the minimum amount required for account opening to NT\$30,000. The minimum monthly investment is NT\$3,000, enabling retail investors to accumulate wealth through regular fixed-amount investments. The Group will continue to promote systemic investment and optimize the digital investing experience, to increase the promotion and usage of financial products, and to realize financial inclusion.

Year	2022	2023	Growth Rate(%)
Regular Shares Savings Plan (RSSP) Accounts	839,383	759,546	-10
Number of Scheduled Deductions	8,181,138	6,755,163	-17
Number of Scheduled Deductions (<NT\$3,000)	5,923,496	4,904,713	-17
Number of Transactions below NT\$3,000 as a Ratio of the Total Number of Transactions	72%	73%	1
Total Amount Invested Over the Year (NT\$ billion)	30.317	22.809	-25

### Regular Shares Savings Plan

Yuanta Securities offers a low threshold investment method through regular fixed amount deductions, encouraging investors to participate in the capital market using a small amount of money to invest over a long time period to develop good saving habits to accumulate wealth.

Yuanta Securities holds semi-annual meetings to review new products and re-examine existing products. In 2023, the regular shares savings plan had 3 mutual funds, 23 ETFs and 57 individual stocks available for investment. We also occasionally offer special handling fees to meet the needs of investors.

Year	2022	2023	Growth Rate (%)
Regular Shares Savings Plan (RSSP) Accounts	109,930	165,636	51
Number of Scheduled Deductions	279,299	471,120	69
Number of Scheduled Deductions (<NT\$3,000)	171,677	301,963	76
Number of Transactions below NT\$3,000 as a Ratio of the Total Number of Transactions	61%	64%	5
Total Amount Invested Over the Year (NT\$ billion)	10.988	17.959	63

### Warrants

Warrants are a type of financial product and services that allows you to invest in stocks at a relatively lower cost. Not only it lowers the threshold for entering the capital market, but also has discount on transaction and tax fees. Therefore, it is one of the tools suitable for all groups of people in managing their finances. As the leading domestic warrant issuer, Yuanta Securities provides warrant products that meet the current market conditions and investors' needs, allowing the implementation of "replacing stocks with warrants".

In order to familiarize the investing public with warrant products and provide professional financial education, Yuanta Securities has set up the "Yuanta Warrants Online" providing knowledge and information of warrant. In order to help investors learn about warrant investment tools more easily, we set up teaching sections and provides learning videos. By using online tools, we give investors the flexibility to learn on their own time and at their own pace.

Unit: NT\$ thousand

Year	Number of Warrant Products Issued	Total Issued Amount	Total Transaction Amount
2021	11,898	93,976,652	234,488,302
2022	12,958	124,474,578	188,451,865
2023	14,639	110,198,624	160,434,728



## Social Issue-Related Financial Products

The Group implements the core concept of financial inclusion and observes issues derived from social trends. According to these observations, diversified products are designed for underprivileged and low-income groups so that these customers can choose the most suitable plan. In this manner, the Group is able to make an impact in solving social change issues from the standpoint of the financial industry.

### Elderly Group



#### Retirement financial planning

Reducing economic volatility and providing long-term stability and steady cash flow for retirement life are top priorities. The promotion of Yuanta Life will be focused on traditional products with guarantee features, giving policyholders a stable plan unaffected by economic changes. Investment-type products allow policyholders to participate in market trends and hold investment targets when opportunities arise, thereby achieving better returns. We continue to select investment targets related to ESG and integrate them into our product offerings. These two types of products can be matched according to individual policyholders' risk tolerance to meet their retirement financial planning needs.

#### Retirement medical

Elderly individuals are prone to hospitalization needs and medical care for bone fractures due to accidents. We shall continue to monitor the gap in demand and develop suitable products accordingly. In response to the elderly population losing their ability to perform daily activities due to illness or accidents, the Company provides comprehensive care protection. Our designs will include both lump-sum and installment payments, tailored to the needs of policyholders that hopes to alleviate the economic burden on the caregiver in the family and serves as the best backup force for our customers. In 2023, a total of 724 cases of such insurance policies were signed and the premium income was NT\$13.51 million.

2023 Total of cases  
**724**

Premium income  
**13.51 million**

### Maternal and Child Protection



Taiwan has become an aging society with sub-replacement fertility and Taiwanese people have been getting married and having children later and later. As the average age of maternity increases, the possibility of babies having congenital diseases increases. Yuanta Life has been paying attention to the infant insurance market and come up with our first lifelong health care insurance policy for infants. The babies will be covered for all kinds of healthcare for their entire life starting as soon as they are born. Newborns diagnosed with specific diseases are eligible to recover 50% of the insured amount. Their parents do not have to worry that their congenital diseases would result in a decline or delay of their insurance policies. The policies can be purchased during pregnancy to reduce the economic burden on new parents. In 2023, a total of 183 cases of such insurance policies were signed and the premium income was NT\$4.74 million.

2023 Total of cases  
**183**

Premium income  
**4.74 million**

### Health management



Modern busy lifestyles and unhealthy habits and diets lead to an increasing incidence of chronic diseases and cancer. Cancer is the number one cause of death among the population for many years, posing a significant health threat and incurring considerable treatment/living expenses each year. This often leads to a serious burden on people's lives. Yuanta Life has been paying close attention to the health issues facing the population for years and has introduced overflow insurance policies to encourage people to undergo annual cancer screenings and health check-ups through rebate rewards. We encourage policyholders to pay attention to their own health conditions, enhance their self-managed health mechanisms, and cultivate risk awareness in order to reduce the burden on society and families. In 2023, we underwrote 1,216 policies, with premium income totaling NT\$197 million.

2023 Total of cases  
**1,216**

Premium income  
**197 million**



## Expanding Financial Accessibility

### Friendly Service Measures

In recent years, the Financial Supervisory Commission has been actively promoting the development of financial technology. In 2023, it released the "FinTech Development Roadmap (2.0)" to shape a friendly ecosystem for financial technology development, facilitating the introduction of relevant services or business models for greater efficiency, accessibility, usability, and quality of financial services. Yuanta Bank values the digital financial service needs of different demographic groups. Following are the services this year:

#### Residents in remote areas

##### Physical financial services

- Mobile payment plan

In line with the county and city governments' mobile payment promotion, diverse payment seminars have been organized in Maolin National Scenic Area in 2023. Two seminars were held, one in Liugui, Kaohsiung in May and the other in Majia, Pingtung in June. **A total of 30 businesses participated.**

##### Digital financial services

- Digital services

Residents in remote areas can open digital accounts without visiting branches. They can apply for multiple products and services online, including the opening of securities accounts and Yuanta Bank digital securities deposit accounts (dual account opening). Distance is no longer a barrier to financial service needs. In 2023, **a total of 10,198 individuals completed the use of the dual account opening service.** Through cross-industry collaboration, Yuanta Bank has integrated seven major electronic payment methods, expanding customers' access to daily necessities and transportation. This allows customers in remote areas to conveniently use financial services.



#### Foreign visitors or new immigrants

##### Physical financial services

- Bilingual branches

In accordance with the "2030 Bilingual Nation Policy Development Blueprint," Yuanta Bank has established bilingual branches, forming frontline bilingual service counters and bilingual financial services to propel Taiwan's financial industry towards internationalization. As of the end of 2023, there are four bilingual branches across the bank service area, with aims to gradually increase the proportion of bilingual branches. This initiative will facilitate Taiwan's overall bilingual financial environment and the internationalization of Taiwan's financial services.

- Bilingual ATMs

To facilitate the use of financial services for foreigners, Yuanta Bank has installed bilingual (Chinese and English) ATMs nationwide, **totaling 510 machines.**

##### Digital financial services

- Communication with no borders

In active response to the "2030 Bilingual Nation Policy Development Blueprint," Yuanta Bank aligns with international development by digitizing its services in bilingual formats, making information accessible to foreign customers. The English version of the official website was launched in October 2023, and bilingual branch service locations were added to the website, making financial services more convenient for foreign visitors in Taiwan.

- Minors opening digital accounts

For underage children of new immigrants who need digital deposit accounts, parents holding Taiwanese ID cards can assist them in account opening, facilitating their learning of digital financial services. **A total of 18 accounts were opened in 2023.**



#### Youth groups

##### Physical financial services

- Campus Diamond Ambassador Program

Facing with the diverse financial environment, the Campus Diamond Ambassador Program is equipped with financial knowledge and, through entertaining materials, it effectively captures the attention of young people to instill correct financial concepts and proper knowledge of safe transactions, investment management, and prevention of money laundering/fraud. This program aims to nurture young talented individuals within Yuanta Bank.

##### Digital financial services

- Yuanta Mobile Digital Finance Classroom

In collaboration with Information Service Association of Chinese Colleges (ISAC), Tamkang University, and National Taipei University of Technology, the "Yuanta Mobile Digital Finance Classroom" and "Mobile Payment Experience" activities were held to promote the practical application of mobile payments and digital financial anti-fraud knowledge on campus. **Nearly 400 students enthusiastically participated.**

- Campus digital lectures

Promoting digital financial knowledge and services to establish deeper connections with the campus. Through knowledge dissemination, students' understanding and recognition of digital finance and mobile payments can be enhanced; digital lectures were conducted in collaboration with industry and academia at **4 universities.**



#### Elderly groups

##### Physical financial services

- Branch digital seeds

Yuanta Bank has placed digital seeds in its branches to directly understand the service needed by the elderly. Through hands-on teaching, they act as professional digital assistants, bridging the communication gap more effectively.

##### Digital financial services

- Bridging the digital gap

The smart customer service of Yuanta Bank offers a user-friendly font enlargement feature. It also includes topics relevant to the elderly, such as elderly insurance, care trusts, and frequently asked questions from customers, and an instant online Q&A communication channel. Additionally, real-time text-based customer service is available for immediate financial requests.





## People with disabilities

### Physical financial services

- Accessible ATMs

Since 2013, Yuanta Bank has incorporated international accessibility standards into the procurement of new ATMs, aligning with specifications from the United States, Japan, or the European Union. Currently, all Yuanta Bank ATMs meet the specifications for greater accessibility.

**In 2023, there were 408 ATMs in Taiwan designed for wheelchair users, accounting for 80% of all ATM machines.** For locations where the ATM setup environment has not yet met accessibility standards, improvements will be prioritized during renovation or relocation. Additionally, to ensure the rights of visually impaired individuals, Yuanta Bank has installed 24 ATMs equipped with audio features for the visually impaired.

- Accessible facilities

Special facilities for people with mobility impairments are available in various branches, including wheelchair-accessible desks, elevators, ramps, handrails in stairs, and none-thresholds designs to address mobility issues.

- Guidance by specialized counter staff

Different categories of disabilities are welcomed and can expect friendly service at service counters. Specialized staff and guided tours at "Friendly Financial Service Counters" offer assistance with account opening and contract signing. Furthermore, a "Business Unit Friendly Financial Service Process" has been established to provide real-time video or on-site sign language interpretation and simultaneous captioning services to customers with hearing or speech impairments. Yuanta Bank digital initiatives are successful at 149 branches, conducting monthly digital service education and training to ensure inclusive digital services across all channels, thus bridging the digital gap for people with disabilities.

### Digital financial services

- Accessible Website

Yuanta Futures has completed the establishment of the "Yuanta Futures Friendly Financial Service Zone," meticulously incorporating accessibility coding into every detail of the website and obtaining the Level AA Accessibility certification. It is the first futures company to ever be granted this certification. Yuanta Bank has placed the "Friendly Service Zone" in the top position on the official website. At the tip of the finger, people with disabilities can access with ease comprehensive information on all banking services, including branch environment navigation, customer service channels, accessibility facilities at various branch locations, Taiwan dollar and foreign currency exchange rate inquiries, and digital channel entrances.

- Thoughtful customer service

In addition to providing personalized and voice interactive customer service to meet the investment and financial needs of visually and hearing-impaired individuals, an intelligent text customer service platform has been established to provide 24-hour online real-time service and communication channels, featuring trust questions and answers designed for people with disabilities and online application services. **In December 2023, the new "live text customer service" was launched to provide more convenient and friendly contact channels for mute customers.**

- Friendly information transparency

Online application counters provide customers with disabilities the option to apply for the "three free ATM transfers per month" promotion, and have added non-scheduled transfer services in New Taiwan Dollars, providing a more comprehensive online platform for diverse user groups. **In 2023, a total of 357 people with disabilities applied for applicable discounts.**

- Document reading

QR Code versions of various product agreements are provided, allowing customers to scan with their phones and link to text files/web pages, with the content being read aloud via the phone's built-in voice broadcasting function, making it easier for visually and hearing impaired customers to understand transaction-related plans and risks.

- Accessible digital services

The official website, internet banking, and internet banking ATMs have obtained A-grade certification from the Ministry of Digital Affairs, while the mobile banking app has obtained the Accessibility Testing Qualified Report from the Taipei Association for the Blind.

- Friendly service video introduction

In December 2023, upon invitation from the National Association of The Deaf R.O.C. (hereinafter referred to as the Deaf Association), assistance was provided in recording a special video on "Bank Friendly Services for People with Disabilities," which includes introducing Yuanta Bank's online and offline friendly financial service measures and related friendly environment facilities. The video was broadcasted on the association's social media "Deaf News," with sign language interpretation and subtitles provided throughout the video, allowing deaf compatriots to better understand the friendly financial services provided by Yuanta Bank.





## Products for Disadvantaged Groups

### Micro Injury Insurance

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

"Yuanta Life Group Accident Microinsurance" was offered again in 2021 to provide easy-to-understand accident coverage for the economically disadvantaged and specific groups. The product features a low premium and single premium rate, regardless of gender or profession. This enables more economically disadvantaged and specific groups to receive affordable products with high coverage protection.

This year, many social welfare organizations have joined Yuanta Life's efforts by donating micro-injury insurance to economically disadvantaged individuals. This initiative aims to provide an extra layer of protection in case of emergencies. In 2023, the entire group collectively donated approximately NT\$1.75 million worth of micro-injury insurance underwriting amount.

Unit: NT\$ thousand

Year	No. of People Insured	Total Underwriting Amount
2021	7,059	1,740
2022	6,480	1,778
2023	5,959	1,751

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

The financially inclusive insurance products offered by Yuanta Bank and Yuanta Life are mainly long-term care insurance, low-cost elderly insurance, and microinsurance. These products provide the public with affordable coverage to plan for any personal risks.

Unit: NT\$ thousand

Insurance Product	Number of Policies	Total Premiums	Intended Customer
Long-Term Care	97	5,400	<ul style="list-style-type: none"> <li>Concerned with healthcare quality, risk conscious</li> <li>Family history of illness, potentially high-risk group</li> <li>Primary breadwinner</li> <li>Single or married without children</li> </ul>
Low-Cost Elderly Insurance	94	2,731	<ul style="list-style-type: none"> <li>Limited financial capacity, but wants basic life insurance protections</li> <li>Older customer who wants basic life insurance protections</li> <li>Does not want to be an economic burden on their children</li> </ul>
Microinsurance	55	1,751	<ul style="list-style-type: none"> <li>Economically disadvantaged</li> <li>Specified groups</li> </ul>
<b>Total</b>	<b>246</b>	<b>9,882</b>	

### Diversified Trusts

Yuanta Bank offers charitable trust services to help corporations or individuals plan and set up charitable trusts. Each year, we publish the annual trust transaction report and asset statement of each trust on our website to make donation flows more transparent. Actions that directly or indirectly promote public welfare can be achieved without the involvement of the principal. Through the Yuanta Bank, the general public can assist socially disadvantaged groups by donating or joining public trusts, allowing altruistic individuals with the opportunity to contribute to society. Yuanta Bank has handled five charitable trusts including "Mountains Fund", "Huangwu Social Welfare Fund", "Taian Social Welfare Fund", "Shanlin International Charity Trust", and "Cheng Shin Maxxis Social Welfare Fund". The overall donation amount for public trusts reached NT\$60 million, an increase of 21.82% compared to 2022. The total assets of public trusts amounted to NT\$165 million, representing a growth of NT\$9 million or 5.77% compared to 2022.

Yuanta Bank responded to the Financial Supervisory Commission's policy on trusts for the elderly and people with disabilities by launching the "Eldercare Trust Warmth Project" in the fourth quarter of 2021. The "Elderly Care Trust Foresight Program" was launched in October 2022, assisting the elderly in planning for eldercare trusts to safeguard their property. As of 2023, the total trust assets amounted to NT\$33.974 billion, with eldercare trust assets and disability trusts totaling NT\$453 million, accounting for 1.33% of the total trust assets. A total of 1,797,524 individuals have met the criteria for opening eldercare trust accounts, with 600 beneficiaries having arranged eldercare trusts and disability trusts. Compared to 2022, the trust asset size increased by NT\$181 million, representing a 66.54% increase, while the number of beneficiaries increased by 332, representing a 123.88% increase.

Type	2022		2023			
	Total Trust Assets	Total Trust Assets Overall <sup>Note1</sup>	Proportion of Total Trust Assets (%)	Total Trust Assets	Total Trust Assets Overall <sup>Note1</sup>	Proportion of Total Trust Assets (%)
Elderly Care/ Disability Trusts <sup>Note2</sup>	272,344		0.84	453,352		1.33
Urban Renewal Trusts	3,074,896		9.49	3,137,911		9.24
Employee Welfare Trusts	6,939,458	32,415,893	21.41	7,373,694	33,974,229	21.70
Charitable Trusts	156,230		0.48	165,185		0.49
<b>Total</b>	<b>10,442,928</b>		<b>32.22</b>	<b>11,130,142</b>		<b>32.76</b>

Yuanta Bank responded to the government's Trust 2.0 initiative by actively assisting its employees in obtaining certification as "Elderly Financial Planning Consultants." In order to assist the elderly to formulate appropriate eldercare plans, the staff was provided training to understand the basic psychology, behavior, and medical care of the elderly and took courses on eldercare trusts and related trust products. As of 2023, a total of 33 managerial colleagues have obtained certification as "Elderly Financial Planning Consultants."

Note:

1. Total Trust Assets overall does not include specific-amount trusts and funds under custody.

2. The total amount of disability trusts in 2023 is NT\$20,836 thousand, accounting for 0.06% of the total trust assets, and there are 4 people benefited from this program.



## ► Mortgage Subsidies

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and social housing mortgages. The main beneficiaries of the primary loan interest subsidy are vulnerable groups in society such as low to middle-income households, those forced to relocate or displaced, seniors over 65 years old, individuals with disabilities, and indigenous people. They can apply for subsidized loan interest rates for self-purchased homes to alleviate the burden of loan interest payments. This year, there were 116 cases of policy-subsidized mortgages and social housing mortgages for individual households, totaling NT\$249 million. The total balance is approximately NT\$4.687 billion. In the latter half of 2023, in line with the Ministry of the Interior's "Support Program for Middle-Income and Below Home Loan Borrowers," we further assisted eligible middle-income and below home loan borrowers with a financial subsidy of NT\$30,000 per household. According to statistics, a total of 12,025 cases were funded under the program in 2023, with a total disbursement amounting to approximately NT\$361 million.

## ► Charity Donation Platform

Yuanta Bank's "Give Love, Give Warmth" online donation platform has been completely upgraded and revamped, providing people with the convenience of using any bank IC card and a card reader to connect with the network of love. The platform offers support and assistance to social welfare organizations, so that they can feel the warmth of society. The cumulative number of donations made this year by Internet bank transfer was over 24 with a donation amount of about NT\$42,333, and 755 by credit card with a donation amount of NT\$1.746 million.

## Support for SMEs and New Startups

### ► Micro Injury Insurance

Yuanta Bank issued 7,873 loans this year to small and medium-sized enterprises (SMEs) to promote their stable operation. The lending targets are SMEs that meet the criteria for SMEs forwarded by Taiwan's Executive Yuan. We hope to provide funding to assist SMEs with cash flow and in maintaining working capital, and to help SMEs to stabilize their operations. Of the following loans to SMEs, the balance of loans to 5,280 small and new SMEs was NT\$143.9 billion and the balance of loans to 1,292 micro enterprises was NT\$350 million. The remaining number of loan accounts and balances are for general small and medium-sized enterprises. This was done to support the growth of micro enterprises and promote economic development.

Unit: NT\$ thousand

Lending Categories	2022			2023		
	Loan Amount	Total Amount of Lending <sup>Note</sup>	Proportion of Total Lending (%)	Loan Amount	Total Amount of Lending <sup>Note</sup>	Proportion of Total Lending (%)
SME/micro/small/small and medium-sized start-ups Loans	171,995,449	492,459,811	34.93	187,632,352	536,589,703	34.97

Note: Total Amount of Lending is defined as the total lending balance from Corporate Banking for the Yuanta Bank.

## Financial Literacy Promotion

Due to the technical and complex nature of financial products, financial institutions should reduce information asymmetry and establish communication channels to increase information transparency, so that different groups can understand financial products, social equity can be promoted, and consumer rights can be protected. The Group has been holding campus competitions and implementing various industry-academia cooperation projects with universities and colleges, and is deeply involved in public welfare activities to promote financial knowledge while providing quality financial services. For more details, please refer to 6.2 Talent Cultivation and Development - Financial Professional Training and 7.3 Public Service Highlights Column.



## Financial Instruments Innovation and Services

### Creating Digital Journeys for Customers

The Group has insight into the changes brought about by innovative technologies in the financial industry in recent years. With an increase in technical risks such as information technology system failures or operating failures resulting in harm to the client's rights and interests, we conduct regular inspections of the stability and security of our digital banking services. Based on the inspection results, we will resolve any abnormalities in a timely manner. If an actual incident occurs, we will take immediate action to determine the scope and the level of impact, provide any impacted clients with required assistance and compensate them for their losses (if applicable), and then promptly issue an external explanation of the incident. We will also take all necessary proactive measures to minimize any negative impact to clients or the business. The Company will also maintain close communication with the clients via the customer service telephone line, email, online customer service channel, and client satisfaction surveys of all subsidiaries.

By combining the business expertise and channel resources of its subsidiaries, the Group is able to link its financial services such as application, financial management and payment functions creating a customer-centric, service-oriented financial ecosystem. When developing digital services, Yuanta subsidiaries ensure the information security and the system stability. Regular system inspections are conducted. The results are analyzed to anticipate any system weaknesses or potential threats. We also collect client feedback regarding digital service systems and monitor digital finance trends to continuously upgrade our digital infrastructure. The Group has been developing a digital low-carbon service procedure that optimizes service quality. Big data and artificial intelligence are applied to investment decision-making. A variety of investment products and services are combined to improve the user experience via application scenarios, diversified channels, and type of investment. Inclusive and convenient services are provided to meet the needs of different generations. Comprehensive product planning and real-time monitoring services are offered to demonstrate smart financial management.

Digital themes	Items	Function Description	This year's performance and execution results
Online Application	Yuanta Securities – Opening accounts online	Yuanta Securities provides a variety of online opening account services. The clients can register their own accounts as settlement debit accounts, as well as opening securities, wealth management, and sub-brokerage accounts and apply for a New Taiwan Dollar or foreign currency digital savings account for securities with Yuanta Bank. We also employ optical character recognition (OCR) technology to simplify the process and implement FIDO (Fast Identity Online) authentication to allow for automatic inclusion of basic customer information and bank account details stored at the bank when opening an account online with Yuanta Securities, significantly reducing the time required for customer account opening. In addition, for younger investors, we are the first to offer an online identity verification mechanism for minors.	Investment Master App now offers full online account opening services integrating FIDO authentication technology to streamline the application process. Additionally, new features such as "Credit Account Transfer" and "Add Second Deduction Currency for Duplicate Commission" have been added to enhance the completeness of online services.
	Yuanta Bank – Yuanta e-counter services	Yuanta E-Counter offers a one-stop online application service. Besides applying for a securities digital savings account, clients with a New Taiwan Dollar savings account can open a digital foreign currency savings account online. Customers also enjoy the option to open an account with Yuanta Funds (banking and investment trust dual account). After granting authorization, their basic information and identification documents will be automatically imported when opening an account on the Yuanta Funds website. This allows them to enjoy the benefits of opening an account online and eliminating the need for redundant form filling and document uploads, thereby significantly reducing the time and process required for account opening. The applications for credit cards, personal mortgage loans, credit loans, and auto loans can all be done online. By connecting with My Data platform established by the Ministry of Digital Affairs, when clients apply for a New Taiwan Dollar savings account, a foreign currency savings account, or other services online and upload their documents, OCR technology can be applied to autofill corresponding information, shortening the application time.	In 2023, a total of 1,154 individuals successfully opened dual accounts for banking and investment trusts.
	Yuanta Life – Distance Insurance Contracts	Yuanta Life established a new distance insurance contract signing model and implemented the model in all the channels so that insurance services can be offered online. The process is completely paperless. AI technology is used to examine watermarks and laser labels as means of identity authentication, and the latest biometric technology is used to determine whether the ID matches the user in front of the camera. In addition, all video calls are recorded to protect the rights of our clients. The recordings are immediately saved in a cloud server to minimize the risk of information leakage.	In 2023, a total of 46 contracts were signed during the trial period.



Digital themes	Items	Function Description	This year's performance and execution results
Smart Financial Management	Yuanta Securities – Mr. Investor APP	<p>Yuanta Securities has been focusing on cultivating the young adult market; the free Mr. Investor APP offers analysis of 35 technical indicators of individual stocks, including candlestick charts and trading trends analysis. Moreover, the App offers AI intelligent stock selection, investment strategy setting, real-time monitoring and regular shares savings plan function; a shortcut function can be customized to allow users to design a personalized main page. With research report issued by Yuanta Securities Investment Consulting linked to the App, the App is equipped with stock selection, tape reading, and order placing functions all in one place. We continue to promote the "rejuvenation of equity investors" and promote the participation in financial management and investment of young people.</p> <p>This year, several new features were introduced:</p> <p>The "Stock Selection Indicators and Market Concept" function gives introductions to the corporate governance of listed companies, OTC companies, and Taiwan ESG constituent stocks, serving as reference points for investment decisions. This feature is accessible through the Investment Master App, computer AP, and WEB platform.</p> <p>In May, the "Fund Section" was launched, offering over 3,000 different types of domestic and foreign fund products. The interface and workflow design simplifies information, allowing investors to intuitively explore their areas of interest and investment themes, and access product information to tailor their investment portfolios accordingly.</p> <p>Utilizing graphic design instead of text-based information, investors can easily understand monthly dividend flows at a glance. Moreover, with integrated calendars, investors can effortlessly track monthly deduction dates and amounts. Additionally, customizable touch notifications and stop-loss/profit notifications enable investors to monitor changes in their fund inventory with ease.</p>	<p>In 2023, the Investment Master App registered the following usage statistics for its various features:</p> <p>Stock selection indicators and market concept section: 20,411 times</p> <p>Fund section: 1,016,879 times</p>
	Yuanta Securities – Inescapable Net Automated Trading System	Yuanta Securities established the Inescapable Net Automated Trading System; as soon as the user activates the system and completes the settings, the system will track specific stocks and automatically place orders to buy or sell according to the price range set by the user. With this system, the user can profit from the price differences through constantly buying low and selling high, overcome their own blind spots in facing market changes, and save time from following market movements.	<p>In 2023, the total number of users is 1,873 with NT\$27.8 billion in trades.</p>
	Yuanta Funds-Mr. Yuanta Funds APP	<p>Yuanta Funds developed the Yuanta Mr. Funds App establishing an all-in-one digital wealth management solution with a 24-hour access to fund trading and information inquiry services. This solution encompasses various aspects of the investment process, including target selection, fund subscription, and inventory management, all of which are streamlined through digital technology, enabling investors to complete subscriptions in just three minutes. Furthermore, it offers two diversified automated investment methods, namely regular investment plans and feeder funds, to address the challenge of purchase timing and promote disciplined investing.</p> <p>The meticulous digital financial services provided by the "Yuanta Funds APP" enable all novice investors to quickly get started. We are committed to promoting inclusive finance and lowering the investment threshold by not only reducing the minimum subscription amount but also offering electronic payment account deduction options. This allows investors to easily participate in the profit growth of global leading companies with a minimum monthly investment of NT\$1,000.</p>	<p>From October 25, 2021 to December 31, 2023, the accumulated number of installations of both platforms is 215,000.</p>



Digital themes	Items	Function Description	This year's performance and execution results
Smart Financial Management	Yuanta Futures – iTRADER trading platform	Yuanta Futures developed iTRADER trading platform order platform with an upgraded trading system and operation interface that allows personalized window combination to improve the speed and efficiency of placing orders.	Complete futures and options products from Taiwan and abroad are available on the platform. To upgrade user experience, the platform supports full-view cloud orders, visualized cloud order, and cloud strategy orders while providing the function for keeping a pending order up to 30 days.
	Yuanta Bank – Digital Financial Management Ecosystem	Yuanta Bank established the Digital Financial Management Ecosystem that allows the clients to receive investment and financial management services, including currency exchange, investing in Taiwanese and foreign funds, investing in foreign bonds, and investing in ETFs, via a mobile phone. With the diversified financial options such as the mutual fund plan of NT\$100 investments at daily intervals offered by the bank, investors can adjust their investment methods and targets according to their own risk tolerance; the function is well-received by clients.	The digital platform has accumulated a total of 241,884 thousand transactions in 2023.
	Yuanta Bank – Currency victory strategy	Yuanta Bank offers online currency exchange discounts for 13 different currencies every day. You can now exchange foreign currencies online through services such as "Yuanta Personal Internet Banking, Mobile Banking, Diamond Business Network, Telephone Banking Voice Service, and Telephone Banking Personal Service." All of these services provide greater convenience for foreign currency investment and financial management.	Supporting the functions of regular and fixed amount of currency exchange, foreign currency exchange order watch, and exchange rate notification to allow users to track the changes and fluctuations of exchange rates in the global market and diversify currency exchange risk. Offering convenient currency exchange services and abundant foreign currency investment products gives clients the flexibility to profit from gains both in the exchange rate differential and the interest rate spread.
Digital Cash Flow	Yuanta Bank – Account Link	Yuanta Bank offers Account Link service and allows the account to be linked to seven major mobile payment services. Clients with a savings account can apply to link their accounts to an electronic payment service. The mobile banking App allows Taiwan Pay QR code scan and pay service; transfers, purchases, and paying taxes or fees can be completed by showing or scanning the QR code. This year, the account linking service has been expanded to Easy Wallet, O'Pay, and Pxpay Plus; such cross-industry collaborations promoted non-cash payment services. In addition to consumers, store owners and vendors can benefit from such services; in 2022, we introduced the Taiwan Pay Acquiring business and promoted relevant services to remote areas such as the offshore island of Kinmen through local branch offices, offering special discount to encourage local stores to adopt electronic payment so that stores and vendors in remote areas that rely heavily on cash can simplify their money collection process. The most interesting case is that of an old temple; measures such as setting up a QR code sign, establishing an exclusive QR code for social media, assisting congregations visiting the temple, paying offerings, and making donations were established to improve the efficiency in checking the account balance, optimizing cash flow management of the temple, and applying digital financial services to non-profit scenarios. Moreover, the adoption of electronic payment can reduce the risk of cash leakage and simplify the management process.	There are 39 vendors in Kinmen have joined the Yuanta Bank's "Taiwan Pay Acquiring" business. As of the end of 2023, more than 9,000 transactions have been completed and the percentage of clients adopting the account linking service is about 6.2%.



Digital themes	Items	Function Description	This year's performance and execution results
Digital Cash Flow	Yuanta Bank – Campus Cash Flow Service	<p>Through Yuanta E-payment, Yuanta Bank has been focusing on the student market for years. With years of practical experience and information integration technology, the bank is capable of developing payment collection platforms with the flexibility to meet the requirements of different schools and expand the service to customers without a credit card (e.g., students). The platform now accepts various payment channels, including convenience stores, credit cards, UnionPay card/ Alipay, iPayment, and post office, to achieve the benefits of inclusive finance. The tuition fee collection platform also allows the collection of administrative fees; the use of various payment tools is acceptable without the need to download additional Apps or link to a specific wallet, which minimizes the risk of handling a large amount of cash, and the digital records of the payment can serve as a way to educate students of financial management.</p> <p>Considering the needs of different groups such as students, schools, and faculties, Yuanta Bank has established a brand new "Yuanta Enjoy Learning platform". On the basis of tuition fee payment collection, the platform includes other additional functions such as mobile payment function, company transfer for salary payment, and domestic payment collection on campus. In recent years, the platform serves as a space to promote campus activities. The bank offers the school industry-academic collaboration, enterprise visits, and student career planning and organizes lectures on finance in schools to cultivate the mobile payment ecosystem on campus.</p>	As of the end of 2023, the bank has collaborated with almost 65 schools and more than 300,000 individuals to assist with payment collection to create a cashless campus life.
	Yuanta Bank – Yuanta Prestige Corporate Banking	Yuanta Bank established a brand-new Yuanta Prestige Corporate Banking to offer all kinds of cash flow management services for enterprises to minimize the financial operation cost for corporate clients, to optimize fund procurement efficiency, and to adopt the top FXML security control certificate. This secured and highly efficient digital platform offers both Chinese and English interfaces to provide international online services and transactions. The secured and convenient Yuanta Prestige Corporate Banking can optimize operation procedures and reduce labor costs to accelerate the realization of sustainability through digital transformation.	Compared to the previous year, the number of clients increased by 2.63% and the trading volume increased by 10.5% in 2023, respectively
	Yuanta Bank - Diamond Payment Collection App	The journey of mobile payment methods started from domestic payment service "Taiwan Pay" to the cross-border payment giant "Alipay." Finally, in 2023, a total of seven major electronic payment collaborations have been completed. In response to the Financial Information Service Co., Ltd.'s "TWQR" specification, the first wave upgrade introduced the "Diamond Payment Collection" service, providing merchants with diversified payment methods and allowing cross-institutional and cross-border payments with just one QR code.	In 2023, the "Diamond Payment Collection App" was downloaded over a thousand times.
Digital security	Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures – FIDO authentication	To safeguard customer data security and for a better user experience, Yuanta Bank has introduced financial FIDO applications in collaboration with four major companies to jointly develop "standardized mechanisms for financial mobile identity recognition." In the third quarter of 2023, the "Yuanta FIDO" authentication service was officially launched. Customers can register with Yuanta FIDO in advance through Yuanta Bank's chip-based financial card, Yuanta eCounter, and the Yuanta FIDO app. Once registered, they can freely enjoy innovative applications such as "group asset overview" and "automatic input of basic information for account opening/registration" on various digital platforms of the Yuanta Group, including the "Yuanta Mobile Banking App, Yuanta Securities Investment Master App, Yuanta Life iCare App, and Yuanta Fund Master App."	Integrating group resources and launching innovative services, the future will witness the development of more applications and creation of a safer and more efficient financial transaction environment.
Smart customer service	Yuanta Securities, Yuanta Bank, and Yuanta Life – Mr. Yuan	To provide customers with a 24-hour online consultation service platform, we employ AI technology to precisely grasp customer inquiries, answer difficult questions online at any time, and quickly help customers solve problems, thereby improving processing efficiency. The service scope includes credit cards, loan services, inquiry and application services, premium information, policy changes, investment-linked policies, claims services, and insurance product information.	In 2023, the total incoming service traffic reached approximately 290,000.



## Highlights of Digital Finance

**First in creating the model of using electronic payment accounts to purchase funds, Yuanta Funds collaborates with icash Pay to set another milestone.**



Yuanta Funds observed that the consumers in Taiwan have grown accustomed to electronic payment. Therefore, on January 11, 2023, Yuanta Funds collaborated with icash Pay for fund purchases. Users of icash Pay can open a Yuanta Funds account and link the account for online payment as well as use it to purchase five main funds including the 0050 ETF feeder fund and 0056 ETF feeder fund. As of the end of 2023, 23 additional funds were made available for purchase, allowing electronic payment customers to subscribe. For both a one-time purchase and dollar cost averaging purchase plan, the minimum monthly purchase amount is NT\$1,000 and discounts such as zero transaction fees were offered during the promotion period. The collaboration with an innovative financial technology company allowed us to build omnipresent financial services, provide differentiated services, and create a financial ecosystem. In addition to icash Pay application discounts, Yuanta Funds created an official account on Line at the end of this year; clients successfully purchasing on icash Pay and linking their accounts to Yuanta Funds' official Line account can check their funds balance, trading details, and dividend information online and perform simple management of their fund assets. Yuanta Funds continues to expand the convenience of online account opening and electronic trading. **In 2023, a total of 2,270 transactions were made to purchase funds through iCash Pay electronic payment, reaching a transaction volume of NT\$8.6 million.**

## Digital Activity Incentives for Savings

Yuanta Bank is an active proponent for the use of digital accounts and personalized services among customers. With the rising trend of a younger investor demographic and an increasing proportion of financially independent women in the domestic market, Yuanta Bank places emphasis on the financial needs of youth and female segments. In order to cultivate customer awareness of their financial situations and encourage savings and investments, a reward scheme has been set up for new applications for fund profit and loss notifications or online regular (or non-scheduled) fund/ETF deductions. Participants can enter a draw to win NT\$8,888 cashback. If there are no winners in a given month, the prize pool rolls over to the next month. Additionally, customers who log in to the mobile banking app for the first time each month can enjoy two free interbank transfer fee waivers by the end of that month, incentivizing regular savings and investments to improve customer financial health. **In 2023, a total of 27,308 women and young individuals participated in digital account opening, with the total deposit amounting to NT\$90.17 million.**

## National Brand Yushan Award-Best Product: Grain Market Newbie Village

### Product features

1. Guiding clients to learn about investment through immersive games and personalized characters.
2. Helping clients understand their investor type and risk tolerance.
3. Showing clients how to choose investment target wisely.
4. Key rules of stock markets that all beginners must know.
5. Comprehensive introduction of financial products.
6. The only trade simulation system in the industry, which simulates real environment to provide novice investors to practice investing.
7. Offering a simulation of real market situation for real-time experience.
8. Offering a simulation of the complete trading system for actual practice.



### Product design concepts

The "Grain Market Newbie Village" is a mobile game-based learning platform with elements such as educating and clearing stages. The platform helps beginners in the stock market obtain basic knowledge of the stock market and establish correct concepts of investment; it also guides novice investors to start their first investment when they are well prepared.. In recent years, with the availability of financial products for small investments and the age of investors decreasing. With an increased accessibility of the securities and stock market, investment beginners have increased and relevant education on financial knowledge is largely needed. The Grain Market Newbie Village is the first gaming education platform in the securities industry and is free for all clients. The objective of this platform is to create a friendly and healthy investment environment for the Taiwanese stock market and all the investment beginners.



## 3.3 Customer Rights

### Customer Relationship Management

The Group attaches great importance to the rights and interests of customers, actively integrating digital technology for greater customer experience and service quality. The five major subsidiaries have set up dedicated units based on the principle of treating customers fairly, which are responsible for promoting the Fair Customer Treatment Plan and reporting the implementation status to the board of directors. These units should stay in contact with their clients via the customer service telephone line, email, online customer service channel, and client satisfaction survey. The Company and its subsidiaries have established strict grievance handling procedures in accordance with the regulations of their respective industries. When receiving complaints from customers, they will classify the complaints according to their nature and immediately notify relevant units to deal with them while reporting to the complainants, Yuanta Financial Holdings, or the competent authority to accurately understand the situation and handling progress. Concurrently, they shall strengthen the education and training of colleagues and improve their professional capabilities, as well as trying their best to assist customers in response to their demands.

#### Fair Treatment of Customers

##### Management Mechanism

The Group has incorporated the spirit of fair treatment of customers into its corporate culture and implemented the "Principle for Financial Service Industries to Treat Clients Fairly" set by the FSC. The 2023 Fair Customer Treatment Principle assessment ranked Yuanta Securities in the top 25%, while Yuanta Life received the Best Progress Award. To uphold the principle of fair treatment of customers in our daily operations, we also assist departments in the implementation of the "Fair Customer Treatment Policy". The Group incorporates internal compliance regulations and codes of conduct into its educational training programs, as well as into our internal control and auditing programs. Due to the rising significance of the young demographic as a source of clientele in financial services in recent years, the Group adheres to the Fair Customer Treatment Principle. Before establishing contracts or providing financial products or services, the Group will attempt to understand about the young clientele to the fullest extent, ensuring the suitability of financial products and services for the young community while confirming their appropriateness through multiple verifications to maintain information parity and transparency. Moreover, the Group is committed to addressing the digital gap for elderly and disabled demographics, sparing no effort to safeguard customer rights. For initiatives related to the elderly and young clientele, please refer to Fair Customer Treatment Measures section in this report (p. 72). For more information on financial services friendly to the disabled demographic, please refer to section 3.2 on Innovative Social Financial Products - Expanding Financial Accessibility in this report.

##### Demonstrating Professional Integrity in Service

The Group engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the policy of honest management, ensure honest management and its duty of care, the "Integrity Management Guidelines" and the "Procedures for Integrity Management and Guidelines for Conduct" specify the prevention plan, including: to ensure the accuracy and integrity of information and data provision and disclosure in business services, to comply with the confidentiality of trade secrets and intellectual property protection mechanism, and to ensure the correct production, management, preservation of documents and information practices and obligations. In the course of conducting business, the Company shall abide by the principle of interest avoidance and shall not receive any improper benefits or engage in any other acts of integrity violation, illegal conduct, or breach of fiduciary duties. If a person is proven to have been involved in an illegal act, he or she will be punished according to the relevant laws or the Company's internal rules and regulations.

Yuanta Bank not only classifies risk levels based on factors such as customer age and education, but also includes professional investors and product types to evaluate product suitability. Yuanta Bank also pays attention to the rights of concerned groups such as those with physical disabilities and the elderly. In addition to blind customers applying for account opening, loans, or financial services, those who choose to process notarization according to the provisions of the Notary Act will be assisted by one witness. Relevant procedures are also formulated for providing other financial services to disadvantaged groups. The Group also regularly conducts education and training to internal colleagues, strengthens communication with disadvantaged groups, and improves professionalism in business to make the communication between the two parties more effective and provide appropriate financial inclusion services to strengthen the protection of customer rights and interests and to establish a corporate culture of fair hospitality to customers.

##### Fair Treatment of Customers Education and Training

Company	Sessions	Personnel Trained	Hours of Training	Completion (%)
Yuanta Securities	15	15,257	26,293	100
Yuanta Bank	21	13,564	13,681	100
Yuanta Life	15	1,854	3,308	100
Yuanta Funds	10	1,593	2,271	100
Yuanta Futures	5	605	1,504	100
Yuanta Securities Investment Consulting	1	90	270	100
Total	67	32,963	47,327	100



## Fair Customer Treatment Measures

Groups	Principles	Practical process and corresponding actions
Younger groups	<p>Young customers should be able to have comprehensive understanding of the content of the contracts, financial products and services that they wish to purchase, with clear potential risk disclosures.</p> <p>Sustainable financial awareness should be actively cultivated among young people.</p>	<ul style="list-style-type: none"> <li>Based on market changes and risks, Yuanta Bank constructs a customer investment portfolio blueprint according to the investment risk attributes of young customers. It combines market advice provided by the investment research team and the most suitable investment products carefully selected by product units to offer an investment planning document for young customers' reference.</li> <li>Yuanta Securities and Yuanta Bank raise the financial awareness and sensitivity of young customers by hosting campus lectures.</li> </ul>
Elderly groups	<p>Before purchasing financial products, it is necessary to fully inform elderly customers of the investment risks to ensure that they are aware of the transaction content and risks.</p> <p>Improving the digital gap among the elderly population.</p>	<ul style="list-style-type: none"> <li>Yuanta Securities gives warnings to elderly clients when they buy securities, based on factors such as product characteristics, price fluctuations, or risk levels. When necessary, they may require the clients to sign a "Customer Prudence Investment Statement" as a reinforcement measure.</li> <li>Yuanta Bank prepares an investment risk disclosure statement to be duly signed by elderly clients after they fully understand the investment risks, as an additional layer of confirmation for added security.</li> <li>Yuanta Life not only follows the "Insurance Business Personnel Business Solicitation Processing Systems and Procedures" for sales-related procedures but also gives prominent expressions of important matters in sales documents to ensure financial consumer protection.</li> <li>For individuals aged 70 and above who wish to open an account, Yuanta Futures requires the submission of a risk declaration form, relevant knowledge, and financial proof. The trading limit is then approved based on their risk tolerance (risk profile).</li> <li>Yuanta Securities' customer service hotline features a "Senior Priority Line," where elderly customers can select interactive voice response options tailored made and receive direct assistance from dedicated staff. This convenient channel is to address various issues, including digital service usage.</li> <li>Yuanta Life has developed a large-font version of its website within the policyholder platform. The system automatically identifies customers aged 65 and above and enlarges the website content for a clear browsing experience for seniors while reducing digital disparities.</li> <li>The establishment of "digital seeds" at Yuanta Bank's different branches involves face-to-face interactions to better understand the needs of the elderly. Through hands-on teaching, the seeds serve as professional digital assistants, bridging the communication gap more effectively.</li> </ul>

## Financial Education Activities

The Group highly values the rights and interests of customers, interacts directly with them through in-person and online briefing sessions and other activities, and continues to convey the latest financial trends. Concurrently, it also holds campus competitions and diversified industry-academic cooperation programs with various colleges and universities under a long-term arrangement. Please refer to "6.1 Employee

Please refer to 6.1 Employee Recruitment and Retention of this report for more details.

Company	Description (Methods to Improve Customer Financial Knowledge)		Events Held Content	Activity highlights and Performance Results <sup>Note</sup>	
	Object	Target			
Yuanta Securities	Investors	Taiwan Stock Exchange Joint Investment Seminar	4	323 people	
		Taipei Exchange Joint Investment Seminar	4	329 people	
	General customers	Mr. Investor APP Class	1	Provided 19 instructional comics 27,352 views	
		Customer briefings / Investment seminars	2,822	49,489 people	
Yuanta Life	Young customers	Yuanta Bull Stock Campus Taiwan Stock Simulation Competition	1	3,746 people signed up	
Yuanta Funds	General customers	Financial Literacy Zone for Young Generations	1	1,687 views	
Yuanta Futures		Forget About High Dividends Tonight: Investing Insights on Market Value ETFs	1	175 people	
		Customer briefings	993	16,222 people	
		Investment Strategy Forum in the Post-Interest Rate Hike Era in the United States	1	50 people	
		Publication of the book: Corporate Sustainable Transformation Execution and Engagement Records	1	Issued 400 copies	
Yuanta Futures	General customers	Customer briefings	189	14,812 people	
		Introduction to Subjective Trading	40	27,961 people	
		Introduction to Program Trading	16	16,866 people	
		Consulting Courses / Seminars	5	4,690 people	

Note: Performance results include number of attendees, views, clicks and cumulative number of users.



## Highlights of Financial Education Activities

### Yuanta Securities Investment Consulting Research Team set up a Youtube channel - "Research Frontline"



Yuanta Securities Investment Consulting has established a new YouTube channel called "Money-Managing Expert", with its Chairwoman, Christine Hu, as the program host. Chairwoman Hu has more than 25 years of experience in the financial news sector. Her professional financial knowledge and eloquence have attracted a large number of loyal audiences.

The program started broadcasting in September 2022. By the end of that year, 275 videos had been produced and broadcast, with a cumulative view count of about 3,060,000 and the channel subscriptions exceeding 60,000. In addition to focusing on domestic and foreign finance current affairs, the program themes include objective analyses of macroeconomic and industry trends, presented in an easy-to-understand manner. In the program, financial industry experts and scholars are regularly invited as guests, so that the audience can hear various financial perspectives.

Among the 240 videos in 2023, "The ETF Series" and "Japan Theme Series" were the most popular. The number of views nearly doubled compared to 2022.

The viewers would discuss the content in the message box and showed strong support for the program. Through diverse platform tools such as audio visual equipment and social media, Yuanta Securities Investment Consulting provides investors with up-to-date financial knowledge to promote financial education amongst its customers.

### Yuanta Bank - Campus Empowerment Program & Diamond Ambassador Selection



Helping young people develop financial management concepts early on is crucial to prevent excessive consumption and overspending. It is also imperative to be aware of emerging fraud techniques as a direct result of technological advancements.

Since 2022, Yuanta Bank has been organizing the "Campus Diamond Ambassador" selection event. There are 2 events held in 2023, having recruited a total of 55 campus diamond ambassadors to collectively promote sustainable financial knowledge. Through a series of financial seminars, task exercises, in-class quizzes, and fraud prevention campaigns, the program helps students with the understanding of digital finance and equips them with skills to be practiced daily later on in life.

## Yuanta Financial Holdings – Cultivating Sustainability Talent, Nurturing the Future of Finance

Yuanta Financial Holdings has long been committed to sustainability. In 2023, it organized two physical forums focusing on the "Cultivation of Talent in Sustainable Finance" and "Operational Integration of ESG Strategies and Cases."

### Sustainability Talent Trends Forum – New Financial Landscape; New Professionalism

The 2023 Future of Jobs Report by the World Economic Forum predicts employment opportunities in sustainability will rank among the top three in the coming years. Yuanta Financial Holdings, with its long-term focus on talent development, convened the "Sustainability Talent Trends Forum," bringing together government agencies, training institutions, and other industries to discuss how to drive corporate emphasis on and cultivation of green-collar talent. Through various internal/external activities, the forum aimed to shape a sustainable corporate culture and create new industry dynamics. The vision is to build bridges between Taiwan and the international community, enhancing competitiveness across the nation, enterprises, and talented individuals, and achieving a win-win-win situation.



### Sustainable Finance and Investment Forum – Cooperate with industry, government, and academia to build a sustainable financial ecosystem

#### The "Sustainable Finance and Investment Forum"

Finance plays a crucial role in driving global sustainable development by channeling funds into the development of new technologies and facilitating transitions. As an international sustainability role model, Yuanta Financial Holdings focuses on sustainable finance issues. The "Sustainable Finance and Investment Forum" delved into how to integrate ESG principles into the Company's business operations, featuring expert insights from industry, government, and academia. The forum not only shared how the financial industry is making commitments and innovations in the field of sustainable finance but also invited industry experts to explain how they are implementing carbon footprint verification to further carbon management and develop green business opportunities. It guided today's society towards a more environmentally friendly, more equal, and healthier future. With over 350 participants attending the two physical forums, they sparked enthusiastic responses from various sectors and generated heated discussions.





## Customer Satisfaction

Yuanta Financial Holdings takes a proactive approach towards customer satisfaction, closely following any customer complaints lodged at any of our subsidiaries. We engage in "Moment of Truth" management, promoting horizontal communications across departments to solve customer issues. We first carefully listen to our customers' issues to understand the root cause of the problem and then follow up to ensure it was resolved in a satisfactory manner. Through education, training, and regular management guidance, we strive to strengthen our customer service eco-system, with customer satisfaction as a core principle.

In order to seek an objective perspective on customer satisfaction, Yuanta Bank conducted a mystery customer engagement with third-party vendors. These inspectors acted as customers to evaluate customer service levels. Based on the results of the evaluation, we formulated improvement measures and included these measures as service performance indicators to further improve our customer service.

Customer Satisfaction Survey(%)	2020	2021	2022	2023	2023's Goal
Yuanta Securities	98.59	98.87	99.43	99.40	97.00
Yuanta Bank	98.52	98.96	99.02	98.88	93.00
Yuanta Life	97.76	97.40	98.82	99.96	91.50
Yuanta Funds	97.90	97.90	98.01	97.60	95.30
Yuanta Futures	97.05	97.16	98.12	97.63	95.50
Subsidiary Weighted Results <sup>1</sup>	98.08	98.19	98.98	99.40	93.78
Data Coverage Rate <sup>2</sup>	98.00	100.00	100.00	100.00	—

Note:

- Average of subsidiary customer satisfaction results for the year in question weighted by subsidiary income.
- Calculate what proportion of the revenue of domestic subsidiaries with customers is represented by the domestic income of subsidiaries included in the customer satisfaction survey data.

## Digital Channel Customer Satisfaction Survey

In order to effectively develop the bank's digital finance business, we integrate resources among various departments to coordinate in the planning and development of digital finance business. The objective is to improve operational synergies and the market competitiveness of the bank. We have established a digital development strategy committee and hold meetings on a regular basis. The committee is responsible for the development strategy of the bank's digital finance business, the creation of virtual and physical channels, the formulation and review of digital customer service strategies, and the promotion of improvement plans.

In order to improve the quality of our digital finance services and provide a positive online customer experience, we conduct customer satisfaction surveys on our Internet banking and mobile banking apps. We send electronic questionnaires to customers who have recently used personal Internet banking or mobile banking services, asking them to rate their overall satisfaction with "functionality," "operating experience," "aesthetic design," "web speed," and "overall satisfaction." In addition to conducting data analysis and collection, we incorporate customer feedback into optimizing and improving our digital finance services, creating a virtuous cycle.

In this year's customer satisfaction survey, the average overall satisfaction score was 4.28 (out of 5). Overall customer satisfaction increased compared to last year.

Customers were also analyzed by gender. The overall satisfaction rating by male and female was 4.31. We also analyzed our customer's satisfaction by age, dividing them into 7 different age groups. The overall satisfaction rate for customers aged 61 years and older was 4.42, indicating that in promoting digital financial services, Yuanta Bank considers the service quality and needs of its more senior customers.

This year, Yuanta Securities and Yuanta Life conducted customer satisfaction surveys regarding their smart customer service. The usage rate of smart customer service at Yuanta Securities saw an increase of 80% compared to 2022, with an overall customer satisfaction rating of 4.1 out of 5. Meanwhile, Yuanta Life received a total of 15,230 inquiries throughout the year, with 86.2% of users giving a perfect 5 out of 5 rating for overall satisfaction. Yuanta Group will continue to maintain its proactive customer service approach, reviewing feedback and optimizing service quality through cross-departmental communication to sustain high levels of customer satisfaction.

## Customer Complaint Mechanism



Yuanta subsidiaries have set up various open channels including their own corporate website, customer service hotline, and web-based email for customers to use to request consultation and to address their needs. Customers can file a consumer dispute complaint by telephone, visiting a branch office, letters, faxes, e-mails, or by raising it directly with competent authorities. We have also set up rules including regulations governing the internal control system and customer complaint handling process to effectively track and resolve outstanding issues, with the aim of providing high service levels and protecting our clients' rights.

The number of customer complaints received by the Group in the year was 665, of which 478 were from the Financial Ombudsman Institution or the competent authority, and 187 were through Yuanta channels. The overall number of cases decreased compared to 2022. Upon receipt of a customer complaint, each subsidiary immediately notifies the relevant unit to handle the case and replies to the complainant, Yuanta Financial Holdings or the competent authority to keep track of the status and progress of the case. The Company and its subsidiaries have established strict complaint handling procedures in accordance with the regulations of their respective industries in order to properly handle and respond to each complaint case. We also enhance the education and training of our employees and raise their professional ability to provide assistance to our customers to avoid the reoccurrence of customer complaints.

In order to establish a customer-oriented, consistent, systematic and responsive complaint handling process, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Fund and Yuanta Futures obtained renewed certification of ISO 10002 Customer Satisfaction and Complaints Handling this year to establish an international standard customer complaint handling system.



## Customer Care and Anti-Fraud

### Customer care measures

Yuanta Group introduces diversified care measures to protect the rights and interests of its customers.

Caring for Investments of Customers	<ul style="list-style-type: none"><li>Yuanta Securities notified customers of products with high price fluctuations: 511 times of 511 funds, 539 times of 15 overseas structured products, 16 times of 16 domestic structured products, 1,017 times of 42 overseas bonds and 2 times of 2 equity products.</li><li>In order to protect the rights and interests of customers possessing over-the-counter derivatives, Yuanta Securities will remind them of important information and announcements about convertible bond investment targets by e-mail or telephone, especially when the customer base of the convertible bonds asset swap for derivatives is primarily natural persons.</li><li>Yuanta Securities has notified customers of risk issues such as the Israeli-Palestinian conflict, the Country Garden Holdings debt crisis in China, and the Credit Suisse crisis, providing market updates to show care and concern for its clients.</li><li>When market prices are highly volatile, Yuanta Bank's Wealth Management Department will notify customers by sending them text messages. Each text message will be reviewed by the Legal Affairs Department and Legal Compliance Department. In 2023, a total of 6,830 text messages were sent to inform customers of market risks.</li><li>Yuanta Bank implements a monthly customer care program by visiting customers in person, conducting face-to-face interactions at branches, or sending text messages to show care and concern. In response to market risk events and price fluctuations, the bank executed 46 care plans this year, reaching out to 50,792 customers and reducing risk-related assets by nearly NT\$2 billion.</li><li>Yuanta Futures provides risk management analysis reports daily to help manage inventory and conducts pre-market outreach to customers regarding their positions, continuously strengthening pre-warning of trading position risks.</li></ul>
Wealth Management Customer Care Program	<ul style="list-style-type: none"><li>Yuanta Bank divides customer care situations into proactive care and passive care based on the key points of customer care program implementation.</li><li>Proactive care includes any of the following:<ol style="list-style-type: none"><li>Risk prediction: After the Trust Department advises of a market risk, the relevant unit in charge of the product will predict product risk based on the market risk alert and notify the Wealth Management Department to execute customer care.</li><li>Target case: The Wealth Management Department evaluates the client's asset status, initiates the care mechanism and plans implementation measures when necessary.</li></ol></li><li>Passive care refers to any of the following situations:<ol style="list-style-type: none"><li>Significant warning from competent authorities: Based on the relevant information released by competent authorities to strengthen investment risk monitoring (e.g. high yield bond fund investment risk, enhanced management of senior citizens financial management), the Wealth Management Department plans customer care plan for the month and implements it after approval by the department head.</li><li>Significant market events: The distinction is made between significant market news and significant price fluctuations. The Wealth Management Department uses an external data collection and analysis system to monitor and screen valid messages for follow-up alerts when there is a major market event that may trigger investor panic. The Wealth Management Department monitors market signals and price changes of mutual funds and ETFs on the shelf, and will activate the care mechanism if a major signal or significant price fluctuation (single-day decline ≥ 3% or five-business-day cumulative decline ≥ 10%) is detected. The Wealth Management Department monitors market signals and price changes of mutual funds and ETFs on the shelf, and will activate the care mechanism if a major signal or significant price fluctuation is detected.</li></ol></li><li>A total of 46 customer care programs were executed in 2023, including 23 proactive care-risk predictions, 14 proactive care-target cases, and 9 passive care-significant market events.</li></ul>
Major disaster care services	<ul style="list-style-type: none"><li>Yuanta Life has implemented the following customer care measures in response to major disasters: consultation services for policyholders, deferred premium payments, interest-free loans on insurance policies, extension of loan interest payments, and waiving of fees for reissuing insurance policies. In 2023, three instances of these care measures were activated in response to the major fire incident in Pingtung, gathering up to a total care amount of NT\$110,000.</li></ul>



## Prevention of Financial Frauds

### ■ Implementing the Mechanism of Caring for Customers at the Counter

In cooperation with the FSC, the Ministry of Finance and the Bureau of Investigation of the Ministry of Justice, Yuanta Bank's 511 ATMs broadcasted 16 anti-fraud videos 24 hours a day. The contents of the videos included: remittance operations, ATM operations, and fraud prevention reminders. The anti-fraud videos were played about 420,000 times per ATM during the year, increasing fraud prevention awareness.

### ■ Anti-Fraud Measures

In light of the increasingly prevalent and diverse financial fraud tactics in recent years, Yuanta Bank has introduced the "Night Trading Suspension" feature. This allows users to set up online suspension of trading during nighttime hours via the Yuanta Mobile Banking app. During the nightly period from midnight to 6 a.m., account-linked transactions are suspended. Transactions such as deposits, purchases, and withdrawals using account-linked payment services are not available during this time. This feature ensures that users can sleep peacefully at night without worrying about transaction security. Additionally, the bank has launched the "Limit Adjustment Setting" feature, enabling users to lower the transaction limit for account-linked payment services within their personal usage habits. This strengthens account application security and effectively reduces the risk of falling victim to fraud.

## Yuanta Bank

**The National Police Agency collaborates with Yuanta Financial Holdings to combat fraud.**

The Criminal Investigation Bureau, National Police Agency, Ministry of the Interior and Yuanta Financial Holdings have signed a memorandum of cooperation titled "Financial Anti-fraud Alliance, Collaborative Defense for Cybersecurity," aiming to effectively reduce financial crimes and safeguard people's assets. One of the initiatives in 2023 under this collaboration is the "Financial Anti-fraud Alliance," where Yuanta Securities and Yuanta Bank, leading entities of the Group, cooperate with law enforcement agencies to organize blood donation activities. Through community engagement, the initiative seeks to provide diverse channels for anti-fraud education, raise public awareness of fraud prevention, share information about unusual or suspicious financial transactions, and enhance the public's ability to recognize and respond to financial fraud.



### ■ Anti-Fraud Education and Advocacy

Company	Event name	Event content	Performance of implementation
Yuanta Securities	Electronic Trading Platform Anti-Fraud Awareness	When investors log in to the electronic trading platform, a pop-up window alerts them to fraud-related issues, reminding investors to assess carefully.	Monthly or weekly pop-up announcements
	International Financial Network Anti-Fraud Awareness	The event reminds all to be vigilant about foreign securities trading fraud, and informs investors that the Company will never invite "stock speculation" via phone calls, text messages, or social media, nor provides investors with verification URLs.	Continuous display of announcements in the bulletin area
Yuanta Bank	Financial Planning Seminars - Fraud Prevention Advocacy	At financial seminars, we give presentations on fraud prevention to educate customers about recognizing and preventing financial scams. By highlighting common financial scam patterns and providing guidance on how to stop and handle them, we significantly raise customers' awareness of financial fraud, thus helping to prevent its occurrence.	53 financial planning seminars, totaling 946 attendees
	Campus Fraud Prevention Campaign	Through entertaining educational materials, we promote diverse financial knowledge by capturing the attention of young people and instilling financial education concepts, thereby enhancing their literacy in financial transaction security, investment management, anti-money laundering, fraud prevention, and green sustainability.	4 physical workshops and 6 online events were held



## Anti-Fraud Education and Advocacy

Company	Event name	Event content	Performance of implementation
Yuanta Bank	Line Transaction Security Notifications	We continue to promote personalized service bundling with LINE, with 60,000 new additions in 2023. The number of LINE transactions has increased to 20 different instant notifications, ensuring customer transaction security and effectively preventing fraud.	Approximately 5 million of messages sent in total
	Transaction Security Promotion	We announce the existence of counterfeit social media accounts on the official website, and remind customers to be vigilant against hacking attempts. We caution against fraudulent text messages impersonating bank staff to lure customers into taking unknown LINE IDs. Additionally, we send out eDMs before the Lunar New Year, reminding customers to be aware of common scam tactics.	920,000 messages sent in total
	Anti-Fraud Awareness eDM	We send customer care eDMs, focusing on recent phishing SMS scams, to remind customers to stay vigilant and prioritize transaction security.	1.88 million of messages sent in total
	Routine Anti-Fraud Awareness	We establish a "Consumer Protection Zone" in the website header, providing information on friendly service measures such as fraud prevention to raise consumer awareness of fraud prevention.	Total view is nearly 6 million
Yuanta Life	Routine Anti-Fraud Awareness	On the official website, we provide links to educational videos, including "Financial Transaction Security - Fund Transfers," "Preventing Fraud - Overseas Websites Offering Cross-Border Financial Services," "Two-Digit Securities," and a public service announcement on cash sharing. These videos promote transaction security and fraud prevention awareness.	9 videos with 300,000 views
		On the policyholder platform, we offer anti-fraud guidance prompts.	Average monthly users about 8,300
		Anti-fraud promotional materials are displayed at the counters of the headquarters in the northern region and service centers in the central and southern regions.	Monthly service users about 610
Yuanta Funds	Routine Anti-Fraud Advocacy	Fraud prevention recorded messages are played on the customer service hotline.	From December 9 to December 31, a total of 12,276 broadcasts
		Anti-fraud messages are included in monthly statements, daily transaction confirmations (for subscriptions and purchases), and monthly or quarterly dividend distribution notifications.	4.32 million
		The customer service system now includes anti-fraud audio prompts.	Total of 61,567 broadcasts
		Anti-fraud seminars are conducted on campuses.	200 viewers
Yuanta Futures	Routine Anti-Fraud Measures	Anti-fraud messages are displayed on video boards in reception areas for a wider audience.	4 videos
		A dedicated section on the official website provides resources for fraud prevention, including important clarifications issued through pop-up announcements.	Currently optimizing the anti-fraud/reporting mechanism, enhancing fraud-related event reporting, and statistical processing
	Legal Compliance School, Penalty Case Sharing, and Advocacy	1. A dedicated department reviews the latest penalty cases from the Financial Supervisory Commission on a daily basis. Fraud-related penalty cases are then disseminated via email to relevant departments for educational purposes. 2. The Legal Compliance Department creates "Legal Compliance School" sessions to dissect fraud cases for colleagues and provides educational training on various fraudulent techniques.	There were 12 sessions in the Legal Compliance School, 2 of which were related to financial fraud



## Protection of Customer Rights

### Personal Data Protection Policy

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

Regulatory segment	Regulatory content
Responsibilities of the Personal Data Protection Task Force	A personal data protection team was set up. The personal data protection team is a permanent cross-departmental task group responsible for promoting, coordinating and supervising the company's various personal data protection related matters. The CEO designates the relevant department heads as the convener and deputy convener of the personal data protection team, with each department assigning a representative to form as its team members. The personal data protection team convene meetings to discuss personal data protection matters based on implementation of its business affairs.
Personal data protection management process	The collection, processing, use, transmission, storage, and destruction of personal data held by the Company shall be managed in a manner that ensures the legality and appropriateness of such operations. All personnel (including employees and outsourced vendors) who are involved in the various operations mentioned above are required to comply with the rules and regulations related to personal data.
Risk assessment	Risk assessments are conducted at least once a year with respect to personal information risks faced by the Company's business and control measures based on the assessment results are established. The evaluation results and analyses are reported at the personal data protection team meetings. In the event of personal information security or leakage, in addition to the notification of operational risks by each department and office in accordance with the prescribed procedures, the Information Technology Department is to follow regulations related to information security risks. The Risk Management Department is to provide prevention or improvement suggestions on the causes of personal information security incidents.
Incident reporting and response measures	When employees, customers or anyone else find any concern of personal data leakage or breach of relevant personal data protection regulations at the company, they can immediately notify the company's dedicated unit and personnel in writing, by phone, email or by any means; the personal data protection team members shall collect and review the reported incidents, analyze the causes of incidents, and provide suggestions for improvement on the work items they are responsible for. If a staff is found to have violated the personal data protection policy and related regulations, which led to losses of others, he or she will be subject to the relevant disciplinary measures in accordance with the work rules.
Education and training	The protection of personal information is included in the items for Company's internal auditing, and regular annual education and training courses are held to enhance employee awareness of personal information protection.
Regular reviews	The personal data protection team conducts a personal information protection management review at least once a year.

### Customer Personal Information Management

The subsidiaries of Yuanta Financial Holdings have established regulations and management practices in line with the "Personal Data Protection Act" and regulations from the competent authorities to protect the privacy of customers and investors. Each subsidiary handles and collects customer information in accordance with the Personal Data Protection Act, and customers shall be informed of the information as required by the act to ensure that personal information is properly collected, processed and used.

Yuanta Securities' "Personal Data Protection Implementation Team" is tasked with formulating personal information protection regulations governing the collection, processing, and use of personal data. Each year, a personal data safety breach contingency drill is held to ensure our ability to respond to any potential personal data incidents. We also hold an annual personal data protection management review to ensure personal data protection policies are implemented properly. Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures completed the BS 10012: 2017 Personal Information Management System (PIMS) annual surveillance audit this year. In 2023, there was no breach of customer privacy.

Yuanta Financial Holdings has established regulations including the Yuanta Financial Holdings and Subsidiary Companies Customer Privacy Statement and holds personal data protection and information security management training courses. This year, 38 personal data protection training courses were held, with 12,825 participants passing the training and amounting to a total of 14,646 training hours. There were 182 classes of information security, in which 37,970 people passed training, cumulating in 43,551 total training hours. These courses aim to ensure that all our staff fully understand the importance of personal data processing and protection to maintain the privacy of customers and investors.

The Company uses customer information for non-primary collection purposes (secondary use) in compliance with laws and regulations and with customer consent for the company to engage in telephone marketing, email marketing, mail marketing, SMS marketing, and app promotion to specific customer groups. There is no incident of inter-subsidiary use of customer information for marketing purposes. We comply with relevant government laws and regulations and information management principles, ensure that the collection and the use of data is within the scope of data authorization set by the Group, and that appropriate technical and organizational security measures are used to maintain a highly secure and stable data storage system, and fulfill our duty of confidentiality of personal information of customers or investors. The total percentage of secondary use of customer information by the Company's subsidiaries for the year was 34.04%.



CHAPTER  
**04**

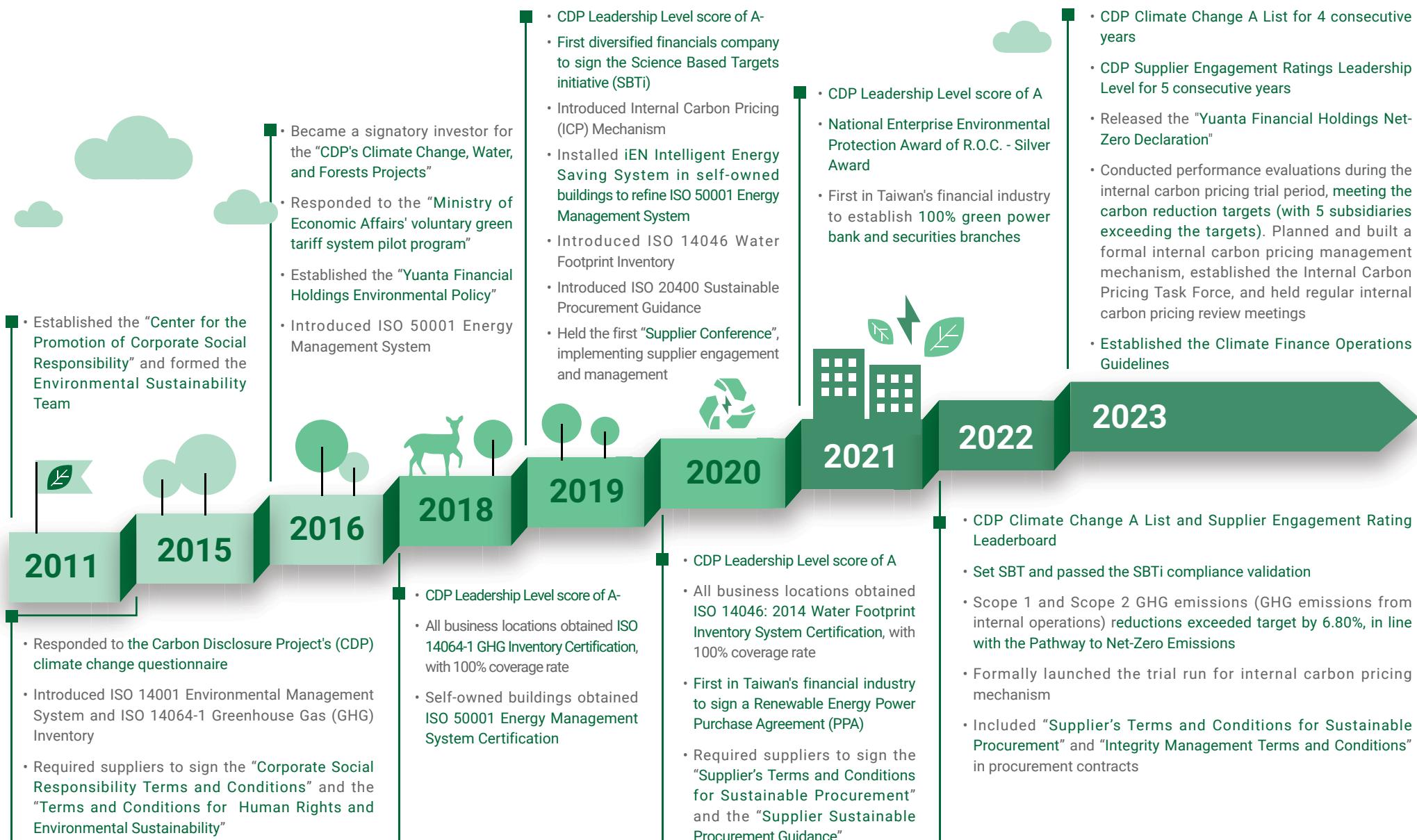
# GREEN PIONEERS OF ENVIRONMENTAL CHANGE

4.1 RESPONSE TO THE INTERNATIONAL CARBON REDUCTION PROGRAM

4.2 CONTRIBUTION TO THE DEVELOPMENT OF GREEN OPERATIONS 4.3 ENVIRONMENTAL SUSTAINABILITY ACTIVITIES AND INITIATIVES



## Environmental Management Development History





## 4.1 Response to the International Carbon Reduction Program

The Group actively engages in carbon reduction. In line with international practices, we formulated climate change governance in reference to international standards and initiatives such as the Task Force on Climate-Related Financial Disclosures (TCFD), Partnership for Carbon Accounting Financials (PCAF), Science Based Targets (SBT), and CDP. We are gradually perfecting the management mechanism for carbon inventories in our operations and investment/financing assets, as well as risks and opportunities related to climate change, while enhancing the climate risk management philosophy at the core of our operations through the ICP mechanism, and fulfilling our sustainable responsibilities in the finance industry.

### TCFD Climate Risk and Opportunity

Climate action has become a critical global issue as the impact of climate change and extreme weather events continue to intensify. In 2023, the 28th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP28) conducted global stocktake via climate actions, in the hope of turning commitments into concrete actions to achieve carbon reduction. The convention urged countries around the world to gradually decrease their fossil fuels and work collectively to limit the temperature rise to within 1.5°C in order to achieve net-zero emissions. The Executive Yuan has recently introduced "Taiwan's Pathway and Strategies to Net-Zero Emissions in 2050", which calls upon the financial industry to guide industries towards net zero emissions and promote sustainability by leveraging its funds, products, engagement, financial prowess and the market mechanism. To further the cause, we have developed a group-wide net-zero transformation plan to demonstrate our commitment to achieve sustainability and net-zero emissions. Moreover, we have been publishing TCFD reports since 2021 to ensure the comprehensiveness and transparency of our climate-related data disclosure to meet the expectation of all stakeholders and show that Yuanta is responding to the risks and opportunities caused by climate change.

### Net-zero Transition, Sustainable Yuanta

With "Becoming an international benchmark enterprise for sustainability & Actively promoting a better future for future generations" as our vision, the Group is committed to long-term efforts toward climate change. In 2023, we formally signed a net zero emissions commitment (SBTi Net-Zero), declared our resolution to achieve net-zero emissions, and proposed the Climate Finance Operating Guidelines to guide our actions toward the goal of net-zero emissions by 2050 set by Taiwan and the United Nations. We have also launched carbon reduction actions in four major areas, namely low-carbon operations, sustainable finance, low-carbon supply chain, and sustainability initiatives, in which we integrated the vision of net-zero transformation into day-to-day operations and business decision-making process.

In 2019, the Group signed the Science Based Targets Initiative (SBTi), to become the first diversified financial company in Taiwan to undertake this initiative, and further set carbon reduction targets using SBT methodologies and passed the validation process in 2022. In the future, we will continue to respond to latest changes in international net-zero transition trends, track and disclose the GHG emissions inventory of our own operations and investment and financing assets on an annual basis, and adjust our carbon reduction strategies and actions to give full play to our financial influence to promote the low-carbon transformation of the industry. Category 1 and Category 2 GHG inventory information is detailed in section 4.2.1 Low-Carbon Operations, and GHG inventory information for financial assets is detailed in the 2023 Climate and Nature Related Financial Disclosures Report.

SBT Targets <small>Note 1</small>		Carbon reduction actions
Category 1 and Category 2		<ul style="list-style-type: none"> <li>Introduced internal carbon pricing, internalizing external costs.</li> </ul>
Category 5.4		<ul style="list-style-type: none"> <li>All newly constructed self-owned building shall obtain green building label by 2050.</li> </ul>
By Investment and Financing Target	Electricity generation project finance	49% reduction in GHG emissions per MWh by 2030 in comparison to 2019 for electricity generation project finance portfolio.
	Commercial real estate	59% reduction in GHG emissions per square meter by 2030 in comparison to 2019 for corporate loan portfolio for commercial real estate sector.
	Electricity generation	49% reduction in GHG emissions per MWh by 2030, in comparison to 2019 for corporate loan portfolio for electricity generation sector.
	Corporate loan	58% reduction in GHG emissions per square meter by 2030, in comparison to 2019 for long-term corporate loan portfolio for finance, retail, service, food and lodging, and real estate development sectors.
	Other long-term loans	SBT targets to be set for 38% of fossil fuel <small>Note 2</small> , electrical and electronic equipment as well as general manufacturing sectors (calculated based on the loan value) long-term corporate loan portfolio by 2027.
	Listed equity and bonds <small>Note 3</small>	SBT targets to be set for 39% (calculated based on invested value) of the proprietary investment portfolio for listed equity and bonds.

Note:

- For targets validated by SBTi, please refer to: [https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_Yuanta-Financial-Holding-Co.-Ltd.docx.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Yuanta-Financial-Holding-Co.-Ltd.docx.pdf)
- The target includes 100% of the Group's fossil fuel corporate loans.
- The listed equity and corporate bond investment portfolio includes common stock, preferred stock, corporate bonds, exchange-traded funds (ETFs), real estate investment trusts (REITs) investments and mutual funds.

Yuanta Financial Holdings

Climate and Nature Related Financial Disclosures Report 2023



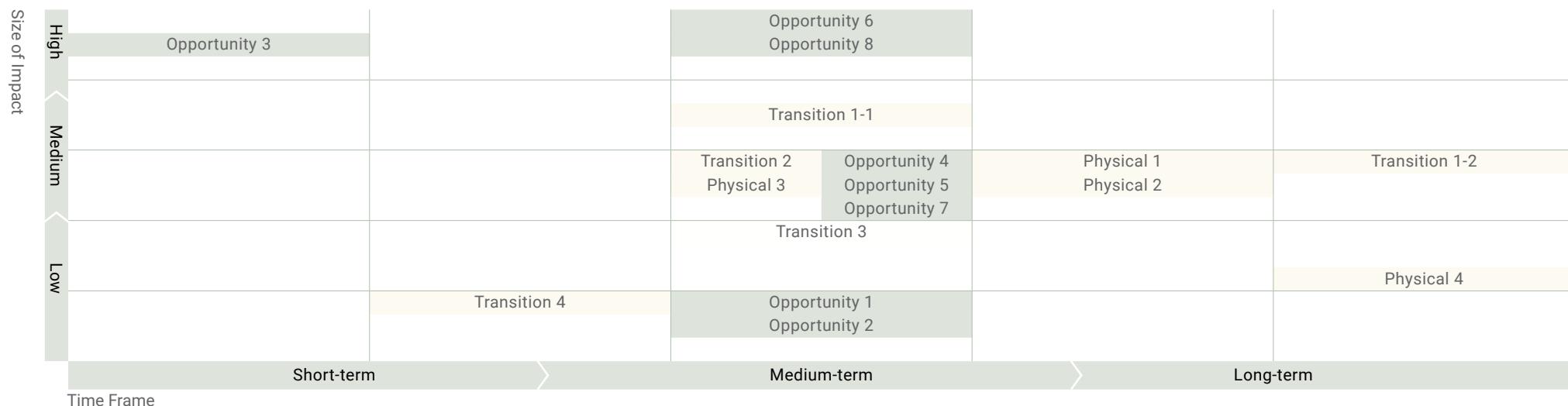


## TCFD Executive Summary and Highlighted Performance

Dimension	Executive Summary	Performance Highlights	Climate and Nature Related Financial Disclosures Report
Governance	<p>1. The Company's Board of Directors is the highest climate related supervisory authority and has established the "Risk Management Committee" and "Sustainable Development Committee" under it, chaired by the Chairman of the Company, which are responsible for overseeing and managing climate-related risks and opportunities, and promoting the Group's overall climate strategy and policies.</p> <p>2. The TCFD Working Group, consisting of the Risk Management Department is responsible for identifying, evaluating and monitoring climate related risks and opportunities, and reporting important climate risk related information to the Risk Management Committee on a quarterly basis.</p> <p>3. The Corporate Sustainability Office is responsible for promoting the Group's policies and related work plans, developing and adjusting strategies and action plans, and reporting regularly to the Sustainable Development Committee on the effectiveness of implementation.</p>	<ul style="list-style-type: none"> <li>Incorporated the Group's carbon reduction targets into senior management performance evaluations and offered rewards based on the evaluation results.</li> <li>Directors and senior management participated in climate-related training courses and seminars to enhance their understanding of climate trends and improve their climate management abilities.</li> <li>Formulated the Climate Finance Operations Guidelines.</li> <li>Established an internal carbon pricing team to monitor international carbon reduction targets, carbon fees, and changes in net zero transition-related investment costs.</li> <li>Released Yuanta Financial Holding Company Statement on Lobbying and Policy Engagement.</li> </ul>	CH2
Strategy	<p>1. We regularly identify short-, medium- and long-term climate risks and opportunities. 4 transition risks, 4 physical risks, and 8 climate-related opportunities were identified for this year.</p> <p>2. Developed management measures and strategies for climate-related risks and opportunities that significantly impacted company operations and financial planning.</p> <p>3. Followed the Climate Finance Operations Guidelines, formulating the Group's carbon reduction strategies in four dimensions: low-carbon operations, sustainable finance, low-carbon supply chain, and sustainability initiatives.</p>	<ul style="list-style-type: none"> <li>Signed the SBTi net zero emissions commitment and issued the Yuanta Financial Holding Company Net-Zero Declaration.</li> <li>Continued to implement the internal carbon pricing (ICP) mechanism.</li> <li>Purchased a total of 4,500 metric tons of carbon credits as the first batch of buyers after the launch of the Taiwan Carbon Solution Exchange's international carbon trading platform.</li> <li>Continuously promoting climate finance products and services, and implementing responsible investment and responsible financing.</li> </ul>	CH1, CH3
Risk Management	<p>1. Incorporated climate change risks into the Group's risk management policy and integrated the policy into its 3 lines of defense to ensure that such risks were considered in daily operations (see Section 5.3.1: Risk Management Policy and System).</p> <p>2. Actively implemented climate risk management processes in the Group's core business, including carefully assessing high-risk industries and parties of business transactions.</p> <p>3. Modeling of scenario analysis and quantifying financial impacts:           <ul style="list-style-type: none"> <li>Analysis of the transition risk and physical risk scenarios for the Top Down and Bottom Up scales of the investment and financing positions.</li> <li>Scenario analysis of the transition and physical risks in its own operations.</li> <li>Analysis of financial opportunities in a transition risk scenario.</li> </ul> </p>	<ul style="list-style-type: none"> <li>Established climate risk management mechanisms for the Group's core business, continuously considering climate-related risk factors in credit, investment, underwriting, and consultation review processes.</li> <li>Continuously improving and refining the climate risk scenario analysis model.</li> <li>The Group has established climate risk monitoring indicators and thresholds, with Risk Management Department monitoring the Group's climate value at risk monthly.</li> </ul>	CH4
Metrics and Targets	<p>1. The Group sets targets and goals for major climate risks and opportunities, including greenhouse gas emissions and green power usage, and regularly tracks and discloses their progress.</p> <p>2. Annual disclosure of various types of greenhouse gas emissions and obtaining external verification.</p>	<ul style="list-style-type: none"> <li>Set the threshold for monitoring the Groups overall climate risk value.</li> <li>Signed up to join the Partnership for Carbon Accounting Financials (PCAF), adopting international investment and financing-related carbon emission management standards. Completed investment and financing-related carbon footprint measurement using methodologies recommended by PCAF and the TCFD disclosure framework.</li> <li>Continuously enhanced the usage of green energy. In 2023, five business locations of Yuanta Securities, Yuanta Bank, and Yuanta Futures are 100% powered by green energy.</li> <li>In 2023, we used 2.64 million kWh of green energy, surpassing our initial target of 1.6 million kWh.</li> </ul>	CH5



### Short-, Medium- and Long-term Risks and Opportunities



Note:

1. Definition of time periods: short-term is within 1 year, midterm is between 1-5 years, and long-term is more than 5 years; calculated based on the asset size or profit/loss of each subsidiary.
2. Definition of levels of impact: small is if likely to result in profit or loss of less than NT\$100 million, medium is if likely to result in profit or loss of NT\$100-300 million, and large is if likely to result in profit or loss of more than NT\$300 million; with risk factors such as the number of major business operations system collapse and insurance claims taken into account, and calculated based on the asset size or profit/loss of each subsidiary.

Type	Item	Description
Risk	Transition 1-1	Cost for decarbonization policies and legal compliance-Investment and financing clients.
	Transition 1-2	Cost for decarbonization policies and legal compliance - Own operations.
	Transition 2	Cost for eco-friendly green energy transformation.
	Transition 3	Investors divestment from high-polluting industries.
	Transition 4	Impact on the Company's reputation for investing in highly polluting industries.
	Physical 1	Increase in insurance premium cost for extreme climate.
	Physical 2	Extreme climate causes investment targets/institutional clients to halt their operations.
	Physical 3	Losses from business locations and collateral damages due to flooding.
	Physical 4	Losses from business locations and collateral damages due to sea level rise.

Type	Item	Description
Opportunity	Opportunity 1	Improving energy efficiency in business locations.
	Opportunity 2	Green procurement and supplier management.
	Opportunity 3	Develop and promote low-carbon products and services.
	Opportunity 4	Customer engagement on sustainability and green consumption concepts.
	Opportunity 5	Sustainable investment and green loan.
	Opportunity 6	Sustainable development bond market.
	Opportunity 7	Cooperation with government agencies.
	Opportunity 8	Natural disaster crisis management and early warning measures



## Climate Risks and Opportunities Financial Impacts and Countermeasures Table

Item	Type	Financial Implications	Response Measures
Transition risk 1-1	Cost for decarbonization policies and legal compliance Investment and financing clients.	Stricter regulations may cause extra carbon reduction costs for investment and financing targets, resulting in decreased profits for clients, a drop in stock prices, or increased credit risks, ultimately leading to decrease in Group's assets or investment loss.	<ul style="list-style-type: none"> <li>In addition to closely monitoring international carbon taxes and related regulations, considering that Taiwan launched carbon tax rates and emissions monitoring in 2024 and intends to launch carbon taxation in 2025, the Group will make concerted efforts to assist carbon-intensive investment and financing targets affected by carbon-related policies and regulations, strengthen engagement, and strive to mitigate potential financial impacts.</li> <li>Regularly assess the impact of climate change risks on our investment targets by developing climate change risk monitoring indicators, and formulate adaptive measures for those significantly affected by such risks.</li> </ul>
Transition risk 1-2	Cost for decarbonization policies and legal	To meet carbon reduction targets and comply with domestic policy and regulations, the Group used renewable energy as its decarbonization measure. Such an endeavor may incur additional costs, increasing operational costs.	Monitor and participate in renewable energy market constantly, while actively improving operational site energy efficiency and reducing the use of non-renewable energy sources.
Physical risk 1	Increase in insurance premium cost for extreme climate	Extreme climate can compromise policyholders' personal safety or even led to deaths, increasing medical or life insurance claim payouts and resulting in increased operational costs for the Group.	<ul style="list-style-type: none"> <li>Conduct product evaluation and pricing based on relevant statistical data during product development.</li> <li>Continue to monitor climate risk-related laws that may impact our insurance products, and evaluate the incorporation of climate risks into our insurance product-based actuarial calculations and related design planning.</li> </ul>
Physical risk 2	Extreme climate causes investment targets/institutional clients to halt their operations.	Extreme weather events cause investment and financing targets to lose property or cease operations, which leads to a reduction in the Group's assets.	Strengthen the due diligence and Know Your Customer (KYC) process for investment and financing targets to ensure a comprehensive understanding of the resilience of business partners when responding to extreme weather events. For example, in the asset management process part of the investment-related funds operating procedures, we have incorporated management practices of sustainable finance to avoid over concentration of investment targets in terms of their geographical locations and industry types.
Opportunity 6	Sustainable development bond market	Issue, underwrite, and invest in sustainability bonds to invigorate the sustainability bond market and increase business revenue.	Continue to issue, underwrite, and invest in sustainability bonds, including green bonds, sustainability bonds, and social bonds, to invigorate the sustainability bond market and assist companies in transitioning towards sustainability.
Opportunity 8	Natural disaster crisis management and early warning measures	Develop and ensure the effectiveness of adaptation measures to provide stable services for all business activities, elevating customer trust and lowering operational losses.	Equipped with mechanisms such as uninterruptible power supply equipment, backup servers, and off-site backups, and regularly conducted disaster emergency drills to ensure that equipment and mechanisms operated normally in case of a crisis. Some subsidiaries have implemented the ISO 22301 Business Continuity Management Systems, and established standard procedures to reduce operational interruption risks and ensure recovery.

Note: This table uses transition risks 1-1 and 1-2, physical risks 1 and 2, and opportunities 6 and 8 in the upper right corner of the climate risk and opportunity matrix as examples to illustrate the financial implications and response measures for the Group. For the rest of the risks and opportunities, please refer to 3.2 Short-term, mid-term, and long-term risks and opportunities in the Climate and Nature Related Financial Disclosures Report.



## Carbon Emissions Inventory of Investing and Financing Business

In order to capture the impact of investment financing on climate change, the Group has estimated the GHG emissions from investment and financing cases since 2018. As the relevant accounting methodologies mature, the Group continues to expand the scope of the inventory in accordance with the PCAF methodology and TCFD disclosure recommendations as a basis for managing climate risks and opportunities of investment and financing business, and discloses the results of the inventory on a yearly basis. Detailed information is disclosed in the 2023 Climate and Nature Related Financial Disclosures report.

Investment and Financing	2020	2021	2022	2023
Greenhouse gas emissions (metric tons of CO <sub>2</sub> e) <sup>Note 1</sup>	3,140,616.85	2,939,046.21	3,536,366.38	3,938,259.58
Greenhouse gas intensity (metric tons of CO <sub>2</sub> e/NT\$ million) <sup>Note 2</sup>	5.25	4.73	4.39	4.24
Data quality	2.39	2.09	1.57	1.87
Data coverage (%) <sup>Note 3</sup>	28.64	27.51	35.14	37.45

## TCFD Scenario Analysis

### Contextual Analysis General Description

The Group enriched its climate risk scenario analysis model every year by integrating Top Down analysis (the overall investment position) and Bottom Up analysis (the level of individual company in high climate risk industries) to analyze climate related financial impacts at different points in time and under different scenarios from multiple perspectives. In 2023, we continue to refine the climate risk quantification model, strengthen the measurement methods of market liquidity risk factors and credit risk factors, and establish more accurate, consistent measurement models and frameworks.

- (1) **Top Down analysis:** Calculate the additional loss of investment position due to the impact of climate change at the industry level by incorporating information on climate risks derived from economic model.
- (2) **Bottom Up Analysis:** Analyze the impact of individual investment and financing targets on the Group through using industry-specific climate risk assessment tools to understand industry climate risks and risk exposures.

### Top Down Scenario Analysis Steps

- 1 **Establishing a climate-economic model:** Evaluate and decide on a climate-economic model that links climate factors to economic losses.
- 2 **Economic scenario generator:** Based on the data required for financial instrument evaluation, the market risk factors are screened and economic scenarios are generated through the climate-economic model to calculate the impact of climate scenarios on economic damage, and by extension, on market risk factors.
- 3 **Value loss calculation:** The adjusted market risk factors of each investment position and the economic variables of each country are incorporated into the financial instrument pricing model to calculate the value loss of each subsidiary investment position.

### Note:

1. GHG emissions from investment and financing are calculated based on corporate loans, electricity generation project financing, commercial real estate loans, and investment in listed equity and corporate bonds consolidated by the Group, as well as sovereign debt investment using the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF) on December, 2022, as reference. The relevant GHG emission data comes from the external database, self-collection and estimation.
2. Carbon intensity of financial assets: The methodology recommended by TCFD Guideline has been used to calculate the carbon intensity of each financial asset. Calculation formula: Total financial assets greenhouse gas emissions (metric tons of CO<sub>2</sub>e)/Total financial assets inventory risk position (NT\$ million) = Carbon intensity of financial asset (metric tons of CO<sub>2</sub>e/ NT\$ million).
3. The data coverage rate is the proportion of the total number of assets included in the inventory to the total number of investments and loans.

### Bottom Up Scenario Analysis Steps

- 1 **Matrix analysis:** With reference to industry climate risk reports, financial market trends, and the Groups investment and financing risks exposure by industry, industries with higher climate risk and higher industry risk exposure are prioritized for analysis.
- 2 **Additional cost calculation:** Inventory the relevant data (e.g., financial information, greenhouse gas emissions, etc.) of investment and financing targets, and calculate additional costs under different scenarios and time scales.
- 3 **Expected loss calculation:** Additional costs are brought into different valuation methods to calculate the expected losses arising from changes in financial factors of the investment and financing targets.



## Quantitative analysis of financial impact

Strategies	Top Down	Bottom Up		
Risk Type	Overall Climate Risk	Transition Risk—Cost of Carbon Reduction		
Climate Scenario	SSP1-RCP2.6+NGFS Net Zero 2050, SSP1-RCP2.6+NGFS Divergent Net Zero, SSP5-RCP8.5+NGFS Current Policies	NGFS Net Zero 2050 (1.5°C), Well Below 2°C		The Group's SBT reduction targets and the national goal of 2050 Net-Zero
Evaluation Period	2024, 2028, 2033	2025, 2030, 2035, 2040, 2045, 2050		
Analyzed Industry	All Industries	Cement, steel and iron, plastics, land transportation, energy, and power generation		Yuanta Group
Analyzed Subject	Mid-term and long-term investment positions, including the Group's subsidiaries	Corporate banking loan position	Equity investment position	All business locations in Taiwan
Evaluation Method	Linking macroeconomic model and climate model	Expected Credit Loss Model	Equity Valuation Model	Expected green energy cost scenario analysis

## Top Down Quantitative Analysis Chart

- 1. Analysis** The loss of financial transaction market value caused by climate change in the mid-and long-term investment positions of each subsidiary.

**Assessment** The long-term relative market value loss of the whole Group's investment positions incurred by climate impact would be at a ballpark figure of 1% of the market value on basis date. As the results Group invests in a multitude of products, climate-induced impacts are not significant after a diversification of risks.

- 2. Analysis** The loss of expected credit caused by climate change in the mid-and long-term investment positions of each subsidiary.

**Assessment** The increment of long-term relative ECL of the whole Group's investment positions incurred by climate impact represents a 0.36% of the market value on basis date. As the Group's investment results holdings are mostly investment grade bonds, ECL variation caused by climate-induced impacts are not significant.

- 3. Analysis** The loss of market liquidity of financial transactions caused by climate change in the mid-and long-term investment positions of each subsidiary.

**Assessment** The increase in long-term relative loss from market liquidity risk due to climate impacts on the entire investment portfolio is approximately 0.026% of the market value on basis date. The results increment of potential losses from market liquidity derived from climate change is insignificant.

Note: For the process and results of a detailed top-down quantitative analysis, please refer to 4.3 Quantitative Financial Analysis of Climate Change of the 2023 Climate and Nature Related Financial Disclosures Report.



## ■ Bottom Up Quantitative Analysis Chart

- 1. Analysis** Expected losses due to carbon fees for various industrial asset positions in equity investment positions under the scenarios of 1.5°C and <2°C.  
**Assessment** In equity investment positions, power generation and cement sectors showed significant impact year after year. Analysis suggests that this is because most assets concentrate on results the targets with slightly higher net loss rates.
- 2. Analysis** Expected losses due to carbon fees for various industrial asset positions in corporate loan positions under the scenarios of 1.5°C and <2°C.  
**Assessment** The power generation and cement industries showed significant impact year after year., where the impact of the 1.5°C scenario is more significant than that of the <2°C scenario. results
- 3. Analysis** Quantitative Evaluation of the promotion of renewable energy carbon reduction.  
**Assessment** The expected cost of procuring green energy and using it as the main approach to carbon reduction is estimated to reach NT\$50.7 million by 2030 and NT\$109 million by 2050. results

Note: For the process and results of a detailed bottom-up quantitative analysis, please refer to 4.3 Quantitative Financial Analysis of Climate Change of the 2023 Climate and Nature Related Financial Disclosures Report.

## ■ Response Measures

Through establishing indicators for monitoring the Climate Value-at-Risk (VaR) based on the estimated loss of the investment portfolio by integrating the results of the Top Down analysis, the Group reduces additional credit and liquidity losses on various financial products caused by climate change, striving to prevent value losses and other impacts caused by extreme climate risks. In addition, the Group has been combining the results of the Bottom Up analysis with the analysis of individual companies to manage the investment and financing targets that have a greater impact, and continues to develop related measures, such as strengthening the examination of customers' ability to cope with transformation risks in the credit process, reducing the investment and financing of enterprises with high climate risks, and conduct engagement with the target companies of high carbon emission industries. The Group will continue to monitor changes in climate risk trends and regularly review the results of risk analysis, which will be used as a basis for formulating relevant countermeasures and promoting sustainable financial strategies.



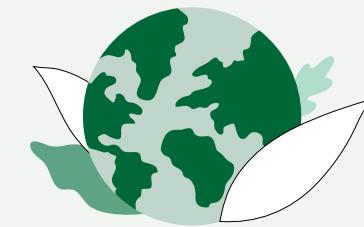
## From Climate to Nature: Analyzing Nature-related Risks and Opportunities

The Company is committed to promoting sustainable development, with ecology, public welfare, and influence serving as the focus of our sustainability-related activities. We actively support international initiatives, signing the Taskforce on Nature-related Financial Disclosures (TNFD) in 2024 and becoming one of the early adopter of TNFD worldwide. Additionally, we joined the Partnership for Biodiversity Accounting Financials (PBAF) to exert our influence on sustainable finance.

This year, the Group followed the LEAP analysis methods proposed by TNFD, analyzing our financial assets' dependence and impact on nature, identifying key industries exposed to nature-related risks and relevant factors of influence and dependence, and determining the operation and production site risk level of our key target industry (i.e., the water risk level of the semiconductor industry). Furthermore, to gain insight into the impact of various natural risk scenarios on the Group, we performed scenario analyses and assessments, using transition risk and physical risk-related uncertainty matrices to identify the risks, opportunities, and factors of influence of key industries. Such endeavors help the Group to consider and refine the adaptive strategies for future business development.

Going forward, the Group will manage nature-related risks and continue to monitor and lower the potential damages that its business activities may cause to the natural environment, thereby fostering a positive influence on our society.

>> For detailed nature-related financial disclosures and analysis results, please refer to the Yuanta Financial Holdings 2023 Climate and Nature Related Financial Disclosures Report.



### CDP Disclosure Project

In January 2016, we became an investor signatory of the "CDP Climate Change, Water and Forests Project". Since then, every year we have responded to the questionnaire to assess the risks and opportunities brought by climate change, reviewed the organization's climate governance and risk management, and implemented various energy-saving and carbon-reducing actions and green financial services to reduce the impact of our operations on the environment. We also hope that we can lead other enterprises to join the global trend toward low carbon, be in line with international standards, as well as enhance our climate resilience. In the 2023 CDP Climate Change Questionnaire, our Company achieved high scores in GHG emissions, emission reduction activities, risk disclosure, value chain engagement, and climate risk assessment of investment and financing portfolios, and was ranked "Leadership Level score of A", which is the highest CDP rating, for 4 consecutive years. Additionally, in Supplier Engagement Ratings, the Group has received "leader rating" for 5 consecutive years as of 2023.

### Internal Carbon Pricing (ICP) Mechanism Program

The Group takes responsibility as a green pioneer under the environment and climate change. In response to the international trend of carbon reduction and the implementation of corporate carbon management, it reflects carbon costs in the estimation of benefits from daily carbon reduction measures, making it the first financial institution in Taiwan to "internalize the external cost" of GHG emissions and set a clear price.

The scope of internal carbon pricing aimed to reduce carbon emissions within the operational scope of the Group. It implements the mechanism of the Shadow Price model to assist the Group's subsidiaries in evaluating the benefits of energy-saving and carbon-reduction projects, and is linked to the ISO 50001 energy management system by including the parameter of carbon price in the calculation of inputs and outputs of energy-saving action projects to achieve synergistic effects. Going forward, carbon-reduction goals will be linked with the performance evaluation of the managers to carry out our determination to achieve carbon reduction.

Preparation period	Initiation period	Trial period	Result period	Refinement period
<b>2020</b>				
• Conducted internal research on carbon price trading-related information.				
<b>2021</b>				
	• Established the internal carbon pricing team			
	• Set the internal carbon pricing initial price per ton of carbon at NT\$1,500 during the trial period.			
<b>2022</b>				
		• Submitted trial mechanisms to the Sustainable Development Committee.		
		• Yuanta Financial Holdings and its subsidiaries implemented internal carbon pricing mechanisms.		
<b>2023</b>				
			• Evaluated performance during the internal carbon pricing trial period.	
			• Met carbon reduction targets, with 5 subsidiaries surpassing the targets.	
<b>2024</b>				
				• Established formal management mechanisms and the "Internal Carbon Pricing Task Force," and held internal carbon pricing review meetings to refine related management matters.



## A pioneer in internal carbon pricing, fulfilling its climate-related responsibilities

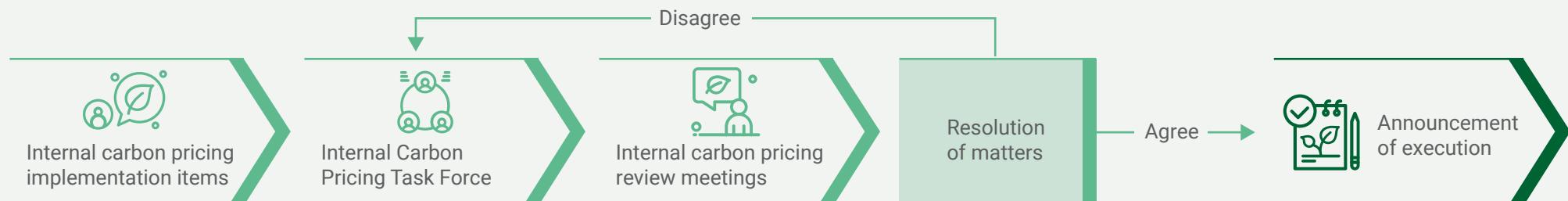
"The era of global warming has ended. The era of global boiling has arrived." UN Secretary-General Antonio Guterres emphasized the urgency of addressing climate change after the record-breaking global temperatures in July 2023. The Group has long been committed to addressing climate change issues. In response to the international trend of carbon reduction and the implementation of corporate carbon management, the Group introduced the Internal Carbon Pricing (ICP) in 2020 and followed the principle that "carbon has a price". The boundary for the Group's ICP mechanism is primarily based on Category 1 and Category 2 greenhouse gas (GHG) emissions, referring to the international carbon pricing and the estimated carbon costs for the 2050 net-zero scenario to set the cost of GHG emissions.

Yuanta Financial Holdings has long been attentive to global carbon pricing trends. Since 2020, it has been engaged in carbon pricing mechanism-related discussions. In 2021, it established the "Internal Carbon Pricing Task Force." In 2022, it conducted a trial run across the entire Yuanta Group. In 2023, it assessed related results and continuously addressed areas of improvement. In 2024, it formally implemented internal carbon pricing mechanisms as its carbon reduction strategies and risk management tools.

To manage and implement internal carbon pricing mechanisms, the Sustainable Development Committee founded the Internal Carbon Pricing Task Force and introduced internal carbon pricing review meetings. The task force team members come from various departments such as the accounting, finance, human resources, and administration departments, and they hold meetings every quarter to assess the reasonableness of Yuanta Financial Holdings' carbon pricing, the accuracy of its carbon reduction targets, and the effectiveness of its carbon reduction plans. The assessments are performed across departments, and relevant matters are planned. The progress of the Internal Carbon Pricing Task Force is reviewed twice a year at internal carbon pricing review meetings to refine related management matters and establish mechanisms for valuing carbon management.

The Group referred to the international carbon pricing and the estimated carbon costs for the 2050 net-zero scenario to set the cost of GHG emissions. During the 2023 trial period, the cost (i.e., internal carbon price) of GHG emissions for the Group was priced at NT\$1,500 per metric ton of CO<sub>2</sub>e. In compliance with the concepts of "reducing carbon emissions scientifically and assigning values to carbon rights," carbon reduction targets were planned for all the Group's 300+ locations based on their ISO 14064-1 GHG inventory results in 2020. The carbon reduction methods were formulated using SBT methodology and passed SBTi target validation in 2022. After passing the validation, Yuanta Financial Holdings reduced its carbon emissions and realized environmental sustainability in its daily operations by engaging in smart energy monitoring, replacing old and inefficient equipment with new ones, and switching to green energy supply.

This year is the year of trial and result settlement, where the Group and 5 of its subsidiaries met their carbon reduction targets. Carbon pricing assessments were made by first evaluating their energy-saving projects, tracking the specific benefits of each improvement project to calculate the corresponding carbon price. Concurrently, annual GHG inventories were used to determine the carbon emissions of all subsidiaries. Performance appraisal systems were introduced to ensure carbon reduction management and to achieve the goal of GHG reductions. During the internal carbon pricing trial period, the Group's overall carbon reduction amounted to 1,590.90 metric tons of CO<sub>2</sub>e, achieving a 10.40% reduction rate, surpassing the originally set target of 8% carbon reduction per unit. This was equivalent to a carbon price of approximately NT\$2.38 million. As a role model of international sustainability, Yuanta Financial Holdings aims to lead the financial industry in low-carbon practices, fulfilling its climate-related responsibilities through the implementation of internal carbon pricing.





## 4.2 Contribution to the Development of Green Operations

### Low-Carbon Operations

Extreme weather incidents will cause asset valuation loss or disruptions in the Company's operations. To mitigate and adapt to the impact of weather incidents on the Company's operations, Yuanta Financial Holdings will include economic benefits, climate change (flood and soil liquefaction), protective facilities, and sustainable architecture (e.g., Green Building Label, renewable energy power system, rainwater collection system, and Energy Conservation Label) when selecting the site for operational expansion. The site evaluation will be completed to prevent possible disasters and operating losses in the future.

The Group has conducted full inventories of greenhouse gas emissions from our operating locations and acquired certification since 2018<sup>Note</sup>. Moreover, we also passed the SBTi compliance validation in 2022. Through our energy and environmental management systems, we monitor our electricity consumption and carbon emissions, and actively procure renewable energy to support the government's energy transition goals and the "RE10x10" climate declaration initiative launched by Greenpeace. Going forward, we will continue to focus on taking inventories of our carbon footprint, strengthening operational resilience, and leverage sustainable impact to advocate low-carbon transition throughout the industry, thereby reinforcing our goal to achieve sustainable financing through climate management.

Note: The verification categories include Category 1, Category 2, Category 3 business travel, Category 4 waste disposal, and purchased electricity (upstream emissions).

### Greenhouse Gas Inventory

Greenhouse Gas Emissions (Metric tons CO <sub>2</sub> e)	2020	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Category 1	1,492.17	1,660.71	1,436.98	1,359.64	1,594.95	Achieved	1,527.96
Category 2 (Location-based)	22,388.12	20,593.33	18,562.91	17,254.23	21,815.11	Achieved	20,680.71
Category 2 (Market-based)	22,128.53	20,407.59	18,562.91 <sup>Note 5</sup>	17,254.23	21,815.11 <sup>Note 12</sup>	Achieved	20,680.71
Category 1+2 (Location-based)	23,880.29	22,254.04	19,999.89	18,613.87	23,647.18	Achieved	22,208.67
Carbon Intensity (Metric tons CO <sub>2</sub> e/ NT\$1 billion revenue) <sup>Note 6</sup>	206.53	186.63	218.57	189.76	255.54	Achieved	250.43
Data Coverage Rate (%) <sup>Note 7</sup>	100.00	100.00	100.00	100.00	—	—	—
Category 3~5 <sup>Note 8</sup>	6,440.28 <sup>Note 9</sup>	4,035.19	125,777.62 <sup>Note 10</sup>	97,629.53	126,358.09	Achieved	123,199.14

Notes:

1. The inventory is conducted for Category 1~4 based on ISO 14064-1. The operational control approach is used to set the organizational boundary, and the base year was the 2017 location-wide inventory.
2. Based on the emission factor methodology, GHG emissions = activity data x emission factor x Global Warming Potential (GWP). The GWP values used in 2020 reference to IPCC AR5 version. From 2021 onwards, the GWP values reference to IPCC AR6 version.
3. Category 1 and 2 GHG emissions include carbon dioxide(CO<sub>2</sub>), methane(CH<sub>4</sub>), nitrous oxide(N<sub>2</sub>O), hydrofluorocarbons(HFCs), perfluorocarbons(PFCs), sulfur hexafluoride(SF<sub>6</sub>) and nitrogen trifluoride(NF<sub>3</sub>).
4. Category 1 GHG emissions mainly come from gasoline and refrigerant. The emission factors are calculated using the "Ministry of Environment Greenhouse Gas Emission Factor Management Table 6.0.4."
5. Category 2 GHG emissions are externally procured electricity. The Category 2 (market-based) GHG emissions are calculated using the quantitative method of the Ministry of Environment "Operating Guidelines for Greenhouse Gas Emissions Inventories."
6. Carbon intensity refers to the emissions of Category 1 and Category 2 greenhouse gases generated per NT\$1 billion in revenue.
7. Data coverage rate represents the ratio of locations included in the Category 1 and 2 data compared to total locations in the specified year.
8. Category 3~5 GHG emissions do not include the carbon emissions related to investing and financing activities.

9. The source of significant Category 3~5 GHG emissions in 2020-2021 are from business travel and waste disposal and purchased electricity (upstream emissions). Business travel emissions in 2020 - 2022 dramatically dropped owing to the impact of COVID-19.
10. The Categories 3-5 GHG emissions in 2022-2023 include Scope 3 emissions under the GHG Protocol. For the disclosure details of Categories 3-5 emissions items this year, please refer to Appendix 4.
11. The Group's external energy consumption items in 2023 included business travel, waste disposal, and purchased electricity (upstream emissions), totaling 138,288.55 GJ. Domestic business travel energy consumption was calculated based on the sales volume (rail transport) and train energy usage data announced by the Taiwan High Speed Rail, whereas international business travel energy consumption was calculated by referencing the ICAO flight carbon footprint calculation methodology and the numerical values published in the "2022 Energy Statistics Handbook of the Ministry of Economic Affairs: Product Energy Consumption Table." High speed rail energy consumption and aviation fuel consumption were calculated at 197.53 kJ/km and 8,000 kcal/L, respectively. Waste disposal energy conversion was calculated by referencing the 2018 waste lower heating value of 2,029.61 kcal/kg published in the "Ministry of Environment Greenhouse Gas Emission Coefficient Management Table (version 6.0.4)." Energy conversion for purchased electricity (upstream emissions) was calculated by referencing the conversion units published by the International Bureau of Weights and Measures and the numerical values published in the "2022 Energy Statistics Handbook of the Ministry of Economic Affairs: Product Energy Consumption Table," with electricity calculated at 860 kcal/kWh and energy consumption being converted at 4.1868 kJ/kcal.
12. The calculation method is to multiply and then sum up the figures for each subsidiary; so, there will be some slight differences from the GHG emissions data calculated directly based on electricity consumption.



## Energy Consumption

	Items	2020	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Non-Renewable Energy	Power Consumption (kWh)	43,984,518	41,022,562	36,454,150	34,823,076	42,976,680	Achieved	40,976,680
	Other Energy Consumption (GJ)	6,160	5,147	4,402	4,531	—	—	—
	Other Energy Consumption (MWh)	1,711.11	1,429.72	1,222.78	1,258.61	—	—	—
	Total Energy Consumption (GJ)	164,533	152,828	135,637	129,894	160,569	Achieved	154,146
	Total Energy Consumption (MWh)	45,703.61	42,452.22	37,676.93	36,081.69	44,602.54	Achieved	42,817.92
	Energy Intensity (GJ/NT\$1 billion revenue)	1,422.94	1,281.68	1,482.34	1,324.23	—	—	—
Renewable Energy	Power Consumption of Green Power Wheeling & Renewable Energy Certificates (kWh)	510,000	527,341	945,924	2,643,358	1,600,000	Achieved	2,000,000
	Total Renewable Energy Consumption (GJ)	1,836	1,896	3,405.32	9,516.08	—	—	—
	Total Renewable Energy Consumption (MWh)	510.00	527.34	945.92	2,643.36	—	—	—
Data Coverage Rate (%)		100.00	100.00	100.00	100.00	—	—	—

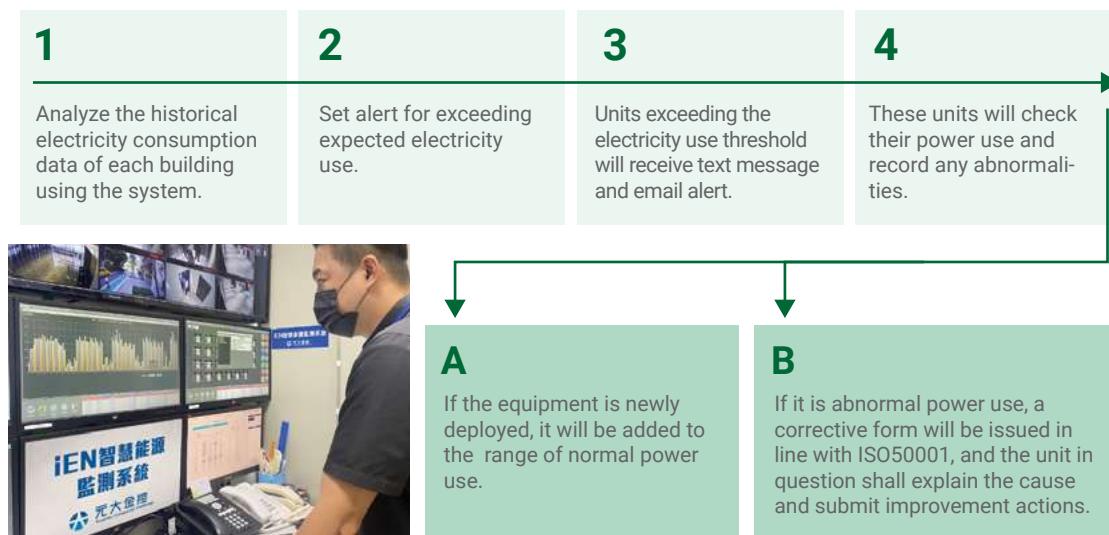
### Notes:

- The primary form of energy use is purchased electricity. The item of other energy includes gasoline and diesel.
- The conversions of heating value of energy are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and to the "2022 Energy Statistics Handbook – Table for Unit Heating Value of Energy Products" of Taiwan's Bureau of Energy, MOEA. We calculated the data using 860 kcal/kWh for electricity, 7,800 kcal/L for gasoline, and 8,400 kcal/L for diesel, and converted units by 4.1868 kJ/kcal, 0.277778 MWh/GJ.
- Data coverage rate represents the ratio of locations included in the data compared to total locations in the specified year.

## Energy Management System

The consumption of purchased electricity accounts for the largest part of the energy used in our services. Through a systematic management structure and process, we implement energy saving plans to achieve effective improvement of energy performance, decrease of energy usage, and reduction of environmental impact. In accordance with Yuanta Financial Holdings' "Environment and Energy and Climate Change Management Policy", the Company continued to improve energy use and reduce greenhouse gas emissions. Yuantai Plaza has obtained a Green Building Silver Label from Taiwan's Ministry of the Interior. The Group plans to obtain green building certifications for all newly constructed buildings owned by us by 2050. Moreover, In 2023, all 10 buildings owned by the Group (Yuanta Financial Tower, Yuantai Plaza, Chengde Building, Baoqing Building, Taichung Building, Chongde Building, Yongkang Building, Fucheng Building, Kaohsiung Building, and Mingcheng Building) have obtained ISO 50001 Energy Management System certification. To achieve scientific real-time energy management, the Group has established Intelligent Environment Network, iEN, which uses real-time electricity usage data to manage and reduce power consumption. We have also implemented alerts for excessive electricity consumption, enabling us to manage and promptly respond to situations of overuse, thus fulfilling our energy management goals. Since the implementation of ISO 50001 in 2016, the overall performance of energy management has improved by nearly 0.17%, which contributed to carbon reduction of cumulative 1,880.60 metric tons CO<sub>2</sub>e.

### iEN (Intelligent Environment Network)





## Renewable Energy

The Group has actively responded to the changes in Taiwan's renewable energy regulations and has been subscribing green power through our subsidiaries since 2016. In terms of purchasing renewable energy, in the beginning, the Group focused mostly on solar power plants based on the operating model in our offices. We also requested the power plants to provide actual photos and describe their plans, ensuring that power generation at the sites did not affect land and environmental ecosystems. In addition, the Group completed the signing of the "Renewable Energy Power Purchase Agreement (PPA)" in 2020 and officially switched to renewable energy power supply in the third quarter of 2021. This green power procurement plan covered the Group's 5 subsidiaries: securities, banking, life insurance, funds, and futures. Apart from 5 locations which are already 100% powered by green energy, including Yuanta Securities Ximen Branch, Taichung Branch, Yuanta Bank Main Branch and Taichung Branch, and Yuanta Futures Taichung Branch, the Group will continue to expand the coverage of green energy supply. This year, the total green energy supplied was 2.64 million kWh. In 2023, 7.06% of the energy used by the Group was green energy. This makes the Group not only the largest green power consumer in the financial industry but also the one with the broadest coverage.

In summary, the cumulative use of renewable energy from 2016 to 2023 reaches 6,626,582 kWh, reducing greenhouse gas emissions of 3,364.11 metric tons of CO<sub>2</sub>e<sup>Note 1</sup>, which is equivalent to the amount of carbon absorbed by 340.37 hectares of forest<sup>Note 2</sup>.

### Notes:

- Calculated based on the latest announcement of Taiwan's Bureau of Energy, MOEA on the electricity emission factors for each year.
- The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2023 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.

Item	2020	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Green Power Wheeling (PPAs) (kWh)	—	157,341	945,924	2,643,358	—	—	—
Total Renewable Energy Consumption (kWh) <sup>Note</sup>	510,000	527,341	945,924	2,643,358	1,600,000	Achieved	2,000,000
Electricity Emission Factor (kgCO <sub>2</sub> e/kWh)	0.502	0.509	0.509	0.495	—	—	—
Carbon Reduction (Metric tons CO <sub>2</sub> e)	256.00	264.70	481.46	1,308.46	—	—	—
Equivalent annual forest carbon absorption (hectare)	25.31	26.17	49.52	134.81	—	—	—

Note: The total renewable energy usage from 2020 to 2021 included the number of renewable energy certificates purchased. Since 2022, energy supplied has been exclusively green power wheeling. Detailed disclosures are available in the 2022 ESG Report.

## Energy Saving Actions and Results

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

Energy Saving Actions	Reduction of Power Consumption (kWh)	Reduction of Energy Consumption (MJ)	Carbon Reduction Performance (Metric tons CO <sub>2</sub> e)	Project Input Cost (NT\$ thousand)
Installation of LED energy-saving lighting	99,000	356,400	49.01	1,890
Replacement of old air conditioning equipment	142,373	512,542	70.47	9,311
<b>Total</b>	<b>241,373</b>	<b>868,942</b>	<b>119.48</b>	<b>11,201</b>

### Notes:

- The reduction in electricity consumption is calculated by converting the project's electricity savings over 12 months of 2023.
- The carbon reduction performance is calculated based on the 2022 Electricity Emission Factor = 0.495 (kg CO<sub>2</sub>e/kWh) announced by the Taiwan's Bureau of Energy, MOEA.
- The GHG reductions of the major energy saving actions take place in the scope of Category 2.
- The reduction in electricity consumption was calculated based on the ISO 50001 Energy Management Systems, comparing the power, load rate, and usage time of newly replaced equipment in 2023 with the baseline data from 2022.



## Paperless Carbon Reduction Actions

To reduce operational carbon emissions, the Group promote various paper reduction measures. We streamline operational procedures to enhance operational efficiency, and at the same time, promote online meetings and education and training. Combining the quantifiable paperless actions, the total paper reduction for this year was about 264,554,788 sheets, equivalent to the carbon reduction of 1,693,150.64 kg CO<sub>2</sub>e.

### ✓ Paperless Operations

- Used double-sided paper for internal operation documents, and used recycled envelopes repeatedly for internal correspondence.
- Electronic internal documents, online signing system.
- Used recycled paper to fabricate cash bags and environmentally friendly ink to print envelopes, annual reports, etc.
- Used the online bulletin board to publish various types of information.
- Electronic payroll for employees.

### ✓ Paperless Meetings

- Providing meeting information in electronic format.
- Switching to tablet computers for major meetings (Board of Directors and Audit Committee).
- Using video conferencing as much as possible for daily business and business communication to reduce travel and improve administrative efficiency.

### ✓ Paperless Training

- Building online teaching system and digital learning platform (E-Learning), developing common platform system cloud, database and E-learning materials.
- Conducting physical classes with presentation slides or iPads.

### ✓ Paperless Business Services

- Introducing digital services for marketing, transactions, payments, and billing (e.g., e-policies, credit card e-statements/online applications, online credit applications/appropriations, e-statements/online account openings/online orders), as described in the section Paperless for Green Living.
- Promoted environmental conservation and energy-saving activities through ATM displays.
- Introduced new electronic billboard equipment to reduce the printing of traditional advertising paper and posters.

### ✓ Paperless Living

- Reducing the use of paper cups, paper lunch boxes, etc.

Quantification of Paperless Measures	Number of Sheets of Paper Saved	Equivalent Carbon Reduction (kg CO <sub>2</sub> e)	Equivalent Annual Amount of Carbon Absorbed by Forests (hectares)
Electronic internal documents	260,660	1,668.22	0.17
Electronic payroll for employees	138,288	885.04	0.09
Switching to tablet computers for major meetings	7,200	46.08	0.00
Yuanta e-Academy	4,148,640	26,551.30	2.74
Digital services	260,000,000	1,664,000.00	171.43
<b>Total</b>	<b>264,554,788</b>	<b>1,693,150.64</b>	<b>174.44</b>

Notes:

- The carbon emissions of paper are calculated using the Carbon Footprint Information Platform of Taiwan's Ministry of Environment, Executive Yuan - 3.20 kg CO<sub>2</sub>e/500 sheets per pack.
- The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2023 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.
- The GHG reductions of the paperless actions take place in the scope of Category.



## Water Resources and Waste Management

### Water Resources Management

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

In 2023, we continued to introduce the ISO 14046 Water Footprint Verification to cover a total of 330 business locations of the Company and its subsidiaries, with a coverage rate of 100%. According to the inventory results, we in-depth traced the bases with large water consumption, and investigate whether there is any abnormality of water equipment or leakage of pipelines in order to understand the environmental impact of water consumption caused by the operation process, and to implement data management and target setting as a comprehensive evaluation indicator for internal measurement of water resources use.

Items	2020	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Water Withdrawal (million liter)	194.44	172.67	167.04	165.29	182.98	Achieved	180.24
Water Intensity (liters/m <sup>2</sup> )	680.91	637.20	636.27	629.60	637.31	Achieved	686.55
Data Coverage Rate (%)	100.00	100.00	100.00	100.00	—	—	—

Note: From 2020, the actual boundary of the water consumption inventory is expanded to all business locations.

### Water Conservation Actions

Uneven rainfall periods and water scarcity are on the rise as climate extremes intensify. The Group has set up the rainwater recycling system on the top floor of the Yuanta Financial Tower and Yuantai Plaza, which can store rainwater during rainfall and use the collected rainwater for watering the plants used in greening of buildings and for sanitary facility. In the future, we also plan to equip all newly-constructed Yuanta buildings with rainwater recycling system to help realize the environmental protection and reduce the use of public water resources through water resource recycling. In 2023, the volume of rainwater recycled was 2,532 cubic meters, accounting for 1.53% of the annual water use.

In addition, the Group plans to gradually install water-saving faucets, dual-flush water-saving toilets, and other water-saving devices. In 2023, water-saving devices have been installed on nearly 50% of the equipment which uses water. The Group also plans to use devices with water-saving labels when new buildings and business locations are built, relocated, or renovated. At the same time, we will adjust the amount of water discharged from the faucets and regularly promote the concept of water conservation internally to effectively reduce water consumption and improve on water waste.

### Waste Management

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

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

Items (Metric Ton)	2020	2021	2022	2023	2023 Targets	Target Status	2024 Targets
Incineration without Energy Recovery	—	—	—	—	—	—	—
General Waste with Energy Recovery	452.32	407.45	398.00	368.62	—	—	—
Landfilling	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Subtotal	452.32	407.45	398.00	368.62	418.36	Achieved	409.99
Recyclable Waste	239.51	253.73	253.70	247.46	—	—	—
Total Volume	691.83	661.18	651.70	616.08	3,249.58	Achieved	3,087.10
Waste per Person (kg/person)	63.22	59.88	57.91	53.46	331.64	Achieved	315.06
Data Coverage Rate (%)	100.00	100.00	100.00	100.00	—	—	—

Note: The actual weight of waste is calculated by each subsidiary.

### Waste Reduction Actions

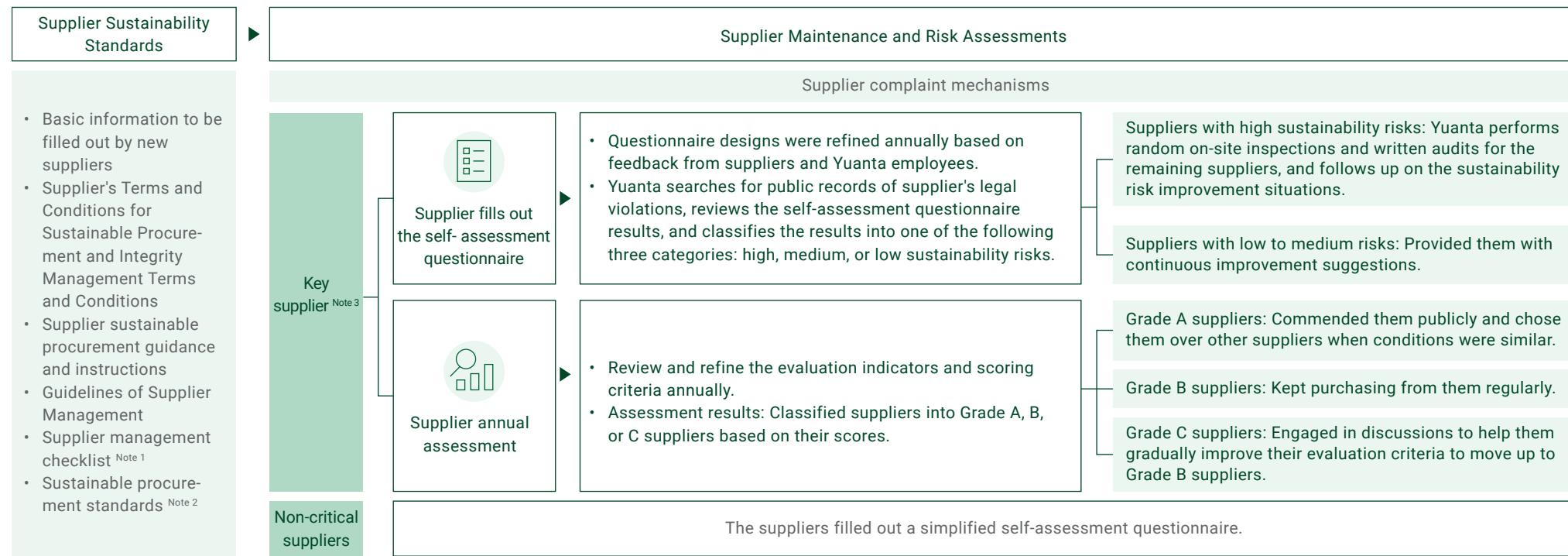
To fulfill our commitment to environmental sustainability, the Group actively promotes waste reduction initiatives. We have set up separate garbage bins for recycling, weighed the volume of garbage, and monitored garbage and waste reduction targets on each floor. We have promoted specific waste reduction measures among our staff and implemented them in our offices on a nonscheduled basis. We have installed water dispensers, boxed lunch steamers, and microwave ovens to encourage employees to bring their own meals and tableware. We stop providing water in plastic cups or bottle water during meetings, and stop using disposable and melamine tableware if meals are served. We have been actively responding to Taipei City's policy of banning disposable and melamine tableware in order to reduce waste generation, and have been commended by the Taipei City Government since 2018.



## Sustainable Supply Chain

### Supply Chain Management Process

#### Supplier Sustainability Management



#### Guidance for Sustainable Conduct



**Yuanta Group passes ISO 20400 every year, demonstrating ongoing enhancement in procurement performance**

#### Notes:

1. Included managing the behavior of non-contract suppliers and subcontractors.

2. Plan to complete 8 categories of supplier procurement standards annually from 2024 to 2026.

3. Transaction amount reaching/exceeding a specific number and with at least one transaction in the previous year.



## Supplier Risk Control Procedures

 Sustainability Specifications	 Risk Assessment	 Communication and Improvement
<ul style="list-style-type: none"> <li>Supplier Integrity Management Guidelines</li> <li>Supplier Sustainable Procurement Guidance</li> <li>Guidelines of Supplier Management</li> </ul>	<ul style="list-style-type: none"> <li>Supplier sustainability risk analysis</li> <li>Supplier evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Tracking counseling and improvement for sustainability risk analysis results</li> <li>Supplier conferences (including education and training)</li> </ul>

## Supplier Screening

The Company not only focuses on the growth of the Group's business, but also attaches importance to the control of procurement risks and the implementation of responsible procurement. We have invited suppliers to join sustainable action to create a resilient and sustainable future by promoting sustainable supply chain management.

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

## ESG Screening Dimensions for New Suppliers

 Environmental	<ul style="list-style-type: none"> <li>Engaging with suppliers to implement specific actions for climate change management.</li> <li>The products supplied have obtained certified labels as eco-friendly, energy saving, water saving and green-building materials.</li> <li>Reducing environmental hazards in the process of manufacturing or providing services.</li> <li>Complying with relevant environmental regulations and pollution prevention measures.</li> </ul>	 Social	<ul style="list-style-type: none"> <li>Advocating that suppliers should follow "Supplier Sustainable Procurement Guidance" related matters.</li> <li>Suppliers for which specific criteria of occupational safety and health are involved, should provide a "Supplier Safety and Health Commitment".</li> <li>Contracts for construction and maintenance work are to include "Occupational Safety and Health Provisions to Prevent Occupational Hazards".</li> </ul>	 Governance	<ul style="list-style-type: none"> <li>Determining the integrity and ethical management of the supplier.</li> <li>Checking the website of the Judicial Yuan for any records of unethical conduct by the supplier.</li> <li>Including the Integrity Management Terms and Conditions in the contract.</li> </ul>
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## Supplier Integrity Standards

Suppliers who sign contracts with us, in accordance with the Company's "Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines"), are required to comply with the terms and conditions of the "Integrity Management Guidelines" and "Conduct Guidelines". In addition, to facilitate the evaluation of procurement contracts with suppliers, the Company conducts supplier management checks when suppliers provide their quotation.

## Supplier Sustainable Procurement Guidance

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

In terms of management system, the Group has required subsidiaries to incorporate the "Supplier's Terms and Conditions for Sustainable Procurement" and "Integrity Management Terms and Conditions" into the procurement contract with major suppliers. The terms and conditions specify that suppliers are to fulfill and comply with various laws and regulations of labor conditions, occupational safety and health, environmental protection, and labor human rights, etc. The contract also contains a clause which stipulates the contract may be terminated or canceled if suppliers violate the relevant laws and regulations.



## Supplier Sustainability Risk Analysis

### Supplier Annual Self-Assessment

The Company implements sustainable supplier management by continuing to optimize the supplier self-assessment mechanism and questionnaires each year to evaluate the six major aspects of human rights, labor practices, consumers, integrity management, environment, and health and safety. Using information collected through the self-assessment questionnaires, we analyze the current risk level of suppliers, including the supplier's awareness of sustainability and the presence of major deficiencies or violations, and classify them into three levels: high, medium, and low risks, so that we can effectively monitor the deficiencies of suppliers with respect to specific indicators to make sure the risk is under control.

In order to enhance suppliers' sustainability awareness and self-awareness, the Company advocates the supplier self-assessment mechanism through 3 supplier conferences held in each year, individual communications, training, and promotions. In addition, to increase the response rate and the suppliers' awareness of sustainability, we will communicate and follow-up on the individual supplier that do not turn in the self-assessment form. The Company posted a self-assessment questionnaire response rate of 100% this year, an increase of 9.33% compared with 2022, achieving this year's target.

The types of risk violated by suppliers were mainly human rights, labor practices and integrity management, including suppliers' lack of awareness of relevant sustainability issues and labor-related violations. The Company had strived to reduce the percentage of high-risk suppliers over the years and increase the number of low-risk suppliers. We explained the implications of high-risk issues, relevant international trends and regulations, providing sustainable action-related observation and improvement suggestions. In 2023, the percentage of low-risk suppliers increased by 3.54% compared with the previous year, whereas the percentage of high-risk suppliers decreased by 6.86%. In addition, the tracking and confirmation of 15 high-risk suppliers were conducted as follows:

- 1** All high-risk suppliers were individually explained and provided with self-assessment questionnaire analysis results and feedback. We acquired detailed reasons for the high risks, and their risk mitigation and violation improvement actions and results were tracked, with 100% confirmation.
- 2** For suppliers that violated laws and regulations, written reports on mentoring and improvements were required to verify their actual improvements.
- 3** 5 high-risk suppliers were selected for on-site audits, and analysis and feedback were provided on their various risk issues to reduce the Company's procurement risk level.

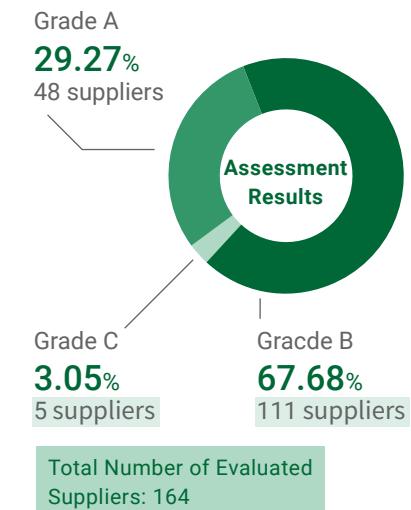


### Supplier Evaluation

The Company hopes to encourage and guide our suppliers to continuously enhance product and service quality through implementing the self-assessment mechanism, as well as developing sustainable actions. In accordance with the "Guidelines of Supplier Management", the Procurement Department conducts an annual evaluation of major suppliers, covering

- 1** The top 150 suppliers in annual transaction amounts with the Group
- 2** The top 5 suppliers in annual transaction amounts with Yuanta subsidiaries in the previous year
- 3** New suppliers of Yuanta subsidiaries evaluated in the previous year

The evaluation is based on the seven core themes of the ISO 20400 Sustainable Procurement Guidance and other relevant international standards. Based on the assessment results, major suppliers are classified into three grade levels: A, B and C Note. Grade A suppliers are commended publicly at supplier conferences and selected over their competitors if they offer similar conditions during price comparison, negotiation, or supplier selection processes. Grade C suppliers will receive enhanced coaching and will be re-evaluated the next year for tracking purposes. The Company may refuse to do business with suppliers rated as Grade C for 3 consecutive years. Furthermore, if a supplier is found to violate sustainable development policies resulting in considerable negative environmental and social impacts, the Group will refuse to deal with the supplier.



Note: A: Excellent; B: Qualified; C: Engaging and coaching.



## Sustainable Supply Chain Engagement

### Supplier Conferences

We are committed to promoting sustainable corporate development. In addition to our own efforts, we also ask our supplier partners to fulfill corporate social responsibility and join the ranks of sustainable actions. In 2023, we held 3 supplier conferences. A total of 72 major suppliers participated.

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

This year, the theme of the Supplier Conference was "Net-zero emissions and global carbon reduction trends", which gather suppliers and partners to jointly implement carbon reduction actions, seeking solutions to climate change, and continue to deepen sustainable influence.

	<b>Theme</b>	<b>Description of content</b>	<b>Participation</b>	<b>Effectiveness</b>
1st	Embrace carbon reduction trends and build a green energy business	<ul style="list-style-type: none"> <li>Advocated climate change-related responses to prepare for carbon tax payments.</li> <li>Shared internal carbon pricing mechanisms to internalize the external costs of greenhouse gas emissions.</li> <li>Advocated active actions to drive carbon reduction effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 20 suppliers.</li> <li>Publicly commended suppliers and awarded certificates of appreciation for special contributions to energy conservation, carbon reduction, and green energy efforts.</li> </ul>	Implemented green energy and energy-saving measures. And 62 suppliers joined Yuanta's Earth Hour initiative in turning off lights for 1 hour.
2nd	Included procurement decisions in sustainability indicators and improved supplier awareness of information security	<ul style="list-style-type: none"> <li>Shared information on assessing financial information system supplier and cross-institutional information service-related risks, and audited management mechanism-related issues.</li> <li>Shared practical adaptive strategies on "information service supplier-related security control."</li> <li>Conducted interactive group exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 20 suppliers.</li> <li>Publicly commended and awarded 5 suppliers that achieved A-grade rankings.</li> </ul>	5 suppliers participated in the "Tamsui River Convention" environmental advocacy campaign.
3rd	Advocated voluntary carbon footprint verification and established a sustainable financial ecosystem	<ul style="list-style-type: none"> <li>Planned the "Autonomous Carbon Footprint Inventory Workshop" to gradually achieve the goal of net-zero emissions through carbon footprint inventory, carbon verification, and carbon reduction.</li> <li>Used the Ministry of Environment's "Mandatory Greenhouse Gas Reporting System" to provide practical training on carbon footprint verification and to assist suppliers in establishing corporate carbon emission databases, strengthening net-zero emission-related foundations.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 32 suppliers.</li> <li>Publicly commended suppliers and awarded certificates of appreciation for special contributions to low-carbon transition and sustainable development.</li> </ul>	Invited outstanding suppliers to share their practices in low-carbon economies and sustainable transformation

## Sustainable Supply Chain Engagement

### Supplier Education and Training

Starting in 2019, each supplier conference also provided educational training on diverse topics to strengthen suppliers' cognition and practices on sustainability issues. The first of Yuanta's education and training in 2023 was domestic and international net-zero emissions, followed by supply chain information security control drills and the Autonomous Carbon Footprint Verification Workshop. The goals were to help Yuanta suppliers establish corporate carbon emission databases to strengthen their foundations to achieve net-zero emissions. Furthermore, through the post-meeting questionnaires, we were able to further understand whether suppliers had fully absorbed the training contents and use the feedback as a reference for the future direction of the education and training topics.





## Green Procurement

The suppliers can be separated into eight categories: information (software and hardware), building construction and renovation, office equipment, consulting (labor), stationery and printing, media and advertising, gifts, and miscellaneous. The bulk of procurement spending is for products in the information category. To lessen environmental impact and promote green procurement to drive a green production chain, the Group has formulated "Green Procurement Terms and Conditions" in accordance with the procurement regulations, giving priority to products with eco-friendly, energy-saving, Energy Star, water-conservation, green-building materials, FSC sustainable forestry, and carbon-reduction labels. Through green procurement and supplier management, we exert a green influence and give priority to local suppliers in our purchases, with 97.00% of purchases made from local suppliers in Taiwan in 2023. We support local companies that provide low-carbon and sustainable goods or services, while reducing procurement risks.

### ■ Promoting Sustainable Procurement Internally

This year, 4 quarterly procurement meetings were held to share the key points of improvement for procurement-related audits of the Group and promote the integration of ESG and supplier management practices. Procurement personnel training is also organized during the quarterly procurement meetings in order to advocate sustainable procurement. A total of 84 persons were trained with the cumulative number of training hours reaching 126 and 100% training completion rate. Various sustainable procurement tasks have been implemented, including amending the procurement operating guidelines, adopting and advocating consistent and green procurement reporting boundaries by the Group, initiating sustainable procurement consultancy, optimizing the Group's supplier database, and organizing supplier engagements. Through these actions, we continue to carry out supplier management and review procedures, strengthen management effectiveness, and integrate the ESG aspects with supplier management in practice.

Moreover, we held 8 "Procurement Seminars" for the Procurement Department this year, which not only enhanced the ability for joint negotiation, but also strengthened the awareness of green purchasing and promoted related auditing and improvement issues to put into practice the Group's green purchasing spirit.

### ■ Green Procurement Performance

The amount of green procurement in 2023 is NT\$273,170,000, accounting for 4.76% of the total procurement amount. For the sake of the large purchase of green electricity and the replacement of information hardware equipment for green label products this year, the green procurement amount increased by 28.66% compared with 2022. In addition, the Company continued to participate in the "Green Procurement Program for Private Enterprises and Organizations" promoted by the Taipei City Government, and actively responded to green procurement activities. The Company has been awarded by the Taipei City Government in recognition of its "outstanding performance in green procurement" for 13 consecutive years (2011-2023) and has been awarded by Taiwan's Ministry of Environment of the Executive Yuan in recognition of its outstanding performance in implementing green procurement for 12 consecutive years (2012-2023).

### ■ Group Green Procurement Amount





## 4.3 Environmental Sustainability Activities and Initiatives

### Carbon Reduction Activities

#### Turning Off Lights for Earth Hour

In response to the World Wide Fund for Nature (WWF)'s "Earth Hour" worldwide event, the Group turns off the lights for 1 hour on the last Saturday of March every year from 8:30 to 9:30 p.m. with the rest of the world. A total of 9 buildings, including the Yuanta Financial Tower, turn off their exterior lights for 1 hour as a practical means to reduce carbon and show love for the Earth. Additionally, there were calls to action for overseas branches such as those in South Korea, Vietnam, and Thailand. To leverage sustainable impact, Yuanta also call on 62 suppliers to join the initiative to face the issue of climate change and global warming, showing everyone that they have the ability and responsibility to change the world.



#### RE10x10(Green Peace)

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



#### Green Office

In response to Taiwan government's promotion of energy saving and carbon reduction in the office and green living, the Company has joined in the "Green Office" project launched by the Ministry of Environment in July 2021, and compiled a list of 100 environmental protection measures, which are divided into 5 major indicators: "energy savings", "reduction from source", "green procurement", "environmental greening" and "promotions and campaigns". The Company has selected 34 of these environmental measures for implementation in its daily operations to mitigate climate change and fulfill its responsibility for environmental protection through actual energy saving and carbon reduction.



#### Public Transportation Card

To encourage their employees to use public transportation and reduce business travel-induced greenhouse gas emissions, Yuanta Securities, Yuanta Bank, and Yuanta Asset Management have introduced their own public transportation cards. These cards can be used by their employees during business travel, decreasing the frequency of driving or taxi-taking and promoting the use of public transportation as the primary means of transportation. In 2023, the Group's public transportation cards were used 1,247 times. In the future, we will continue to urge our employees to develop the habit of using public transportation, collectively contributing to carbon reduction.

#### Yuanta Earth Conservation Walkathon

The Company held online walkathon to encourage employees to walk instead of taking vehicles or elevators. A cloud-based pedometer system was used to record each person's steps. This is conducive to the development of exercise habits and personal health, as well as achieving the environmental benefits of energy saving and carbon reduction.

##### The Walkathon in 2023.

**337** people participated in the events



with a total of

**46,496,373** accumulated steps

which is equivalent to the carbon reduction of

**8,803 kg CO<sub>2</sub>e** Note

Note: Carbon reduction by walking is calculated as 80 cm per pace and as 1.42 kg CO<sub>2</sub>e per 6 km as released by Taiwan's National Health Administration, Ministry of Health and Welfare.



## Biodiversity Habitat Protection

### ■ Tamsui River Convention

The Group is committed to promoting environmental sustainability and our subsidiaries are also passionate about participating in various environmental activities. In 2023, Yuanta Financial Holdings and our subsidiaries continued to support the "Tamsui River Convention" and called on employees to bring their families and friends and participate in the Tamsui River Cleanup, and invited 5 suppliers to join the event. A total of 110 volunteers enthusiastically participated in the event to do their part for the ecological environment of Taiwan. The event collected over 3,635 kg of beach trash. The more efforts we make, the greater the changeover for Tamsui River. Removing garbage that is harmful to the ecology of the Tamsui River allows Yuanta to do something for the Tamsui River.



### ■ Project Blue 1095

For 3 consecutive years, Yuanta Financial Holdings has participated in Project Blue 1095 initiated by the Business Today magazine, collaborating with numerous businesses to clear marine debris to maintain coastal ecosystems and habitats. Also, marine waste was recycled and converted into blue-and-white slippers, extending the life cycle of waste. This year, a total of 814 kg of marine debris was collected.



### ■ Azure Fighters

Yuanta Securities, in partnership with the Azure Alliance, organized 8 harbor cleaning projects at the Bitou Fishing Port in New Taipei City. By observing tides and wind directions, garbage hotspots were identified, and "Azure Fighters," low-carbon, fully electric garbage collection vessels, were used to collect approximately 200 kg of marine debris, equivalent to collecting 8,400 plastic bottles. Through practical actions, Yuanta Securities demonstrated its commitment to protecting Taiwan's marine ecosystems and preserving its marine environments.

### Environmental Education

Yuanta is committed to promoting environmental awareness through environmental education. Every year, during the family days of its subsidiaries, employees and their families pay on-site visits to learn about the impact of habitat diversity on ecosystems, the importance of biodiversity and environmental conservation, and the interdependence between humans and their environments. This year, Yuanta Securities organized an obstacle course event at the zoo to introduce participants to animals and plants, sparking their interest in natural resources and making them support conservation efforts. Yuanta Life held the "Climb the Four Beast Mountains: Healthy and Environmental Friendly Mountaineering" event, where environmentally friendly cups were used exclusively, and single-use or disposable bottled water and drinks were prohibited. Yuanta Funds hosted its twelfth annual employee family day beach cleaning event at the Pinglang Bridge in Keelung. After serving as one-day beach cleaners, the participants visited the National Museum of Marine Science and Technology to see a biodiversity exhibition, deepening their understanding of sustainability-related issues. Additionally, obstacle course activities were introduced to advocate the importance of biodiversity, marine conservation, and daily plastic reduction. Yuanta encourages its employees and their families to pay attention to the value of nature and ecosystems, guides them into thinking about the different ways of environmental conservation, and advocates sustainable and more eco-friendly ecotourism, aiming for future generations to coexist with natural environments.





# A LEADER IN CORPORATE GOVERNANCE

5.1 CORPORATE GOVERNANCE 5.2 INTEGRITY MANAGEMENT

5.3 RISK MANAGEMENT 5.4 LEGAL COMPLIANCE 5.5 INFORMATION SECURITY



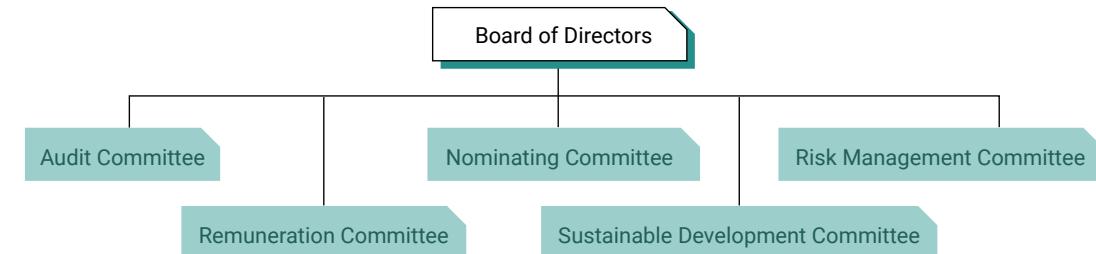
# 5.1 Corporate Governance

## Structure and Operation of the Board of Directors

Following the Company's Director Selection Process, on June 10, 2022, the Company convened the 2022 Annual General Meeting of Shareholders to elect the ninth (9th) term Board of Directors (including independent directors) with the directors to serve a term of three years. All directors are eligible for re-election. The ninth (9th) term Board of Directors is comprised of five directors and four independent directors (no separate executive directors). Eight are males and one is female, with an average tenure of seven years. The number of independent directors accounted for 44% of the Board of Directors.

### Director Attendance

In accordance with the Rules and Procedures of Board Meetings, the Board of Directors convened at least once a month and the annual attendance rate of each director's attendance at the Board of Directors (excluding proxy attendance) was clearly defined in 2019. The attendance rate should reach more than 80% and be included in the director performance evaluation. A total of thirteen Board meetings were held in 2023. The average attendance rate of directors was 98% (attendance rate including proxy attendance was 100%). The attendance rate of individual directors was over 85%.



## Responsibilities and Operation of Committees

Committee Name	Organizational Status	Minimum Number of Meetings per Year	2023 Number of Meetings	Average Attendance Rate
Audit Committee	Composed of 4 independent directors	12	13	100%
Remuneration Committee <sup>Note 1</sup>	Composed of 4 independent directors	2	6	100%
Risk Management Committee <sup>Note 2</sup>	Composed of 1 director and 2 independent directors	4	5	100%
Sustainable Development Committee	Composed of 1 director and 4 independent directors	2	4	100%
Nominating Committee	Composed of 2 directors and 3 independent directors	2	5	100%

Note:

1. The Remuneration Committee consists entirely of independent directors of Yuanta Financial Holdings; it does not hire external remuneration consultants.

2. In order to enhance and strengthen risk management mechanisms, the Board of Directors resolved on March 15, 2023, to transform the Risk Management Committee into a functional committee under the jurisdiction of the Board of Directors. This transformation elevates the committee's status, with directors possessing professional backgrounds in risk management directly participating in monitoring and providing guidance on risk management policies. The committee is composed of two independent directors and one director, with an independent director serving as the convener. This underscores the Company's emphasis on and implementation of risk management. Prior to the transformation in 2023, the Risk Management Committee held one meeting with an average attendance rate of 100%. After the transformation, a total of five meetings were held with an average attendance rate of 100%.



Procedures of Director Election



Operation of the Audit Committee



## Responsibilities and Operation of Function-Based Committees

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

Committee Name	Main Responsibilities	Organizational Status	2023 Number of Meetings	Average Attendance Rate
Financial Trading and Performance Management Committee	Coordinating and supervising the Group's financial trading affairs. Main responsibilities include assisting with drafting trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating quotas and supervising operational performance.	Currently convened by the chief executive officer of Yuanta Financial Holdings with the chairperson of Yuanta Futures as deputy convener. The chairwoman of Yuanta Securities Investment Consulting, the chief executive officer of Yuanta Bank, the chief executive officer of Yuanta Futures, the senior vice president of Yuanta Securities, the chief financial officer and the chief risk officer of Yuanta Financial Holdings are members. These 8 individuals make up this 8-person committee.	11	89%
Product Marketing Channels Committee	Primarily coordinating the product development, cross-selling business of each channel, and shared marketing strategy planning. Aiming to leverage combined resources for overall business synergy.	Convened by the chief executive officer of Yuanta Financial Holdings and composed of members of relevant managers from the Group.	2	77.78%
Product Launch Policy Review Committee	The committee is responsible for coordinating the issuance and sales of financial products across all relevant subsidiaries within the Group. Its responsibilities include the following:  (1) Coordinating the formulation and review of principles for the issuance and sales of financial products within the Group. (2) Supervising the implementation of the principles for the issuance and sales of financial products within the Group by all relevant subsidiaries.	Convened by the chief executive officer of Yuanta Financial Holdings and composed of members of relevant managers from the Group.	4	85.71%



## Corporate Governance Enhancement of Board Directors

In order to implement corporate governance, strengthen the support provided by the Company to directors in exercising their duties, and facilitate the board of directors to perform its due functions, in accordance with the policy plan of the new corporate governance roadmap of the competent authorities, the Company establishes a "Head of Corporate Governance" who is responsible for providing information necessary for directors (including independent directors) to execute their business, assisting directors in complying with laws and regulations, and conducting board of directors' and shareholders' meetings in accordance with the law, in order to protect shareholders' rights and interests and strengthen the functions of the board of directors.

### Business Performance of Head of Corporate Governance in 2023

1. Implementing enterprise risk management mechanisms in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Risk Management Best Practice Principles for TWSE/TPEX Listed Companies, planned to elevate the level of the Risk Management Committee from a non-functional committee to a functional committee, and assisted in the construction of the organizational structure of the committee.
2. Handling all matters pertaining to the 2023 Annual General Meeting of Shareholders.
3. Supervising the revision of important company board of directors' regulations, including amending the Company's articles of association, Audit Committee Charter, Sustainable Development Committee Charter, Method for the Continuing Education of Directors, Corporate Governance Guidelines, Board and Functional Committee Evaluation Procedures, etc., and formulating the Risk Management Committee Charter.
4. Supervising the implementation of the 9th (2022) corporate governance evaluation, ranking in the top 5% among listed companies; ranking 11%-20% in the financial and insurance category.
5. Managing the meeting operations of the Board of Directors and functional committees, and strengthening compliance with legal procedures and matters pertaining to conflicts of interest.
6. Provide directors with the necessary information for performing their duties, reminded them to comply with relevant laws and regulations when and after executing business or board resolutions, and follow-ups on the progress of revision after suggestions or opinions made by directors at board meetings.
7. Assisting in facilitating the signing of the Integrity Pledge and Financial Report Confidentiality Statement by the Board of Directors, and strictly monitoring anti-money laundering and insider trading prevention operations.
8. Assisting in diverse training mechanisms and matters related to director training.
9. Disseminating information on legal changes to directors, assisted them in compliance with laws and regulations, and handled related reporting matters.
10. Undertaking the performance evaluation of the board of directors and functional committees.

### Director Diversity

#### ■ Director Diversity

In addition to professional backgrounds and practical experience, the Group also focuses on diversity and gender equality. The Company has elected one female director in the ninth board of directors and on April 24, 2024, at the 26th meeting of the ninth board of directors, the Company adopted the goal of revising the diversity policy of the board of directors, with the intention of achieving a goal of one-third of the members of the board of directors to be female directors, starting from 2025. Six of eight Yuanta's subsidiaries had female directors or supervisors and we will continue to increase the number of women involved in corporate governance and business decisions, thereby helping inject a more diverse perspective into the Group's development for the sake of sustainable operations.

Company	Number of Female Directors and Supervisors
Yuanta Financial Holdings	1
Yuanta Securities	1
Yuanta Bank	2
Yuanta Life	4
Yuanta Futures	3
Yuanta Venture Capital	2
Yuanta Securities Investment Consulting	3

Data Base Date: December 31, 2023

#### ■ Age Distribution of Directors

The average age was 66.

Age	51-60	61-70	71 or more	Total
Number	2	4	3	9
Distribution	22%	45%	33%	



## Director Professionalism and Independence

### ■ Director Professionalism

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

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

### ■ Director Independence

The "Scope of Duties for Directors of the Board of Yuanta Financial Holdings" clearly lays out the primary duties and responsibilities of directors and the "Scope of Duties for Independent Directors of Yuanta Financial Holdings" lays out the primary duties and responsibilities of the independent directors. Independent directors shall maintain their independence within the scope of their business operations and shall not have any direct or indirect interest in the Company and shall comply with the relevant provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." In addition, the Company evaluates the external independence of directors in accordance with the expectations of the S&P Global Corporate Sustainability Assessment (CSA) on the qualification elements of director independence.

The members of  
the Company's board  
of directors



Name	Title	External Independence <sup>Note 1</sup>	Nationality	Gender	Industry Experience <sup>Note 2</sup>
Tony Ting Chien Shen	Chairperson	Director is independent	Republic of China	M	Financials
Chien Weng	Director/Chief executive officer	Executive director	Republic of China	M	Financials
					Financials
Wei Chen Ma	Director	Director is independent	Republic of China	M	Information technology Real estate
Chung Yuan Chen	Director	Director is independent	Republic of China	M	Real estate
Daniel Y.M. Song	Director	Director is independent	Republic of China	M	Consumer Discretionary
Ming Ling Hsueh	Independent director	Director is independent	Republic of China	M	Consumer Discretionary
Kuang Si Shiu	Independent director	Director is independent	Republic of China	M	Financials
Hsing Yi Chow	Independent director	Director is independent	Republic of China	M	Consumer Discretionary
Sharon S. Yang	Independent director	Director is independent	Republic of China	F	Financials Consumer Discretionary

Note:

1. The following criteria were used to evaluate the external independence of directors. Directors must be nonexecutive directors that are independent by meeting at least 4 of the 9 criteria (of which at least 2 of the 3 first criteria) listed below:

- The director must not have been employed by the Company in an executive capacity within the past five years.
- The director must not accept or have a family member who accepts any payments from the Company or any subsidiary of the Company in excess of \$60,000 during the past three years, other than those permitted by SEC Rule 4200 definitions.
- The director must not have been employed or have a family member who is employed by the Company or by any subsidiary of the Company as an executive officer during the past three years.
- The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the Company or a member of the company's senior management while serving as a director.
- The director must not be affiliated with a significant customer or supplier of the Company while serving as a director.
- The director must have no personal services contract(s) with the Company or with a member of the Company's senior management while serving as a director.
- The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company while serving as a director.
- The director must not have been an auditor or accountant of the Company during the past three years.
- The director must not have any conflict of interest with the board itself while serving as a director.

2. It refers to the industry work experience of non-director positions; the industry is classified according to GICS Level 1.



## Board of Directors' Performance Evaluation

### Board of Directors' Performance Evaluation Mechanism

In order to improve the performance of its board of directors, Yuanta Financial Holdings has established the "Board and Functional Committees Evaluation Procedures." The performance evaluation of the board of directors and functional committees shall be conducted annually, with each director completing the evaluation questionnaire by himself/herself or his/her peers. Based on the results, the board also considers adjusting its member composition. To strengthen the sustainability oversight function of the board of directors and demonstrate the Company's high regard for sustainable development, the board of directors' performance evaluation added a dimension in 2023 to measure "participation in Environmental, Social, and Governance (ESG) initiatives," along with several new question sets.

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. In 2021, the Company commissioned the "Taiwan Corporate Governance Association" to conduct an evaluation of the effectiveness of the board of directors for the period from September 1, 2020 to August 31, 2021. The evaluation covers eight major dimensions and ten indicators, and assesses the effectiveness of the board of directors through questionnaire responses and on-site interviews.

The organization and the experts conducting the evaluation have no business dealings with the Company and are independent and have presented their evaluation report on October 8, 2021. Currently, the plan is to commission the Taiwan Corporate Governance Association to conduct an external assessment by the end of 2024.

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



Performance Evaluation	BOD's Performance Evaluation	Board Member (self or peer) Performance Evaluation	Third-Party Institution
Assessment Items	<ul style="list-style-type: none"> <li>• Level of participation in Company operations</li> <li>• Decision-making quality of the board</li> <li>• Composition &amp; structure of the board</li> <li>• Director selection and continuing education</li> <li>• Internal controls</li> <li>• Participation in ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Mastery of the Company's goals and tasks</li> <li>• Awareness of director's responsibilities</li> <li>• Level of participation in Company operations</li> <li>• Internal relationship management and communication</li> <li>• Director professionalism and continuing education</li> <li>• Internal controls</li> </ul>	<ul style="list-style-type: none"> <li>• Board composition</li> <li>• Board guidance</li> <li>• Board authorization</li> <li>• Board supervision</li> <li>• Board communication</li> <li>• Internal control and risk management</li> <li>• Board self-regulation</li> <li>• Other aspects</li> </ul>

## Remuneration Policy

Regarding the details for the highest governance unit and senior management, please refer to the Corporate Governance Report section on remuneration paid to directors, chief executive officer, vice presidents, consultants, etc. and distribution of employee remuneration in the most recent year in the Company's 2023 Annual Report.

### Remuneration policy for directors (including independent directors)

The director's remuneration includes director's fees, fixed monthly compensation, as well as transportation and attendance allowances for meetings, among other items. The allocation of director's fees is subject to the Company's Articles of Incorporation, taking into account the overall performance of the current year, the usual industry standards, and the reasonableness of the connection to future risks, which is determined by the remuneration committee and the Board of Directors, and reported to the shareholders meeting. The fixed monthly compensation for independent directors is determined by the Board of Directors subject to the Company's Articles of Incorporation, with reference to the usual industry standards. The salary of the chairperson of the board is not to exceed 1.5 times that of the chief executive officer. The retirement benefits of the chairperson of the board are determined by the board of directors, based on their involvement in the company operations, their contribution value, and the usual industry standards.



## Remuneration Policy for Executive Managers

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

The Company has established a "Bonus Plan", which provides for a group performance bonus each year based on the operating performance and earnings achieved by the Company. The remuneration committee and the board of directors shall consider the reasonableness of the relationship between individual performance, the Company's operating performance and future risks, and shall determine the performance bonuses with reference to industry standards.

In order to ensure and deal with future risk-adjusted profits, the Company has put in place a method for awarding bonuses to executive managers. Bonuses for the chief executive officer and executive managers are awarded based on the Company's operating performance and consideration of the deferred issuance of future risk factors. The variable bonus of fifteen percent (15%) is deferred for risk consideration, and is stored in a savings-type stock ownership trust for a period of 3.5 years. The performance measurement period for the variable bonus is up to five years, linking personal rewards, corporate profits, and shareholder benefits.

The Company has designated an executive managers' shareholding guideline<sup>Note 1</sup> to encourage executive managers holding Company's stock, so that their executive duties can be connected with the Company's long-term performance and their interests and actions are consistent

with the interests of Company shareholders, so as to strengthen the Company's corporate governance. The chief executive officer's total shareholding value at the end of each year shall not be less than five times the total annual fixed salary converted from the current year since the next calendar year after holding the position for three years. The total value of shares held by executive managers other than the chief executive officer at the end of each year shall not be less than three times the total annual fixed salary converted from the current year since the next calendar year after holding the appointed position for three years.

The ratio of the annual total remuneration of the highest-paid individual employee to the median of the annual total remuneration of other employees (excluding the highest-paid individual employee) is 43.09 to 86.17 <sup>Note 2</sup>. There is no difference in the ratio between the percentage increase in the annual total remuneration of the highest-paid individual employee and the median of the percentage increase in the annual total remuneration of other employees (excluding the highest-paid individual employee) for two consecutive years <sup>Note 3</sup>.

Note:

1. Executive managers' shareholding guideline is applicable to the chief executive officer, functional executives, and executives above the vice president level. The average total shareholding value of executive managers other than the chief executive officer in 2023 was five times the total annual fixed salary.
2. The annual total remuneration of the highest-paid individual employee (President) in the Company falls within the remuneration range (NT\$50 million to NT\$100 million) disclosed in the shareholder meeting annual report, compared to the median salary of non-managerial full-time employees.
3. There is no difference in the remuneration range (NT\$50 million to NT\$100 million) for the annual total remuneration of the highest-paid individual employee (chief executive officer) disclosed in the shareholder meeting annual report for two consecutive years.



## Salary Recovery Policy

Regarding the distribution of bonuses to the chief executive officer and other senior management personnel: in the event of significant risks that result in company losses, the distribution percentage may be adjusted or the reward distribution may be recovered, subject to approval by the board of directors.

## Remuneration Measure Matrix

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

Category	Ratio	Description
Operational Objectives	70%	<ul style="list-style-type: none"> <li>Financial indicators: Revenue achievement rate, return on equity (ROE), operating expense ratio, performance achievement rate, capital adequacy ratio, capital utilization efficiency, common stock equity ratio, the income structure of life insurance, and new business value (NBV).</li> <li>Competitiveness indicators: Market share, ROE, return on assets (ROA), double leverage ratio, debt-to-equity ratio, and asset-liability ratio.</li> </ul>
		<ul style="list-style-type: none"> <li>Annual business indicators: business scale and profit ratio, asset scale, system platform construction, Group resource efficiency, operational efficiency, etc.</li> <li>Risk management indicators: Loan-to-deposit ratio, loan coverage ratio, and stress testing.</li> <li>Performance management indicators for reinvested businesses.</li> </ul>
		<ul style="list-style-type: none"> <li>2021-2025 Sustainable Development Strategy Roadmap for the Group: Based on five major dimensions, specific indicators and targets have been established, including 15 items and 52 KPIs.</li> <li>Annual ESG key projects: Proportion of green energy and green procurement, internal carbon pricing management and carbon reduction performance, domestic and international ESG ratings, ESG risk management mechanisms, Corporate Governance 3.0, number of sustainable finance projects, etc.</li> <li>Medium- to long-term (3-5 years) development goals: Business and revenue structure transformation, financial product development strategy, overseas development strategy and synergy, progress in blue ocean strategy, employee sustainable engagement, etc.</li> </ul>
Group Objectives	30%	<ul style="list-style-type: none"> <li>Succession planning team and talent cultivation indicators.</li> <li>Compliance with laws and regulations and internal control system management indicators.</li> <li>Group operation support indicators.</li> </ul>



## ESG Performance and Reward System

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

### Performance of Material Topic Linked to the Reward System of Senior Managers

Material Topics	Title	Key Performance Index	Percentage
Information and Transaction Security	Chief Information Officer (CIO)	<ul style="list-style-type: none"> <li>Assist each subsidiary in information equipment system maintenance and information security project management.</li> <li>Strengthen the Group's continuous operation system and information security event monitoring mechanism and verification.</li> </ul>	85%
	Chief Information Security Officer (CISO)	<ul style="list-style-type: none"> <li>Strengthen information security monitoring and the stability of major system changes.</li> <li>Third-party information security assessment and testing management.</li> <li>Tracking management and information security verification of additions and revisions of relevant information security regulations.</li> </ul>	
Sustainable Finance	Chief Strategy Officer (CSO)	<ul style="list-style-type: none"> <li>Assist in promoting the Group's green financial products.</li> </ul>	20%
	Chief Risk Officer (CRO)	<ul style="list-style-type: none"> <li>Strengthen the major risk early warning and risk response mechanism, optimize the value of dual-dimensional risk management of financial investment and financial services.</li> </ul>	10%
	Chief Corporate Banking Officer (CCBO)	<ul style="list-style-type: none"> <li>Promote the Group's sustainable financial product development strategy, and introduce the "Sustainable Finance Guidelines" assessment case growth of more than 30%.</li> <li>Taking social and environmental risks into transaction considerations, the Group completed "social and environmental risk assessment" cases and increased by more than 30%.</li> </ul>	15%
Talent Cultivation and Development	Chief Human Resources Officer (CHRO)	<ul style="list-style-type: none"> <li>Participate in the "Coalition of Movers and Shakers for Sustainable Finance-Empowerment and Licensing Group", responsible for promoting the integration of ESG training maps and course resources for senior managers in Taiwan's financial industry.</li> </ul>	5%
	Chief Executive Officers (CEOs) of Subsidiaries	<ul style="list-style-type: none"> <li>Assist in promoting sustainable finance, adhering to principles such as the Equator Principles.</li> <li>Develop ESG products and services, such as ESG-related underwriting cases and issuance of perpetual bonds, ESG funds, etc.</li> <li>Pilot internal carbon pricing management system and achieve carbon reduction goals.</li> </ul>	5%~10%
Talent Cultivation and Development	Chief Human Resources Officer (CHRO)	<ul style="list-style-type: none"> <li>Establish a complete talent cultivation, leadership development, and succession system, and regularly report to the board of directors on the talent cultivation system, annual education and training projects, and important management succession projects.</li> <li>Promoting sustainable talent action plans: future financial talent industry-academia cooperation project, core talent cultivation and transformation project, sustainable financial talent project, employee sustainability engagement survey and action plan, EAPs employee assistance project, human rights due diligence and action plan.</li> <li>Implement internal control inspections related to human resources risks and legal compliance assessments.</li> </ul>	75%

### Family Member Shareholding

On December 31, 2023, the total percentage of shares held by the Company's founding family members (Ma family) was 20.49% in accordance with "Administrative Measures for the Total Number of Voting Shares Issued by the Same Financial Holding Company Held by the Same Person or the Same Related Party Exceeding a Certain Ratio." For details, please refer to the "Inquiry Information on the Report Form of Changes in the Shareholding of Major Shareholders of Banks (Financial Holding Companies)" in the Market Observation Post System (stock code 2885).

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





## 5.2 Integrity Management

### Mechanism for Integrity Management

#### Integrity Management Organization and Policy

In order to establish a corporate culture of integrity management and to strengthen the integrity management by the Board of Directors, the Sustainable Development Committee has been set up under the board of directors as a special unit to help integrate integrity management into the Company's business strategy, formulate measures to ensure integrity management in accordance with laws and regulations, and oversee the implementation of integrity management and evaluate its effectiveness, etc. The Integrity Management Office which is responsible for the promotion and coordination of daily related affairs has been set up under the committee and is composed of department heads from the Company's Secretariat Office, Corporate Planning Department, Administration Department, Human Resources Department, Compliance Affairs Department and Legal Affairs Department. The Integrity Management Office reports regularly to the Sustainable Development Committee on its work plans and implementation results. On the other hand, the committee shall regularly report on its management matters to the board of directors, in order to facilitate the board's supervision of the Company's implementation of integrity management practices.

#### Daily operational tasks of the Integrity Management Office

1. Hold regular meetings.
2. Draft the office's annual work plan for the following year.
3. Compile the company annual performance report on integrity management.
4. Compile the office's achievements and results for the first and second halves of the year.
5. Conduct potential risk assessments related to unethical conduct.
6. Compile the implementation status of the whistleblowing system.
7. Compile the implementation status of integrity management education and promotion.
8. Periodically update disclosure of information related to integrity management.
9. Periodically revise regulations related to integrity management.
10. Respond to and prepare data for domestic and international assessments and evaluations related to integrity management.

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

To facilitate our directors, supervisors and senior management in understanding and practicing the philosophy of integrity management, when directors or supervisors are up for re-election or are newly appointed and there are new senior management members, they must all complete the signing of an "Declaration of Integrity" form and preserve in a safe place from 2019 onwards. The main content of the statement includes not engaging in unethical conduct, not offering or accepting improper benefits, not making illegal political contributions or improper charitable donations or sponsorships, abiding by the principle of interest avoidance, fulfilling confidentiality obligations and not infringing on intellectual property rights, abiding by confidentiality agreements and not engaging in insider trading, fulfilling disclosure obligations and not accepting improper benefits, and avoiding transactions with unethical business operators. In 2023, 100% of the Company's directors and senior management have signed the "Declaration of Integrity", and there is no violation of integrity management related matters.

Furthermore, to effectively implement integrity management-related regulations, the Company has established a clear reward-penalty mechanism. This integrates integrity management with employee performance evaluations and human resources policies, ensuring that all departments and employees genuinely adhere to the integrity management system.



## Whistleblowing System

### Whistleblowing System and Policy

In accordance with Taiwan's "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Company has established the "Whistleblowing System and Implementation Measures". The Legal Compliance Department is designated as the receiving unit, and the Internal Auditing Department serves as the investigating unit, ensuring the independence of their respective roles. The Company's whistleblowing system operates on a dual-track basis, allowing for both named and anonymous reports. We encourage anyone who suspects criminal activities, fraud, or violations of laws to come forward with a report. If the officer handling the prosecution case discovers that the subject matter of the prosecution is of interest to him/her, he/she is to recuse himself/herself. In addition, the officer handling the prosecution case is to make a written statement to keep the identity of the informant and the contents of the prosecution confidential, and also shall not dismiss, terminate, demote, reduce the salary, impair the rights and interests of the whistleblower under the law, contract, or custom, or impose other improper benefits on the whistleblower because of the reported case.

### Reporting Channels

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

**Whistleblowing Reports Unit, Yuanta Financial Holding Co., Ltd.**

+886 2 2173-6834

No. 66, Section 1, Dunhua South Road, Songshan District, Taipei City 10557

Whistleblowing Reports Unit,  
Yuanta Financial Holding Co., Ltd.



### Incentive Measures and Whistleblowing System Promotion

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

Our Company regularly conducts training and promotion of the whistleblowing system as stipulated in the "Whistleblowing System and Implementation Measures" for our employees every year.

This year, a total of **17,029** participants consisting of managers and employees attended the courses

cumulating to **21,066** hours of awareness courses

Please refer to the "Whistleblowing System Implementation and Measures" for more details about the whistleblowing system.

### Investigation Procedures

All incidents reported through the reporting channel will be properly recorded and carefully tracked by the Company. If the person being reported is a director of the board (including independent directors) or a manager whose responsibilities are equivalent to those of a vice president or above, the case shall not be reported to the chairperson of the board of directors, but submit reports to the Audit Committee first for review and then present them to the board of directors for separate resolutions or report to the board of directors. If the case is substantiated, the following procedures shall be followed in accordance with the "Whistleblowing System and Implementation Measures":

Immediately require the subject of the whistleblowing report to cease the improper behavior and prepare any necessary preventive or emergency response measures.



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 improvements have been completed.



In cases where major violations have occurred or where 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.



In order to protect its reputation and interests, when necessary, the Company shall take legal steps to seek compensation for damages incurred.



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

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

Year	Number of Cases Handled	Report Type
2021	2	External public reporting
2022	3	External public reporting
2023	3 <sup>Note</sup>	External public reporting

Note: As of the end of 2023, the Company received three cases. One case entered judicial proceedings during the investigation period; so, the Company did not continue to handle it. The results of the investigation of the remaining two cases revealed no criminal behavior, fraud, or violations of laws and regulations. However, areas requiring further improvement were identified during the investigation, and appropriate corrective actions have been implemented or disciplinary measures have been taken in accordance with company regulations.



## Integrity Management and Response

### Implementation of Integrity Management

According to the Company's Integrity Management Guidelines, regular education and training sessions and advocacy activities must be conducted to help directors, managers, and employees develop integrity. In 2023, two seminars on integrity management-related corporate governance were organized for the Group's directors and supervisors. The seminars covered the following topics and training hours: "Anti-Money Laundering and Countering Financing of Terrorism and Directors' Legal Obligations and Responsibilities Promotion" - 50 directors and supervisors participated, totaling 150 hours. "Financial Consumer Protection Act and Fair Treatment of Customers" - 59 directors and supervisors participated, totaling 177 hours.

In order to equip managers and all employees with proper knowledge and judgment on relevant laws and regulations and ethical practices, each year the Group conducts regular training courses on "Integrity Management and Legal Compliance Advocacy". The training courses are as follows: Information Protection of Customers and Financial Consumers, Stakeholders Transactions, Regulations of Insider Trading, Merger and Acquisition Information Disclosures, Integrity of Financial Practitioners, Integrity and Legal Responsibilities, Compliance Resources and Reporting Mechanism, etc. All aforementioned personnel must attend the course and pass the test. In 2023, a total of 11,550 participants took the course and passed the test, with a total of 10,870 training hours.

### 2023 Integrity Management Education and Training Statistics

Average number of training hours per person <sup>Note</sup> **0.95 hr.**

Training completion rate **100%**

Note: Average number of training hours per person = total hours of training / total number of employees at the end of the year

### Evaluation Mechanism

The "Integrity Management Guidelines" and "Conduct Guidelines" explicitly lay out prohibited behavior or interest marked by lack of integrity. In addition to the prevention program and the related regulations established by the Company, such as the Professional Code of Ethics, Rules and Procedures of Board Meetings, Audit Committee Charter, and External Donation Guidelines closely linked to the Company's other relevant internal controls, to facilitate the following of internal control and operation procedures by the various departments, the auditing unit also includes integrity management-related regulations in the annual general business audit to ensure the implementation of the Company's integrity management policy.

### Unethical Potential Risks Assessment

The Company has established a mechanism for assessing the potential risks of unethical conduct. We regularly analyze and evaluate business activities within the Company's scope of operations that pose a higher risk of unethical conduct. Self-assessment units review the appropriateness and effectiveness of prevention measures. If an employee of the Company is involved in unethical conduct or violates the integrity of the Company in serious circumstances, he or she will be dealt with in accordance with relevant laws and regulations or the Company's personnel policy. In 2023, the Company reported no incidents pertaining to violations of integrity management, such as corruption, bribery, discrimination, harassment, conflicts of interest, money laundering, and insider trading.



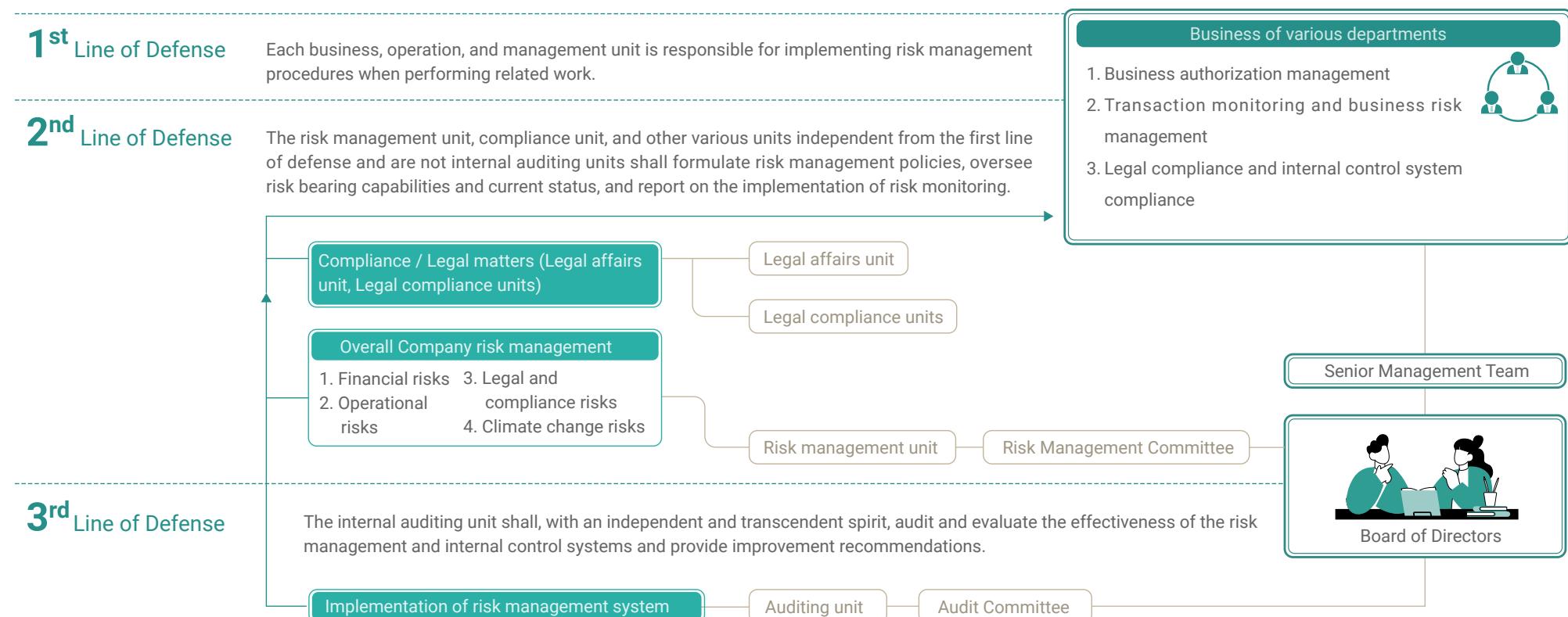
## 5.3 Risk Management

### Risk Management Policy and System

#### Risk Governance Structure

The global financial environment is becoming more complex and the risks involved in the financial industry are becoming more diversified and intensified. The Company strives to strengthen the Group's corporate governance and risk management process, including risk identification, measurement, monitoring, reporting, and response. Through cross-departmental integration, the risk management mechanism is not only deeply embedded in the policy-making and supervision, it is also integrated into the daily operations of the organization, establishing a comprehensive "three lines of defense for risk management" to effectively identify and measure the level of risks and monitor and manage them, so as to reduce the frequency and impact of risks.

In 2023, the Company restructured the Risk Management Committee into a functional committee under the auspices of the Board of Directors. Its members consist of two independent directors and one director, with an independent director serving as the convener and chairperson of the meetings.





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

The chief risk officer meets with the heads of risk management of our subsidiaries at least once a month to discuss various risk management issues, potential risks of new business, the impact of changes in laws and regulations of the competent authorities and the risk management issues of the business of the subsidiaries' transfer of investment, etc., so that the Company can stay abreast of the business risk orientation of the subsidiaries and the risk profile of various risks and supervise the implementation of risk management of the subsidiaries. In this regard, the Company also regularly monitors changes in major risk exposures, including daily review and monitoring of market risk and market liquidity risk; monthly review and monitoring of credit risk, large exposure, asset-liability matching risk and investment and financing-related climate change risk; quarterly review and monitoring of operational risk, legal and compliance risk, indicators for climate change risk related to our own operations.

### Risk Management Policy

In order to establish risk management standards and ensure the integrity, effectiveness, and reasonableness of its risk management, the Company has stipulated a specific Risk Management Policy to serve as the highest guiding principle for its risk management efforts. Also, in line with the adjustment of the Risk Management Committee to a functional committee in 2023, the scope of responsibilities outlined in the Risk Management Policy related to the Risk Management Committee was amended. Systems for managing the various risks are to be based on this policy to categorize the risk category and its potential impact on operational stability and capital security in establishing an appropriate risk management system. The Company has also incorporated sustainability risk management into its risk management policy. In addition to financial risks, it includes operational risks, legal and compliance risks, and climate change risks, which the relevant departments are responsible for establishing various risk management procedures, monitoring indicators and thresholds to strengthen the Company's ESG risk management mechanism.

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

### Risk Appetite and Limits

Risk appetite is defined as the level and type of risk that the Company is willing to take in achieving our strategic goals and business plans. On this basis, the Company establishes risk management and quantification procedures, and sets qualitative statements and quantitative limits.

The Company annually sets risk appetite and various limits based on annual operational objectives, considering factors such as statutory capital adequacy ratios for the Company and its subsidiaries, financial budgets, business plans, past utilization rates, funding sources, and financial instruments. These are then submitted to the Risk Management Committee and the Board of Directors for discussion.

Additionally, the Company allocates various limits reasonably among its subsidiaries based on their business portfolios, scale, and capital size to ensure that they can manage various risks. The Risk Management Department incorporates monitoring results into the risk management execution report on a monthly basis, submitting reports to the Risk Management Committee and the Board of Directors quarterly and monthly, respectively.

Risk Category/Type	Description of Risk Appetite and Limits	Mitigating actions/Monitoring mechanism
Capital Adequacy Limits	The capital adequacy ratio should be higher than 110%.	<ul style="list-style-type: none"> <li>• Regularly monitor the Company's capital to ensure its ability to sustain stable operations across various business activities, even after accounting for potential maximum losses.</li> <li>• Monitor the usage status of capital adequacy limits on a monthly basis, and assess the capital adequacy ratio from time to time in response to changes in financial markets, new business ventures, regulatory oversight changes, etc. The assessment results are then reported to the Risk Management Committee and the Board of Directors.</li> </ul>
Credit Risk	Significant credit risk events involving credit extension, investments, or financial transactions exceeding NT\$300 million in exposure	<ul style="list-style-type: none"> <li>• Regularly monitor the industrial prospects, national political and economic development, individual credit data, and financial statuses of risk exposure subjects to understand the impact of industries, political and economic changes, and credit risks on them.</li> <li>• When the credit risk of a risk exposure subject increases, take measures such as liquidating investment positions, requesting additional collateral, or early repayment to strengthen credit, thereby reducing the potential losses that may be incurred by the Company or its subsidiaries.</li> <li>• In the event of a significant credit risk event where the exposure exceeds NT\$300 million, immediately notify the holding company and report to the Board of Directors.</li> </ul>



## Risk Management Identification and Response Plan

### Risk Management Scope

The risk management scope of the Company covers the following chart. Subsidiaries shall establish a risk management system in accordance with the Company's Risk Management Policy and the regulations of the local competent authorities, in line with their business portfolio, business scale, and capital size. Each subsidiary has established an appropriate risk management policy based on the aforementioned elements. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bears. The Company and its subsidiaries also take various risk factors into consideration when designing products to ensure compliance with the Company's risk management system.

Financial risks	Operational risks	Legal and compliance risks	Climate change risks
<ul style="list-style-type: none"><li>Market risks</li><li>Credit risks</li><li>Market liquidity risks</li><li>Funding liquidity risks</li><li>Asset liability matching risks</li><li>Exposure risks</li><li>Insurance risks</li><li>Operational risks</li></ul>	<ul style="list-style-type: none"><li>Information security risks</li><li>Human resource risks</li><li>Emerging risks</li><li>Integrity management risks</li><li>Reputation risks</li><li>Strategic risks</li></ul>	<ul style="list-style-type: none"><li>Regulatory compliance risks</li><li>Legal risks</li><li>Money-laundering and terrorism-financing risks</li></ul>	<ul style="list-style-type: none"><li>Investment and financing climate change risks</li><li>Operational climate change risks</li></ul>

### Risk Identification Results

The Company evaluates the internal and external risks that finance-related businesses may encounter annually and presents the report and a response plan to the board of directors. After considering the internal and external operational risk factors faced this year (such as macroeconomic fluctuations, changes in financial markets, regulatory changes in financial management laws and regulations, and changes in market trading practices), the Company, through internal discussion meetings led by the Risk Management Department, identified more than ten risk factors including inflation, interest rate adjustments, economic slowdown, geopolitical issues, energy and food crises. After weighing the likelihood and impact of each risk factor, two major operational risk issues were identified for this year: "Geopolitical Risks" and "Political and Economic Risks in China and Hong Kong." Details of the causes and response strategies are outlined in the table below:



Risk factor	Likelihood	Magnitude	Description of magnitude	Causes	Mitigating actions
Geopolitical Risks	High	High	Geopolitical risks have a significant impact on global markets (stock prices, interest rates, commodities, and exchange rates), and stress test results indicate that in the worst-case scenario, the Company and its subsidiaries could incur losses equivalent to approximately 5% of the Company's net worth.	<ul style="list-style-type: none"> <li>With the ongoing conflict in Ukraine and escalating tensions between Israel and Hamas, geopolitical uncertainties have led to soaring global energy prices and increased pressure on supply chains, impacting raw material commodity markets. Agricultural and maritime activities are also affected by the conflicts, potentially exacerbating inflation concerns in Europe and the United States. According to the IMF and Wall Street analysts, an escalation of the Israel-Hamas conflict to a broader Middle East war, combined with tensions between Russia and Ukraine, could lead to a future that is "considerably frightening and unpredictable."</li> <li>The Israel-Hamas conflict, Russo-Ukrainian War, and deteriorating relations between the United States and China, as well as the nuclear and missile threats from North Korea, all have the potential to destabilize the international political and economic situation. Since 2023, the Geopolitical Risk Index has been at its second-highest level in nearly a decade, second only to the outbreak of the Russia-Ukraine conflict. The humanitarian crisis resulting from the war, post-war recovery efforts, and the inflationary pressures caused by soaring energy and food prices will all impose significant burdens on the economy.</li> </ul>	In addition to establishing national and industry risk limits, the Company and its subsidiaries regularly monitor geopolitical changes. This includes conducting periodic monitoring of various aspects such as sovereign bond CDS spreads, rating changes, and market information in order to timely assess the impact of geopolitical factors on countries or industries.
Political and Economic Risks in China and Hong Kong	High	High	The exposure to risks in China and Hong Kong in the Company and its subsidiaries accounts for approximately 0.6% of the total exposure amount, which is relatively small compared to risks in other countries. However, considering the potential spill-over effects of political and economic risks in China and Hong Kong to other countries in Asia or globally, the impact could be significant.	<ul style="list-style-type: none"> <li>Due to the continued softness in the real estate industry and external demand, the IMF expects China's economic growth to potentially slow to 4.6% in 2024. S&amp;P Global Ratings indicates that under the scenario of fewer new real estate projects, high inventory levels in low-tier cities, and tightened financial regulations, China's property sales next year may decrease by 25% compared to this year, possibly leading to economic growth in China falling below 3% in 2024 and triggering a domino effect on China's financial system and local government finances. As nearly 40% of bank loans in China are related to real estate, systemic risks in the real estate sector could threaten financial security.</li> <li>Data from the State Administration of Foreign Exchange of China shows that with the escalating tensions in semiconductor technology between the United States and China and the slowdown in China's economic growth, China's foreign direct investment (FDI) decreased by US\$11.8 billion in the third quarter of this year, turning negative for the first time, highlighting the significant challenges China faces in attracting foreign investment after Western governments adopt "de-risking" measures against China.</li> </ul>	The exposure to risks in China and Hong Kong in the Company and its subsidiaries has been continuously decreasing. In addition to establishing industry and country classification standards and setting concentration limits, the Company continues to strengthen monitoring and tracking of the political and economic situation, corporate debt, and downward risks in the real estate industry in China, as well as the impact on related industries dependent on China and the effects of the United States-China confrontation. When necessary, we adjust the country or industry ratings or reduce exposure to risks.



## Emerging Risk Management

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

### Emerging Risk Identification Process



#### 1 Risk Identification

Yuanta Financial Holdings will initiate the process of identifying and evaluating emerging risks by referring to the risk research reports published by domestic and international institutions, and each subsidiary will identify and inventory emerging risk patterns that may affect the Company based on factors such as its scale of operation, business attributes, and the likelihood of risk occurrence.

#### 2 Risk Analysis and Assessment

Each subsidiary assesses potential operational impacts based on the emerging risk patterns identified and inventoried.

#### 3 Risk Management

Based on the identification and evaluation results of the subsidiaries, and taking into account the scale of the Group's business and degree of impact, Yuanta Financial Holdings evaluates and discusses the emerging risks of the Group and prepares countermeasures to reduce the impact of emerging risks on the Group's operations.

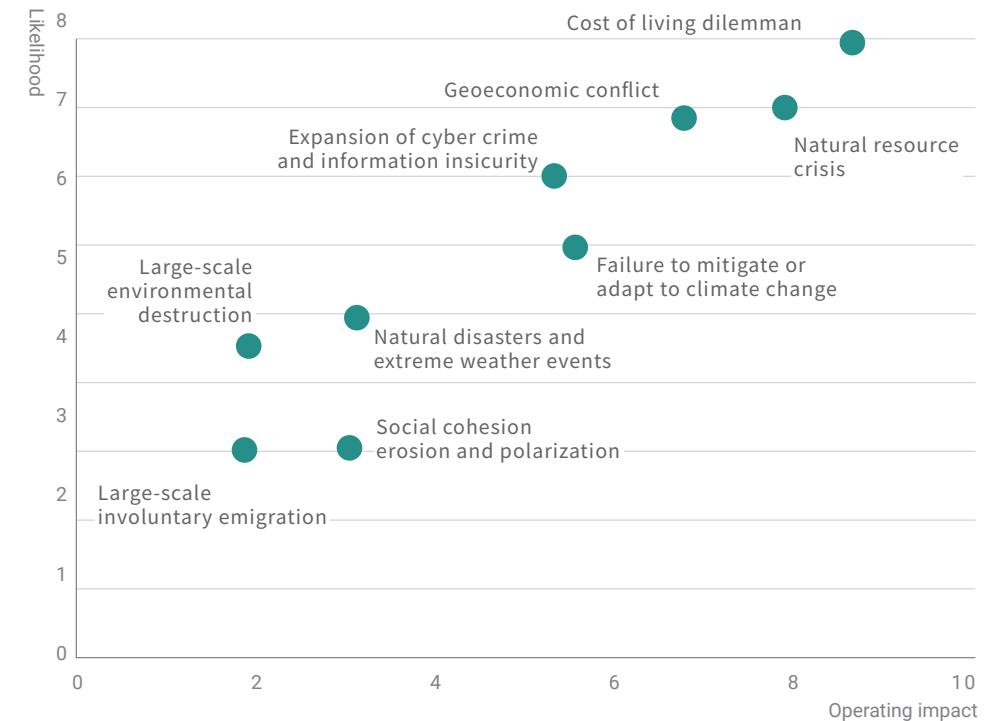
#### 4 Risk Reports

The types of emerging risks identified for the Group, potential operational impacts and countermeasures will be reported to the sustainable development card presented to the board of directors for discussion.

### Ranking of Emerging Risks

The emerging risks within the Group are assessed based on two dimensions: the extent of operational impact and the likelihood of occurrence. Cost of living dilemma and natural resource crisis are relatively significant among other emerging risks. To tackle such risks, the Group thus formulates countermeasures to ensure business operations and foster resilience.

### Emerging Risk Matrix





## Emerging Risk Identification Results and Response Actions

Risk Factors	Risk Description	Operational Impact or Effect	Response
Economic stagnation	<ul style="list-style-type: none"> <li>Recent continuous increases in prices have driven up wages, potentially leading to a spiral of inflation where rising wages fuel further price increases. This could result in increased cost of living for the public.</li> <li>If high inflation persists for an extended period, it may lead to prolonged high interest rates, potentially slowing down investment momentum for businesses and resulting in decreased income and profits. Additionally, central banks may adopt interest rate hikes or tighten monetary policies, increasing operating costs for businesses and raising the risk of default due to debt repayment difficulties.</li> <li>The worsening cost of living may reduce consumer spending and corporate expenditures, potentially limiting the global economic recovery. Multiple uncertainties may also lead to financial market volatility, possibly resulting in economic stagnation and several years of near-zero or slow global growth.</li> </ul>	<ul style="list-style-type: none"> <li>If a spiral of inflation occurs, businesses will face a low-growth, high-pressure economic environment, leading to decreased profitability.</li> <li>In a high-interest-rate environment and with global central banks adopting tight monetary policies, business investment and fundraising intentions may decrease, which is detrimental to the expansion of bank credit business. Additionally, tight monetary policies may lead to tighter lending conditions for banks, resulting in increased refinancing costs for customers and decreased income, as well as an increase in customer defaults, leading to higher loan loss ratios.</li> <li>If risk asset prices experience significant correction, emerging countries suffer major defaults, or abnormal fluctuations in oil or commodity prices take place, they may cause price losses in Yuanta's financial asset trading positions and client wealth management positions, leading to an increase in default rates for clients or investment positions.</li> </ul>	<ul style="list-style-type: none"> <li>We already employ graded management of investment countries and industries and we will strengthen the control of high-risk countries or high-risk industries.</li> <li>Establish risk monitoring indicators and conduct regular monitoring of various risks, such as liquidity, credit spreads, and market volatility.</li> <li>Enhance monitoring and risk assessment of lending, investment, and financial trading counterparties in emerging countries and countries with such risk.</li> <li>We strengthen the monitoring of changes in the price of risky assets, changes in credit ratings or related negative news and disclose them to our wealth management clients in a timely manner in order to provide the best services to our clients and protect their interests.</li> <li>Introduce low-value financial products and promote the concept of regular investment, allowing clients to continue accumulating wealth even when disposable income decreases.</li> </ul>
Geopolitics	<ul style="list-style-type: none"> <li>Severe climate change leads to the destruction of natural capital, significantly threatening biodiversity and impacting the stability of supply chains, which could potentially disrupt the economic growth in recovery.</li> <li>Overexploitation of critical natural resources by humans has resulted in severe shortages globally, causing fluctuations in raw material prices and increasing operating costs for businesses.</li> <li>Extinction of species and the reduced resilience of terrestrial and marine ecosystems will widen the gap between the supply and demand of natural resources, increasing the risk of supply chain disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>The loss of biodiversity will disrupt ecological balance and natural resource dynamics, prompting a global rearrangement of supply chains and initiating a series of supply chain shortening and relocation effects. Failure to seize opportunities and provide the necessary financial services to corporate clients may expose Yuanta to resource shortages, reduced productivity, and other challenges, affecting its future profitability.</li> <li>Biodiversity loss will damage ecosystems, leading to abnormal price fluctuations in commodities and financial markets. This could increase the operating costs of Yuanta's investment and financing targets, impacting their debt-servicing capacity and disrupting their operations.</li> <li>Countries or companies lacking adaptability may face capital outflows, increased credit and liquidity risks, resulting in higher investment losses for Yuanta's financial asset trading positions and wealth management portfolios of clients, as well as increased default rates among risk exposure subjects.</li> </ul>	<ul style="list-style-type: none"> <li>Establish limits on climate risks, national risks, and industry-related risks, and continuously monitor the adverse impacts on countries, industries, and clients caused by extreme weather events and biodiversity risks leading to global supply-demand imbalances and disruptions in the supply chain.</li> <li>Incorporate environment, energy, and climate-related issues into the credit business review and decision-making processes, and direct funds into enterprises that prioritize sustainable development.</li> <li>Actively engage with investee companies to assist them in formulating relevant response strategies, improvement plans, and future goals regarding environmental issues and biodiversity, aiming to reduce the operational impact on the environment and adapt to climate change for sustainable development.</li> <li>Adopt the LEAP methodology of the TNFD framework to identify, assess, and manage the dependence of corporate activities and their investment and financing counterparties on ecosystems, as well as the positive and negative impacts or related risks and opportunities on nature.</li> <li>Actively organize environmental sustainability activities and advocacy campaigns, such as Earth Hour, RE10x10, Green Office Initiatives, the Tamsui River Convention, and Yuanta's Walk for the Earth; and encourage clients to participate in tree planting and afforestation through financial actions, responding to climate change and promoting biodiversity development.</li> </ul>



## Sensitivity Analysis and Stress Testing

The Company conducts stress tests on financial risks (including market risk, market liquidity risk, and credit risk) on a quarterly basis, and evaluates the impact on capital adequacy based on the results of the stress tests; and major subsidiaries also conduct regular stress tests on capital liquidity risks, in order to assess the potential impact of deposit loss or insurance withdrawal on the Company, and propose a response plan when necessary. In terms of non-financial risks, the Company conducts a sensitivity analysis of model risks every quarter, such as derivatives valuation, and uses different models to test the rationality of the fair price calculated by the two models.

## Risk Management & Internal and External Audit

To effectively implement internal control and risk management, the Company has established three lines of defense to effectively disperse, transfer, or reduce risk. Among them, the Internal Auditing Department under the board of directors is responsible for checking compliance with various regulations and execution of internal control systems. The Internal Auditing Department conducts audits over the Company and its subsidiaries' business operations, with an audit scope covering risk management items in order to identify and control potential risks and ensure that all business operations comply with relevant regulations. In terms of external audits, Taiwan's Financial Supervisory Commission, the competent authority, conducts financial inspections of our risk management mechanisms on a nonscheduled basis. The Company continues to cooperate with the inspections, implement related risk management mechanisms, strengthen self-management, and ensure sound operations. Over the past two years, internal and external audits have been conducted at least once each.

## Risk Report Mechanism

The Company has established the "Key Points for Reporting Significant Risks", which defines the standards and procedures for reporting significant risks and requires each subsidiary and its controlled entities to establish their own reporting procedures for such risks to ensure timely reporting and facilitate prompt implementation of corresponding measures.

## Crisis Management

To enable the Company to meet crises quickly, effectively, with sound judgment, and a strong integration of staff and resources to minimize damage and losses and to quickly return to normal operations, it has set the Crisis Management Policy and Procedures Rules to serve as the highest standard for responding to crises. Stakeholders can file complaints through multiple communication channels.

Upon notification, the Company establishes a crisis management team, convened by the chairperson, to analyze and evaluate possible crisis management plans. If necessary, meetings will be held to keep up-to-date with the latest developments and propose improved response plans. If the event is considered a major crisis requiring announcement according to regulations, the information should be disclosed within the prescribed time limit on the Market Observation Post System to faithfully communicate the relevant event to the public while safeguarding the interests of stakeholders.

## Employee Feedback Mechanism

To effectively control the results of risk management, the Company has established an employee risk management reporting mechanism and a feedback channel to actively encourage employees to proactively report any discovered or potential risks. The Company has also established an operational risk reporting mechanism for the reporting of operational risk taking place, and the responsible units should submit feedback recommendations to reduce risk or improve processes.

Furthermore, subsidiaries have conducted an annual self-assessment for operational risk control, known as the Risk Control Self-Assessment (RCSA) mechanism. Every year, the business units conduct self-assessments and provide feedback on various operational processes as part of the RCSA process, and are rewarded upon adoption of their feedback recommendations through the RCSA. In addition to RCSA feedback rewards, incentives are also given to business units that propose specific executable suggestions or identify potential high-risk operations or procedures regarding risk management.

The Company conducts an Employee Sustainable Engagement Survey every two years for employees worldwide. The survey includes the evaluations and related feedback on risk management from all employees. According to the results of the 2023 survey, 92% of employees hold a positive view of the risk culture.

## Education and Training

The Company arranges annual educational training on risk management and internal control for directors of the board and supervisors to enhance their experience and ability to make professional judgment on risk management-related matters. The course topics cover digital technology and artificial intelligence risks, anti-money laundering and counter-terrorism financing risks, as well as other ESG risks. A total of 147 participations by the directors and supervisors of the Company and its subsidiaries took place in this training with a total of 441 training hours.

The Company also arranges annual training for its staff to strengthen the risk awareness and risk management capabilities of all employees and managers, to familiarize them with the Company's internal risk management mechanism, and to implement risk management procedures in their daily business activities. This year, 16,833 participants attended courses, with a total of 16,784 training hours.



Note: Average training hours per person = Total training hours / Total number of employees at the end of the year



## 5.4 Legal Compliance

### Policy and Management Mechanism

#### Compliance Handbook

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

#### Governance Structure

The Company has set up "Standards for Practical Implementation of Legal Compliance," with the Compliance Affairs Department as the main driver behind compliance to be responsible for planning, management, implementation, and evaluation, ensuring that legal compliance systems are operating effectively.

The Company's chief compliance officer serves as the head office chief compliance officer and the head of the Compliance Affairs Department, and is responsible for managing the Company's compliance affairs, reporting regularly to the audit committee and the board of directors, supervising the implementation of regulatory compliance of subsidiaries through hierarchical management as well as the implementation of their investee companies. The overall management organization structure is as follows:

To strengthen legal compliance of overseas branches, Yuanta Financial Holdings Compliance Affairs Department supervises the establishment of legal compliance systems and implements compliance reporting mechanisms (including reporting of changes in important local regulations affecting the overseas reinvestments, major violations of laws and regulations found through internal and external audits, etc.) to assess the legal compliance status of subsidiaries. In addition, the International Operations Division, under the auspices of the chief executive officer, supervises subsidiaries' regular convening of Overseas Unit Management Meetings. Each subsidiary's compliance affairs are reported to the board of directors in accordance with its authority and responsibility, and the report includes the improvement of major deficiencies and major penalty cases.

#### Anti-Money Laundering and Counter-Terrorist Financing/Anti-arms Proliferation Financing

#### Management Policy

In order to achieve the Group's integrated management effectiveness and to enhance the effectiveness of the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) management mechanism and implementation, the methodology and principles of information sharing and consistent risk assessment of money laundering, terrorist financing, and arms proliferation financing at the Group level are clearly defined to enable each subsidiary to effectively identify and assess various risks and to adopt appropriate control measures.

Each subsidiary shall establish relevant internal regulations according to the nature and type of its business and the Board of Directors shall assign a special director to coordinate and supervise the implementation of AML/CFT and report to the Board of Directors once every six months. Any significant violations of the law will be immediately reported to the Board of Directors and the audit committee.



Each subsidiary's AML/CFT regulations include but are not limited to the following:

Designate Dedicated Supervisor	Staff Selection and Appointment	Staff Training Program	Independent Audit Test Validity	
<input checked="" type="checkbox"/> Each subsidiary allocates appropriate anti-money laundering and anti-counterfeiting personnel and resources according to its size and risk.	<input checked="" type="checkbox"/> The Company holds regular group-level meetings to supervise the implementation of anti-money laundering operations at each subsidiary.			
Confirm Customer Identity Due Diligence	Check Name and Title	Continuous Monitoring of Accounts and Transactions	Record Retention	Suspicious Transaction
<input checked="" type="checkbox"/> A customer verification process for remote customers should be applied with the same effectiveness as face-to-face customers. Special and sufficient measures must be taken, including identifying and verifying the customer identity and document authenticity using reliable and independent source documents.  <input checked="" type="checkbox"/> Identify and verify the actual beneficiary for corporate clients.  <input checked="" type="checkbox"/> Verify client identity by non-documentary means.  <input checked="" type="checkbox"/> Approval from senior management must be obtained when establishing a business relationship with high-risk customers.	<input checked="" type="checkbox"/> Compare whether the client, the client's senior management, and the client's beneficial owners are designated as targets of sanctions under the FISA or are being pursued by foreign governments and international organizations as terrorists or groups.  <input checked="" type="checkbox"/> Verify whether the client, its senior management and beneficial owners are politically important individuals and their family members or closely related individuals, both domestically and internationally.	<input checked="" type="checkbox"/> A risk-based approach is used to establish account and transaction control policies and procedures, and information systems are used to assist in the detection of suspected money laundering or terrorist transactions.  <input checked="" type="checkbox"/> When determining the reasonableness of a transaction, a suspicious activity report is filed with the Financial Intelligence Unit (FIU).	<input checked="" type="checkbox"/> There is an internal control mechanism in place for record keeping, including specification of data retention period, access to data privileges, and attention to data confidentiality.  <input checked="" type="checkbox"/> Records are kept for at least 5 years.	<input checked="" type="checkbox"/> Report a currency transaction over a certain amount.  <input checked="" type="checkbox"/> Suspected money laundering or terrorist transactions.  <input checked="" type="checkbox"/> Notification of property or interests in property and location of designated sanction targets.

## AML/CFT Three Lines of Defense

The Group is committed to shaping AML/CFT compliance and core cultural values within the Group and its subsidiaries, so that all employees understand their AML/CFT responsibilities. We also implemented the first line of internal control, the second line of supervision, and the third line of independent supervision to create a complete "AML/CFT three lines of defense".



## Risk Management

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



## Internal Audit

The Internal Auditing Department regularly conducts internal audits of the AML/CFT program to monitor the implementation of the AML/CFT management mechanism and to ensure the effectiveness and compliance of the program implementation. No significant deficiencies were identified in 2023.

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

## External Audit

- 1 • Competent authorities conduct regular general financial examinations or anti-money laundering and counter-terrorism financing/anti-arms proliferation targeted examinations on a nonscheduled basis.
- 2 • Perform anti-money laundering/counter-terrorist financing/anti-arms proliferation audits upon request of competent authorities.
- 3 • Annually appoint an external consultant to conduct tests on the AML system name check mechanism and suspected money laundering transaction monitoring mechanism.

The chairperson, chief executive officer, auditor-general, and the head of the anti-money laundering and counter-terrorist financing department of each subsidiary jointly issued a declaration on the internal control system for anti-money laundering and counter-terrorist financing, and made a declaration on the website designated by Taiwan's Financial Supervisory Commission. In 2023, Yuanta Bank appointed an external accountant to conduct anti-money laundering and counter-terrorist financing assurance checks to confirm the effectiveness of the design and implementation of related operations.

## Legal Compliance and Response

### Information Sharing

In compliance with the data confidentiality regulations of our domestic and overseas subsidiaries, we establish internal rules and operating procedures for information sharing within the Group. The Group's information sharing is carried out in accordance with the Group-level laws and regulations, auditing, and anti-money laundering and counter-terrorist financing functions, and appropriate security measures are implemented for the shared customer information.

### Compliance with Laws and Anti-Money Laundering Digital Systems and Databases

The establishment and maintenance of the Company's AML/CFT database adhere to the Company's information security regulations. The database primarily contains the following information:

1. Information pertaining to anti-money laundering and counter-terrorism financing measures published by international organizations and other countries: We have established domestic and international risk trend platforms and share in real-time, within the Group, summaries or key translations of important AML guidelines, risk information, and other relevant information, to deepen the Group's understanding of money-laundering and terrorism-financing risks.
2. Watchlist Sharing System: Through the "Financial Holding Group Watchlist Sharing System" developed by the Company, we share lists of rejected counterparties and high-risk customers, or other specific types of lists within the Group.
3. Significant negative news and information related to anti-money laundering and combating financing of terrorism: To prevent money laundering and combat terrorist financing, a database of negative news is being established. This database will collect AML/CFT negative reports from major news media outlets. Then the negative news screening process will gradually be automated and optimized through the use of AI technology and screening bots in assisting with news collection and filtering. This will significantly improve the efficiency and accuracy of negative news screening, and the database will be shared among the Group.



## ■ Negative News Screening Process



## Internal Compliance Audits

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

At the end of each year, the Internal Auditing Department of the Company prepares an audit plan for the following year. In accordance with the regulations, the Company conducts general business audits at least once a year and project business audits every six months, in which the project business audits include important legal compliance as one of the key items to be audited. The deficiencies identified in the audits are continuously managed and tracked until improvement is completed. No significant deficiencies were found in the Company's internal audits in 2023. Each subsidiary has also established internal auditing practices and conducts internal audits on a regular basis every year.

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

## ■ 2023 Regulatory Compliance Status

In 2023, the Group did not experience any significant <sup>Note</sup> monetary or non-monetary penalty cases.

Note: Significant penalty cases are defined according to the provisions of Article 2 of the Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation.

## Education and Training

To stress the concept of anti-money laundering, countering the financing of terrorism, and counter-arms proliferation and to embed the concepts deeply into the corporate culture, board members also took part in training courses to enhance their relevant knowledge. This year, 50 Group directors and supervisors participated in a total of 150 hours of related training.

In response to domestic and international legal trends, the Group actively arranges diversified legal compliance and internal audit education and training, and introduces training systems and courses for new personnel to continuously strengthen the legal compliance awareness of our employees. Topics include basic knowledge, anti-money laundering, counter-terrorist financing, internal audit, and internal control. This year, there were 87,836 participants and 100,235 training hours.

The AML/CFT training is divided into internal online courses (including practical case studies and post-course self-assessment tests) and physical courses conducted by anti-money laundering and counter-terrorist financing, counter-arms proliferation specialist units and external specialists. The courses are focused on different business areas to help employees understand operating norms and risks and to enhance their financial knowledge with regard to AML/CFT and counter-arms proliferation work. This year, there were 28,601 participants and 43,547 training hours in total.

In addition, the Group encourages its employees to obtain domestic and international professional licenses to enhance their professional knowledge and anti-money laundering capabilities. This year, a total of 88 staff members have passed the Certified Anti-money Laundering Specialist (CAMS) certification.

### 2023 Legal Compliance Relevant Education and Training Statistics

#### Compliance/Internal Audit Education and Training



#### Anti-Money Laundering and Counter-Terrorist Financing, Anti-Arms Proliferation Education and Training



Note: Average training hours per person=Total training hours/ Total number of employees at the end of the year



## 5.5 Information Security

### Information Security Policy and System

#### Information Security Policy

With the rapid development of financial technology and the opening-up of innovation in financial services, information security has become a heightened concern for organizational operations and risk management. To strengthen information security management within the Company and its subsidiaries. An "Information Security Policy" has been approved by the board of directors in order to establish an information security management system and relevant standards and procedures, as well as ensuring the confidentiality, integrity, and availability of important information assets of the Company.

#### Information Security Governance and Mechanism

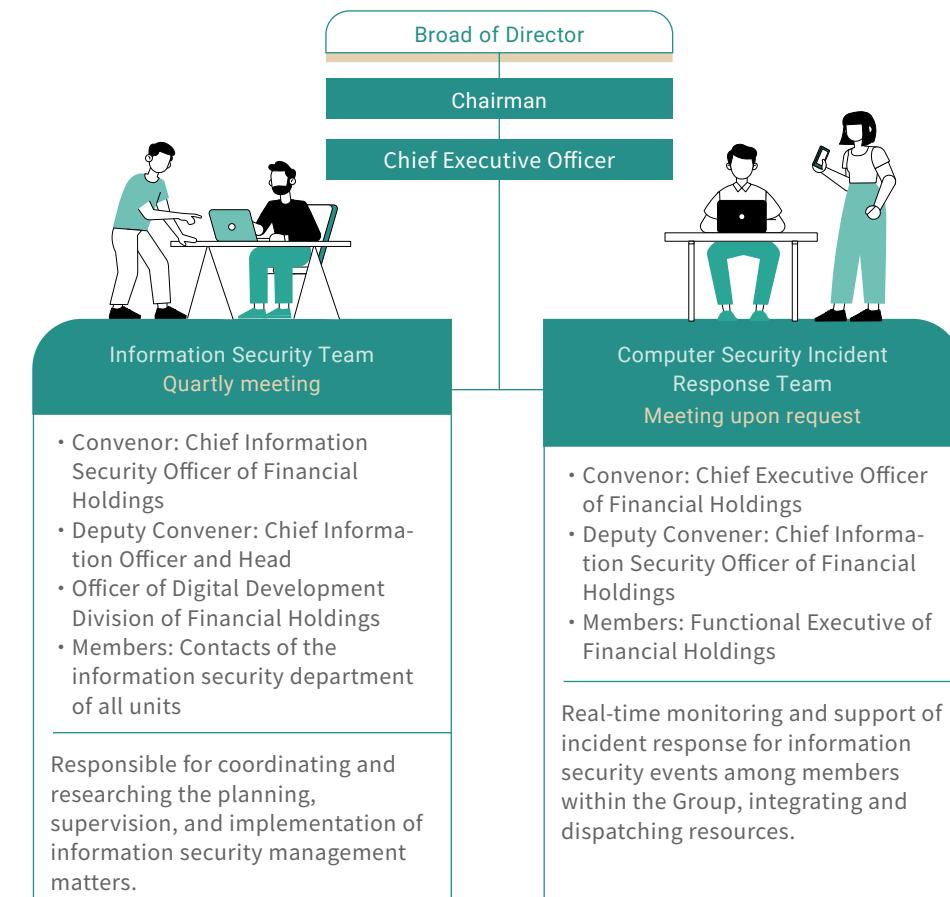
To enhance our decision-making capabilities on information security issues, the Company and its major subsidiaries have established a Chief Information Security Officer (CISO) position to oversee the development, coordination, and allocation of information security policies and resources. We have also charged dedicated units with specific responsibilities for information security planning, monitoring, and executing information security management operations. These units report on the overall implementation of information security to the board of directors annually to strengthen information security oversight.

Timely responses to information security incidents are critical, and the resources of a single organization are limited. To enable the timely detection and support of information security incidents, and integrate and allocate resources across the Group, the Company has set up a "Computer Security Incident Response Team" to effectively respond to significant information security incidents and reduce their impact and damage. To manage information security in a coordinated fashion, a cross-departmental "Information Security Team" has been set up to oversee information security across the organization. The team is led by the chief executive officer, who appoints a convener and a deputy convener, regularly convening routine meetings of the Information Security Team and management review meetings to discuss the implementation status of information security management and related issues, aiming to enhance overall information security management.

#### Strengthening the Information Security of Directors of the Board

A director of the Company, Director Wei Chen Ma, was formerly the chief executive officer of SYSPOWER, whose main business is real-time financial information integration and related software and system development. This year's theme seminar is titled "The Assistance and Impact of Emerging Cybersecurity Technologies on Financial Digital Innovation", which was attended by 49 directors and supervisors with a total of 147 hours.

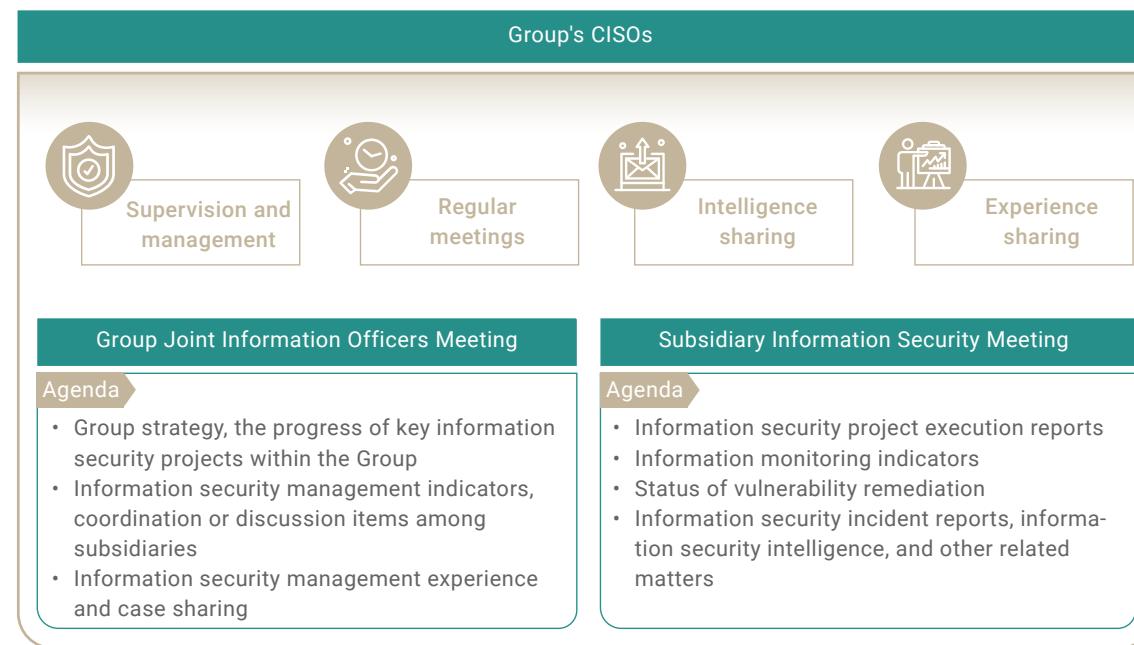
#### Information Security Governance structure





## Information Security Supervision and Management

To ensure the continuous effective operation of information security management within the Company and its subsidiaries, we have established the Group Information Security Joint Committee and Subsidiary Information Security Committee. These committees meet monthly, with the Chief Information Security Officer of the financial holding group serving as the convener. Their purpose is to oversee the implementation of information security regulations across subsidiaries, strengthen system defenses, establish a collaborative financial security defense system, enhance the organization's ability to respond to and protect against cybersecurity threats, and reduce information security risks, thereby ensuring consistency in our security defenses.

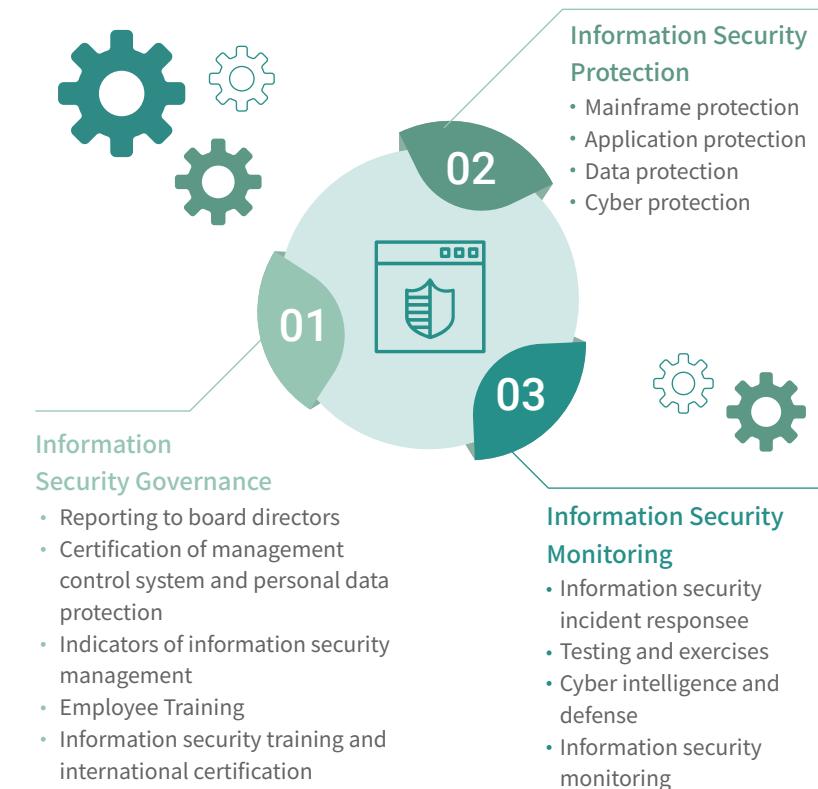


## International Information Security Management Standards

In order to continue to improve the information security governance system, in addition to compliance with domestic and international information security laws and regulations, the Company, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, and Yuanta Funds have each implemented ISO 27001 Information Security Management System (ISMS), passed the British Standards Institution (BSI) certification, and followed by annual reviews and re-audits every three years to ensure the validity of the certification. The Company further passed the verification of ISO 27001: 2022 version in November 2023, as well as applied the PDCA (Plan-Do-Check-Act) cyclical quality management framework to enhance the oversight and management of information security.

## Information Security Management and Response

### Information Security Management Framework



### Information Security Protection Mechanism and Detection

Strengthen network and information system protection capabilities and establish a multi-level defense framework to ensure information system security, including network firewall, software application firewall, intrusion detection system, spam filtering, advanced persistent threat (APT), internet behavior management, antivirus system, anti-phishing website and counterfeit APPs monitoring mechanism, endpoint detection and response (EDR).

The Company and its major subsidiaries regularly engage independent third parties to conduct vulnerability scanning, penetration testing, Distributed Denial of Service (DDoS) drills, social engineering exercises, and computer system security assessments to ensure the stability and security of information systems and the integrity and effectiveness of existing control measures.



## ■ Information Security Intelligence and Joint Defense

To strengthen information security intelligence and collaboration, and to have a grasp of emerging cybersecurity intelligence and trends, the Company and its five subsidiaries participated in the Financial Information Sharing and Analysis Center (F-ISAC) and the Financial Security Operations Center (F-SOC) to enable cross-domain collaboration and sharing of cybersecurity incidents. This allows for real-time access to emerging cybersecurity intelligence, facilitating early response to risk threats and effectively enhancing overall cybersecurity defense capabilities.

Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds and Yuanta Futures have implemented the Security Information and Event Management (SIEM) platform in order to strengthen the analysis capability. The platform detects information security events such as internal abnormal usage behavior and external attacks. If potential risks are found to threaten information security, it analyzes and processes them according to the abnormal events as well as continuously optimizing the accuracy of event alerts, the maturity of event handling, and the root cause knowledge base, in order to achieve the defensive and contingency capabilities required to quickly detect and respond to attacks to ensure the effectiveness of information security protection.

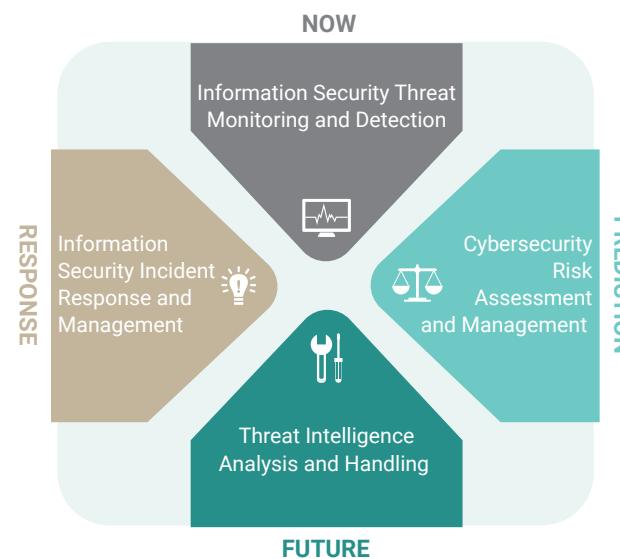
## ■ Integrating AI into Cybersecurity Defense Mechanisms

To strengthen proactive cybersecurity monitoring and to enhance situational awareness through automation and intelligent analysis, the Company, along with Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures, has implemented endpoint protection software with AI-powered features such as intelligent recognition and automated investigation. This enables AI-driven automatic blocking and protection. By integrating said software with the Security Information and Event Management (SIEM) platform, we continuously monitor abnormal activities in real time, effectively preventing malicious actions.

## ■ Proactive Information Security Operation Center

To enhance the timeliness and effectiveness of detecting abnormal network behaviors and to align with the Financial Supervisory Commission's "Financial Cybersecurity Action Plan," the Group commissioned a third-party professional organization to establish an SOC in 2023. Through 24x7 continuous operations monitoring, the SOC provides advance threat intelligence warnings, real-time alerts for ongoing threats, and analysis recommendations for post-incident threats. It also integrates security defense equipment, automates security intelligence, and enhances the team's ability to respond to security incidents, achieving the effectiveness of security monitoring and collaborative operations. By implementing an information security management monitoring dashboard, we can instantly monitor changes in indicators of security risks such as computer viruses, hacker intrusions, and data leaks, thereby achieving the goal of group-wide security monitoring and defense.

The role of SOC in information security



## ■ Red/Blue Team Attack and Defense Drills

To assess the depth of defense capabilities and in line with the Financial Supervisory Commission's "Financial Cybersecurity Action Plan," the Group conducted Red/Blue Team attack and defense drills in 2023. A professional third party was commissioned to conduct targeted cybersecurity exercises using hacker attack methods without disrupting business operations. The aim was to verify the effectiveness of cybersecurity protection, monitoring, and defense measures, ultimately enhancing employees' ability to respond to new types of attacks. The Company will also take compensatory measures for the weaknesses discovered in the drill, and conduct feasibility assessments and plan corresponding measures for the recommendations made. We further strengthened its cybersecurity defense and reduced the impact of cybersecurity incidents.

## ■ Major Cybersecurity Incident Drills

Major cybersecurity incidents often affect more than just a single institution. To strengthen systemic cybersecurity risk management and collaboration and in line with the Financial Supervisory Commission's "Financial Cybersecurity Action Plan," the Group commissioned a professional third-party organization to conduct six major cybersecurity incident notification and response drills in 2023. The scenarios included malware implantation, ransomware, and data breaches to enhance the operation mechanism and capabilities of cross-sector communication and support within the Group.

## ■ Social Engineering Exercises

To prevent malicious programs from infiltrating the Company's information systems through social engineering methods and to mitigate the cybersecurity risks associated with phishing emails, the Company and its subsidiaries regularly conduct social engineering drills for all employees. Within the scope of security monitoring, four to 12 social engineering drills are conducted irregularly each year. In addition, the Company and its subsidiaries arranged for employees who have not passed the exercises to attend information security education training courses and assessments. The Group's annual staff test completion rate was 100%.



## Continuity of Operations Management

To ensure the stable and uninterrupted provision of financial services to customers, and to maintain business continuity, both the Company and its main subsidiaries have established business continuity management mechanisms. This includes conducting regular cross-departmental Business Impact Analyses (BIAs) and developing Business Continuity Plans (BCPs). Additionally, they perform information system recovery and backup drills to ensure that critical service operations can resume within an acceptable timeframe in the event of a disaster, safeguarding customer interests.

Moreover, besides conducting regular information system recovery and backup drills, to enhance business continuity management capabilities and align with the Financial Supervisory Commission's "Financial Cybersecurity Action Plan Implementation Measures". Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta Futures introduced the International Standard for Business Continuity Management Systems (ISO 22301) and followed by annual reviews to ensure the validity of the certification. Based upon a risk-oriented approach, the system combines various resources from both the business and system ends to ensure operations remain at acceptable levels under any situation, reducing the risk of business interruptions, and providing the organization with greater resilience and recovery capability.

## Information Security Training

The Group provides general information security education and training to all employees, as well as professional level information security education and training to designated personnel on a nonscheduled basis, so as to reinforce employee information security mindset and encourage them to obtain international information security certifications.

	General Education Training	Professional Information Security Education and Training
Object	All employees of the Group	Group information security specialists
Purpose	Shape a corporate culture that values information security, enhance the awareness of information security among employees, enhance and strengthen internal information security awareness.	Enhance the professional competency and skills of information security personnel.
Training Frequency	Implement at least 3 hours of "Information Security Education Training" course and evaluation for all employees every year.	We provide more than 15 hours of training and evaluation for information security professionals every year.
Training Content	Information on recent major information security incidents, information security regulations, basic information security awareness, personal data protection, and attack and defense strategies for social engineering.	Info-security governance, info-security development, info-security operations, intelligence processing and analysis, and security attack and defense exercises.
2023 Result	A total of 182 sessions were held, with 37,970 training participants and 43,551 training hours, representing a completion rate of 100%.	A total of 7 sessions were held, with 752 training participants and 2,037 training hours, representing a completion rate of 100%.

## Information Security Incident Management

### ► Information Security Incident Process Mechanism

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

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

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

### ► Information Security Incidents and Results

The Group has not experienced any major incidents<sup>Note 1</sup> of information security and network security in the past three years, and no data breach (including personal data breach) has occurred in 2023. Information leakage incidents related to personal data account for zero percent (0%) of all information leakage incidents, nor has any customer been affected by data breach. Therefore, no related fines were incurred.<sup>Note 2</sup>

Note:

1. A significant information security incident is defined as an event that occurs in accordance with the "Operating Guidelines for Reporting Significant Incidents", pertaining to cyber security incidents that result in damage to customer rights or affect the sound operation of the organization.
2. From 2021 to 2023, the Group did not experience any data leakage (including personal data leakage), and no customer was affected by the information breach; therefore, no relevant fines were imposed.



CHAPTER  
06

# AN EXCEPTIONAL WORKPLACE TO ATTRACT AND RETAIN HIGH-LEVEL EMPLOYEES

6.1 EMPLOYEE RECRUITMENT AND RETENTION 6.2 TALENT CULTIVATION AND DEVELOPMENT

6.3 FRIENDLY AND EXCELLENT WORKING ENVIRONMENT 6.4 HUMAN RIGHTS 6.5 EMPLOYEE COMMUNICATION



# 6.1 Employee Recruitment and Retention

## Talent Attraction Strategies

### Attraction Strategies

The Group's vision is to become the "Best Financial Service Provider in the Asia-Pacific Region" and an "International Sustainability Benchmark Company". In order to achieve this goal, we actively recruit talented individuals from both domestic and international markets to strengthen our sustainable business operations, to add a spirit of innovation, and to provide steady performance. We believe that a diverse workforce is a key element of corporate competitiveness. Through various channels including diverse community platforms and industry-academia cooperation, we engage with campuses to convey our core values and cultivate a sustainable employer brand. Furthermore, we enhance our talent development system, implement competitive salary and reward mechanisms, offer diverse benefits tailored to employee needs, and provide comprehensive physical and mental health care for our employees. These measures allow us to attract talented individuals from around the world and provide them with a career platform for sustainable development, collectively creating an inclusive and nurturing workplace environment.

### New Arrivals and Departures

This year, the Group recruited 1,838 new full-time employees in Taiwan, which made up 16.03% of the workforce. Among these new hires, 765 were male and 1,073 were female. During the same period, the total number of departing full-time employees was 1,636, or 14.27% of the total workforce. Among these departing employees, 690 were male and 946 were female.

### New and Departing Full-Time Employee Ratios



### Diverse, Equitable, and Inclusive Workplace Environment

The Group is committed to providing all employees with a diverse, equitable, and inclusive (DEI) workplace environment and integrating the spirit of DEI into its corporate sustainable development goals. Under the "Corporate Sustainability Office," we have established an "Employee Care Group" to promote employee rights protection, workplace gender equality, and DEI-related group policies. Through human rights due diligence examinations conducted regularly by the human resources and administrative departments, workplace safety education and training, and various employee care measures, we ensure that employees of different backgrounds, characteristics and perspectives feel valued and supported at Yuanta. This enables them to fully utilize their strengths and actualize their self-worth.

#### ► Diversity

Embracing the spirit of skills-based hiring, the Company attracts employees of diverse nationalities, ethnicities, professional backgrounds, genders, and sexual orientations to join its workforce. We continuously monitor the proportions of employees from different genders, nationalities, indigenous communities, and individuals with disabilities and set targets for the representation of women in managerial positions, as well as in science, information technology, and math-related roles. We incorporate diverse opinions into corporate decision-making and execution, strengthening operational resilience.

#### Female Employees Proportion

Item	Percentage of Females (%)
Female Employees	63.89
Management (Percentage of total management positions)	54.51
Senior Management (Percentage of total senior management positions)	39.29
Junior Management (Percentage of total junior management positions)	60.77
Management Positions of Revenue-Generating Functions (e.g., sales business) (excluding support units, e.g., Human Resources, Information, Legal)	49.30
Science, Information Engineering, Mathematics Related Positions	34.82

#### Employee Diversity

Category	Number
Employees with Disabilities	87
Indigenous People	5
Foreign Nationals	32

Note: Please refer to Appendix II for statistics on employee diversity



## ■ Equity

All policies and measures of the Company are free from discrimination based on an employee's race, gender, sexual orientation, age, disability, etc. Every employee can receive assistance and support and find a suitable platform for their ability. The Company is committed to promoting gender equality in the workplace, to implementing comprehensive measures to prevent sexual harassment, to promoting gender/parenting-friendly facilities and benefits, and to developing maternal health protection programs. In addition to providing paid maternity leave exceeding statutory days, paternity check-up and paternity leave, setting up nursing rooms, and providing pregnancy care products, we cooperate with the Ministry of Justice's Department of Legal Affairs to conduct seminars on "Implementing Gender Equality and Building a Friendly Workplace". We strive to educate our employees on diverse gender concepts and to eliminate gender discrimination through real action in creating an equal and friendly workplace.

## ■ Inclusion

The Company collaborates with its employees to create an environment of diversity, respect, and acceptance, shaping a positive culture of mutual support and full expression of opinions. We value communication and actively listen to employee voices, establishing various communication channels and providing employee complaint hotlines, labor-management meetings, manager discussions, employee engagement surveys, and learning and development evaluations. Employees can choose appropriate channels to express their thoughts and suggestions in different situations, thereby achieving the common goal of improving work efficiency and the workplace environment. Additionally, through policy advocacy and regular training, we organize sensitivity training for managers and work-life balance courses to help employees eliminate biases, embrace diversity, promote their physical and mental health, foster camaraderie through club activities, and build internal community connections to support their development.

## ■ DEI Highlights and Achievements

- In the 2023 employee opinion survey conducted both domestically and internationally, the company received positive ratings of 81% and 83% on diversity integration and on organizational communication, respectively.
- For five consecutive years, the Company has been included in the Bloomberg Gender-Equality Index (GEI). We scored full marks in pay equity, equal pay for equal work, and sexual harassment prevention policies. Additionally, we achieved outstanding results in the inclusivity culture dimension.
- We are the winner of the highest honor, the Gold Award, in the Taipei City Workplace Gender Equality Certification.

## Financial Talent Development

The Group actively nurtures a new generation of financial talents. We continue to engage in industry-academic cooperation with various colleges and universities. Through classroom instructions, keynote speeches, corporate visits, internships, and campus competitions, we cultivate students to develop financial knowledge through hands-on experience to explore the possibility of pursuing a career in finance and to enhance their financial competence. A total of 22,198 new talents were trained through industry-academia cooperation this year.

Items	Description	2023 Results
 <b>Financial education promotion and youth empowerment</b>	<p><b>Campus Recruitment and Financial Promotion Activities</b></p> <p>By giving guidance through school clubs, competitions and recruitment activities, we bring students closer to the financial industry.</p>	<ul style="list-style-type: none"> <li>Cooperated with a total of <b>52</b> schools.</li> <li>A total of <b>7,846</b> students participated.</li> </ul>
	<p><b>Outstanding Underprivileged Talent Scholarship</b></p> <p>By combining the scholarship resources of the Yuanta Cultural and Educational Foundation, we endeavor to assist outstanding students from impoverished families in their future development, and recruit talents from among them to join the Group to serve the community.</p>	<ul style="list-style-type: none"> <li>Scholarships and Grants: <b>15.2</b> million.</li> <li>A total of <b>78</b> students received benefits.</li> <li><b>9</b> scholarship recipients were recruited to join the Group.</li> </ul>



Items	Description	2023 Results
 <b>On-campus financial education</b>	<p><b>Financial Literacy Program</b> We share with students the current state of and developments in the financial industry, financial products and practices, and the working experience and insights of practitioners, etc. We actively cultivate international financial talents in Taiwan and build Yuanta brand recognition among students</p>	<ul style="list-style-type: none"> <li>Cooperated with a total of <b>15</b> schools.</li> <li>A total of <b>1,698</b> students participated.</li> </ul>
	<p><b>Course Credit Collaboration</b> We cooperate with schools in credit-bearing courses to systematically introduce practical application at all levels of the financial industry and help students integrate theory and practice to shorten the learning curve from the classroom to the workforce.</p>	<ul style="list-style-type: none"> <li>Cooperated with a total of <b>9</b> schools.</li> <li>A total of <b>5,147</b> students participated.</li> </ul>
 <b>Internships in financial industry</b>	<p><b>Internship Program</b> We provide students with the opportunity to gain practical experience in the financial industry and to participate in business operations, helping them identify their future aspirations and bridge the gap between graduation and employment.</p>	<ul style="list-style-type: none"> <li>Cooperated with a total of <b>133</b> schools.</li> <li>A total of <b>399</b> students participated.</li> </ul>
	<p><b>Corporate Visits</b> Students are invited to visit Yuanta for corporate visits to help them understand the current financial industry, future trends, and the working environment of the financial industry.</p>	<ul style="list-style-type: none"> <li>Cooperated with a total <b>7</b> of schools.</li> <li>A total of <b>376</b> students participated.</li> </ul>
 <b>School campus financial competitions</b>	<p><b>Yuanta Formula Trade Competition</b> In order to cultivate investment literacy on the campus, Yuanta Securities has created a stock trading simulator platform competition using the "Mr. Investor APP." This allows people new to the stock market to accumulate trading experience through simulated competitions and to establish good investment habits.</p>	<ul style="list-style-type: none"> <li>Nearly <b>140</b> colleges and universities participated.</li> <li>More than <b>3,700</b> professors and students participated.</li> </ul>
	<p><b>Forex Trading Competition</b> In order to improve students' ability to apply theories learned in class to actual investment transactions, Yuanta Futures holds a foreign exchange simulated trading competition to allow students from universities and colleges across Taiwan to experience trading changes in the financial market. This year, we also added a contest for creative foreign exchange videos to provide students with a fun and easy way to understand the foreign exchange market.</p>	<ul style="list-style-type: none"> <li>A total of <b>2,060</b> students participated.</li> </ul>
 <b>Digital finance advocacy</b>	<p><b>Nurturing Digital Financial Talent</b> Yuanta Futures collaborated with Asia University's Department of Finance in the discussion on the topic of "Information System and Financial Big Data Analysis", helping to further cultivate future digital financial talents on campuses.</p>	<ul style="list-style-type: none"> <li>A total of <b>30</b> students participated.</li> </ul>
	<p><b>College and University Campus Mobile Payment Promotion</b> This year, in response to the Ministry of Education's "2023 Mobile Payment Promotion Program for College and University Campuses," we were invited to hold an orientation session at a pilot school of the Information Service Association of Chinese Colleges (ISAC). Through online meetings, we explained the current status of mobile payment services on campuses and shared digital financial practices and outlooks with school personnel, so that young people could better understand the possibilities of digital deposit accounts, e-payments, and Open API applications for school services in the future. We also hope that through hands-on experience, the school will better understand the convenience of mobile payment for school visitors.</p>	<ul style="list-style-type: none"> <li>A total of <b>35</b> schools and <b>855</b> teachers participated.</li> </ul>



## Salary and Compensation

### Salaries

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

#### ■ 2023 Pay Ratio (Male : Female) in Taiwan

Employee Level	Salary	Salary and Other Cash Incentives
Executive Level	108:100	111:100
Management Level	113:100	114:100
Non-managerial Level	115:100	109:100

Note:

1. Executive level refers to vice president or department head and above positions; management level refers to all managers who are not included in the executive level
2. Pay ratios vary slightly due to the number of employees, positions held, and individual performance.

#### ■ Number and Average and Median Salaries of Full-Time Employees ("FTE") in Non-Managerial Positions

Non-managerial FTEs	2021	2022	2023	Difference from the Previous Year (%)
Weighted Average Number of Persons (Persons)	9,216	9,308	9,480	1.85
Average Salary (NT\$ thousand)	1,612	1,252	1,368	9.27
Median Salary (NT\$ thousand)	1,346	1,078	1,160	7.61

Notes:

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



## Diversified Benefits

### Employee Benefits

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

In addition, the Company has an employee stock ownership plan with over 90% employee participation. Employees deposit a fixed amount each month and the Company issues corporate stocks of the same value to them, making them also shareholders in the Company. Not only does such a plan help protect employees' post-retirement or post-departure lifestyles, but it also helps them feel a greater sense of solidarity with the Company, enhancing cohesion and sense of self-worth while also sharing in the Company's results.

Topics	Items	
	<ul style="list-style-type: none"> <li>e-learning or Online Learning</li> <li>English Certification Award</li> </ul>	<ul style="list-style-type: none"> <li>International Financial License Award</li> </ul>
	<ul style="list-style-type: none"> <li>Marriage Subsidy</li> <li>Childbirth Subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Parental Leave</li> <li>Education Scholarship for Children of Workers</li> </ul>
	<ul style="list-style-type: none"> <li>Workplace Employee Clubs(15 clubs including Badminton, Culinary Arts, and Flower Arrangement)</li> <li>Health Checks</li> <li>Employee Group Insurance</li> <li>Medical Subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Emergency/Disaster Relief</li> <li>Funeral Subsidy</li> <li>Employee Assistance Programs(EAPs)</li> </ul>
	<ul style="list-style-type: none"> <li>Employee Stock Ownership Trust</li> <li>Preferential Loan Rate for employees</li> </ul>	<ul style="list-style-type: none"> <li>Employee Fee Discounts on Financial Product Purchases</li> </ul>
	<ul style="list-style-type: none"> <li>Flexible Working Hours <sup>Note 1</sup></li> <li>Working-from-home arrangements <sup>Note 2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Three Festivals Gifts</li> <li>Birthday Present</li> </ul>

### Family Care

The Group provides employees with a comprehensive marriage and childcare system that is beyond regulatory requirements, as well as subsidies and care plans, including maternity leave <sup>Note 3</sup>, menstrual leave, pregnancy-checkup leave & paternity leave <sup>Note 4</sup>, family care leave <sup>Note 5</sup>, part-time work <sup>Note 6</sup>, accepting applications for unpaid parental leave, and assisting the employee in returning to work when the unpaid parental leave period expires.

In addition, we work with specific organizations to provide employee childcare services to help employees balance work and family life, enhance work efficiency and retain talented employees. 122 employees took parental leave, 89.34% were women and 10.66% were men. (Please refer to Appendix II for statistics on parental leave.)

## 6.2 Talent Cultivation and Development

### Talent Cultivation System

#### Talent Development System

To achieve the goal of "meeting the needs of the financial industry and the Group's business development," the Group actively develops diverse on-the-job training mechanisms and educational resources, encompassing comprehensive financial professional training courses and abundant subsidies for further education and life seminars. This is to prevent situations where personnel are unsuitable for their roles or lack professional knowledge. We have built a robust talent development system through comprehensive internal rotation mechanisms and multi-faceted performance evaluation and development systems. Our talent development performance has also won widespread recognition and continues to win various external awards. In 2023, as a member of the Sustainable Finance Alliance, the Group served as the convener of the Capacity Building and Certification Working Group. Together with the Financial Supervisory Commission, various financial industry associations, and peripheral units related to finance, we jointly formulated the hours and content of sustainable finance courses for directors, supervisors, senior managers, and general staff. This initiative aims to promote the deep integration of sustainable finance concepts into the organizational culture of financial institutions.

#### Note:

1. The Group's work rules provide for flexible working hours and employees may apply for adjustment of working hours based on their business or personal circumstances.
2. The Group's employees may apply to work remotely based on their work and according to their personal situation.
3. Employees in the Group can take up to 8 weeks of maternity leave and 2 days of paid miscarriage leave (superior to statutory requirements) are also provided. (Those who miscarry within 3 months of pregnancy can take 9 days of leave, while those who miscarry within 2 months of pregnancy can take 7 days of leave.)
4. The Group's employees are entitled to a paternity leave with a total of 8 days which is in excess of the minimum legal requirement by 1 day.
5. The Group's employees may apply with their supervisors for other types of paid leave such as attending to comprehensive family care emergencies.
6. Employees who are raising children under the age of 3 may apply to reduce the number of working hours per day.



Topic	Item
 <b>Diverse occupational training</b>	<ul style="list-style-type: none"> <li>Dual-track career development: Managers at all levels will strive to find talents needed by the Group at all times and to train them through training courses, project assignments, meeting participation, and/or work rotation, thereby helping employees develop into professional or managerial talents based on their aptitudes. Additionally, the Group provides its employees with seminars and courses related to retirement career planning to assist them in planning their entire career and life.</li> <li>Employees may select courses from four academies: The Group has formulated four curriculum frameworks, including the Management Academy, Professional Academy, Licensing Academy, and Life Skills Academy, which allows employees to explore various professional fields of finance, develop diverse competencies required for different functions, and enhance their own professional knowledge and broaden their perspectives.</li> <li>Incentivize work-related studies: To encourage employees to partake in various seminars and training, training fees of employees who have been designated or approved by the Company to participate in seminars will be fully paid by the Company. Various incentive systems are also formulated to encourage employees to acquire professional and international financial certificates and foreign language certificates, so as to strengthen their professional competencies or to increase their future work skills.</li> </ul>
 <b>Internal transfer mechanism</b>	<p>By utilizing the advantage of subsidiaries being involved in diverse financial business activities, the Group encourages employees to apply for internal or cross-Company transfers. This effectively promotes employees' diverse developments and talent flow within the Group, while helping to duplicate and spread successful experiences and benefits within the Group.</p>
 <b>Performance evaluation</b>	<p>The Group is committed to talent development. By using multi-faceted performance evaluation methods, we can regularly examine employee performance, attributes and potential for development. Through communication on their performance, we assist employees in understanding their own strengths and developmental needs and provide the necessary training resources and functional experiences to support employees in their career development goals and to help them excel.</p>



#### ► Human resources and talent development related recognitions received in 2023:

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





## Financial Professional Training

### Employee Training Program

In accordance with the Group's strategic roadmap for sustainable development, the operational strategy of "solidifying core business and driving growth" and the Group's key objectives, we are promoting three key projects, including the cultivation of talents in sustainable finance, succession preparation training and personnel transformation and diversified occupational training. We continuously invest in employee training and maintain talent development capabilities by integrating online and offline teaching resources.

This year, the average number of training hours per person was 55.3 hours and the average training cost per person was NT\$5,517.9, which represented a 2.9% decrease in total training hours and an increase of 45.3% in total training expense. This is mostly attributable to the easing of the COVID-19 pandemic in 2023, whereby an adjustment in the proportion of physical and digital courses was made. The Group's philosophy for sustainable operations relies on employees at all ranks to continuously enhance their professional skills, to put their hearts in serving customers, and to focus on contribution towards performance. All Yuanta subsidiaries will assist to promote the transitions of personnel and to diversify their competencies to comprehensively enhance the professional financial knowledge and productivity of employees.

Training objective <b>Talent development for sustainable finance</b>		<b>Motivation</b>	<b>Long-term operational benefits</b>
Target	Description		2023 Training performance
	Board directors and senior managers	Provide courses on important ESG issues and international development trends, with themes ranging from corporate governance risks to principles of fair customer treatment, protection and empowerment of financial consumers, opportunities and challenges posed by climate change and sustainable development to the finance industry, and fintech and intellectual property.	<ul style="list-style-type: none"> <li>• <b>106</b> sustainable finance-related course sessions were organized for directors and senior managers. Cumulatively, <b>570</b> persons (headcount) completed the training, and the cumulative number of training hours reached <b>2,001</b>.</li> </ul>
	Professional staff associated with green finance business	Provide professional ESG skills training, with themes ranging from climate risk management and stress testing to ESG investment and practical application, green and sustainable financial talent programs, friendly services, fair customer treatment, and other professional practices of sustainable development goals (SDGs), so as to deepen financial professionals' sustainable financial knowledge and skills in various fields.	<ul style="list-style-type: none"> <li>• <b>352</b> sustainable finance-related course sessions were organized, and <b>47,685</b> persons (headcount) completed the training. The cumulative number of training hours reached <b>55,278</b>.</li> <li>• The total amount of responsible investment reached <b>NT\$66.77</b> billion.</li> <li>• The amount of sustainability-related credit in corporate finance reached <b>NT\$904.89</b> billion.</li> <li>• The underwriting of sustainability bonds amounted to <b>NT\$14.47</b> billion.</li> </ul>
	All employees	Disseminate the philosophy and trends of ESG, as well as the core issues and benchmarking case studies. Themes include general knowledge courses such as ESG studies, integrity management and legal compliance, personal data protection, and information security.	<ul style="list-style-type: none"> <li>• <b>514</b> sustainable finance-related course sessions were organized. Cumulatively, <b>133,064</b> persons (headcount) completed the training, and the cumulative number of training hours reached <b>154,249</b>.</li> </ul>



Training objective Succession preparation training		Motivation	Long-term operational benefits
Target	Description	2023 Training performance	
Yuanta MBA: High-performing employees	<p><b>Yuanta MBA Program</b></p> <p>To accelerate the development of high-performing employees as management trainee as part of succession planning, diverse professional learning is offered through a six-month Yuanta MBA program. Board directors and senior managers are invited to instruct courses in five disciplines, including strategies, legal compliance and audit, financial expertise, operational analysis, and leadership management. By knowledge and experience sharing and teaching, leadership expertise and corporate culture may be passed on and interdisciplinary teamwork skills fostered. The effectiveness of learning is also evaluated through project reports and problem-solving proposals.</p>	<ul style="list-style-type: none"> <li>There were <b>1,488</b> persons in the talent bank (including those in management roles and key functions).</li> <li>165 persons have completed the training and 70 have received promotions, reaching a promotion rate of <b>42%</b>. In particular, department supervisor training has been completed by 76 persons and 35 of whom have been promoted as supervisors, reaching a promotion rate of <b>46%</b>; team leader training has been completed by 89 persons and 35 of whom have been promoted as team leaders, reaching a promotion rate of <b>45%</b>.</li> </ul>	
Yuanta MA: new graduates	<p><b>Yuanta MA Program</b></p> <p>The 2.5-year Yuanta MA Program nurtures management associates (MAs) with interdisciplinary skills for the Group. Presidents and department heads from each subsidiary are invited to serve as mentors and to teach courses on the Group's core business and challenges. The goal is to foster the MAs' professional skills and help them acquire hands-on experiences through working in various departments and projects.</p>	<ul style="list-style-type: none"> <li>MAs assigned to overseas managerial roles account for <b>25%</b> of all overseas managers.</li> <li><b>84%</b> of MAs who have worked at the Company for over six months have completed job transfers; for those who have completed 2.5-year MA program, <b>39%</b> have been promoted to a managerial role.</li> </ul>	



 <b>Training objective Diverse occupational development</b>		 <b>Ratio of employee trained 100%</b>	 <b>Motivation</b>  Establishing a comprehensive training system and provide a variety of learning resources to promote employee development in diverse functions and enhance their competitiveness to ensure employee sustainability.	 <b>Long-term operational benefits</b>  The finance industry changes rapidly. To enhance employees' competitiveness and sustainable career development, the Company provides a variety of training systems and learning resources to help them understand the latest political and economic developments and trends at home and abroad, as well as having a grasp of the Group's business development. At the same time, we also provide our employees with comprehensive professional training through diverse transition and occupational training courses to enhance their occupational skill-sets, thereby building a foundation in talent competitiveness to meet the needs of the Group's future development strategies.
<b>Target</b>	<b>Description</b>		<b>2023 Training performance</b>	
 <b>All employees</b>	<ul style="list-style-type: none"><li>The Yuanta e-Academy Weekly Newsletter is issued every week to continuously strengthen employees' professional skills, develop their diverse competencies, and build their advantageous skill-sets for the future through thematic exhibits along with hot topics in the global finance industry and the focus of Group's business.</li><li>Promoting financial friendliness, implementing the principle of fair treatment of customers, providing sign language interpretation courses, and organizing seminars on gender-friendly workplaces.</li></ul>		<ul style="list-style-type: none"><li>A total of <b>1,823</b> employees received cross-functional, inter-departmental, and inter-industry occupational development opportunities, accounting for <b>15.9%</b> of all employees. <b>2,154</b> employees received internal promotions, accounting for <b>18.8%</b> of all employees.</li><li>A total of <b>219,307</b> hours of diverse occupational-related courses were held, accounting for <b>34.6%</b> of total number of training hours. <b>54,141</b> people (headcount) participated in these courses; on average, every employee participated <b>4.7</b> times.</li><li>The domestic and overseas employee satisfaction survey conducted indicated that <b>81%</b> of all participating employees gave a positive response on learning and development. This is 5 percentage points higher than the norm of financial service sector in Taiwan, and 2 percentage points higher than the norm of high-performers worldwide.</li><li>We co-organized a seminar with the Ministry of Justice titled "Implementing Gender Equality &amp; Building a Friendly Workplace," with a total of <b>37</b> participants.</li></ul>	



## Cross-border Digital Collaboration for Talent Development

We have cooperated with CWLC digital courses and Live ABC digital courses to provide the latest digital teaching materials daily, covering the latest knowledge in digital trends, industry trends, international finance, business cases, etc. In addition to purchasing digital teaching materials for employees to choose from, we also publish the Yuanta e-Learning Weekly Newsletter every week with a learning curatorial mindset, key topics of the global financial industry, and the Group's business focus. In 2023, we published 50 issues of e-newsletters, circulated 233 financial industry news articles and practical English phrases for the workplace, and continued to develop talents in multiple functions to strengthen our employees' professional capabilities with an eye towards identifying future talents.

## Education and Training Statistics for the Past Two Years

Items	2022	2023	Increase/Decrease	Increase/Decrease (%)
Total Courses Held	3,639	4,289	650	17.86
Training Hours	651,622	633,438	-18,184	-2.79
Training Attendance	392,557	394,643	2,086	0.53
Training Cost (NT\$1,000)	43,542	63,252	19,710	45.26
Number of Employees	11,253	11,463	210	1.87
Average Hours of Training Per Employee	57.91	55.26	-2.65	-4.49
Average Number of Training Sessions per Person	34.88	34.43	-0.45	-1.43
Average Training Cost Per Employee (NT\$)	3,869	5,518	1,649	42.62

## Notes:

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

## Internal Promotion and Transfer

The Group's talent cultivation is formed using a strategy of "solidifying core business and driving growth." We provide various internal development opportunities using our diverse financial services. For high-performing employees, we provide timely opportunities for promotion or transfer based on their interests, expertise, and future career plans. This practice helps the employees achieve personal learning and development objectives that "solidify their existing core competencies, while driving them to develop new, competitive competencies." It also helps the Group systematically nurture high-performers as management reserves. As of December 31, 2023, of all current department heads or above, 94.8% had been promoted to their current positions through internal transfers or promotions.

Mechanism	Description	2023 Results
 Internal promotion	Managers at all levels will identify and maintain a pool of management and professional talents to meet needs of the financial sector and the development of the Group. High-performing employees will receive promotions, and talent training will be carried out through diverse methods including course training, project assignments, meeting participation, and job rotation.	A total of <b>2,154</b> employees received a promotion, accounting for 18.8% of all employees.
 Internal transfer	The Group encourages employees to apply for internal transfer and take advantage of the comprehensive financial services within the Group to engage in planned cross-functional or inter-company transfers based on organizational needs. This helps the employees to become familiar with business in different areas or fields, while facilitating the integration of cross-field expertise with their own competencies, thereby becoming talents with diverse abilities.	A total of <b>1,719</b> employees engaged in job transfers, accounting for 15.0% of all employees. Moreover, 104 employees engaged in cross-company transfers.



## Performance Evaluation and Development

The Group regularly carries out performance evaluation, and assesses employees' annual work performance using "management by objectives," "multi-faceted performance assessment," "team performance evaluation," and "agile conversations." The results of these evaluations will be used as a reference in the human resources decision-making process for performance-based bonuses, promotion and salary adjustments, and talent development. We assist employees to develop and set career objectives on a daily basis through management by wandering around (MBWA) and communication. In 2023, 100% of employees underwent regular performance evaluations and career development reviews no matter their gender or managerial/non-managerial classification.

### Management by objectives

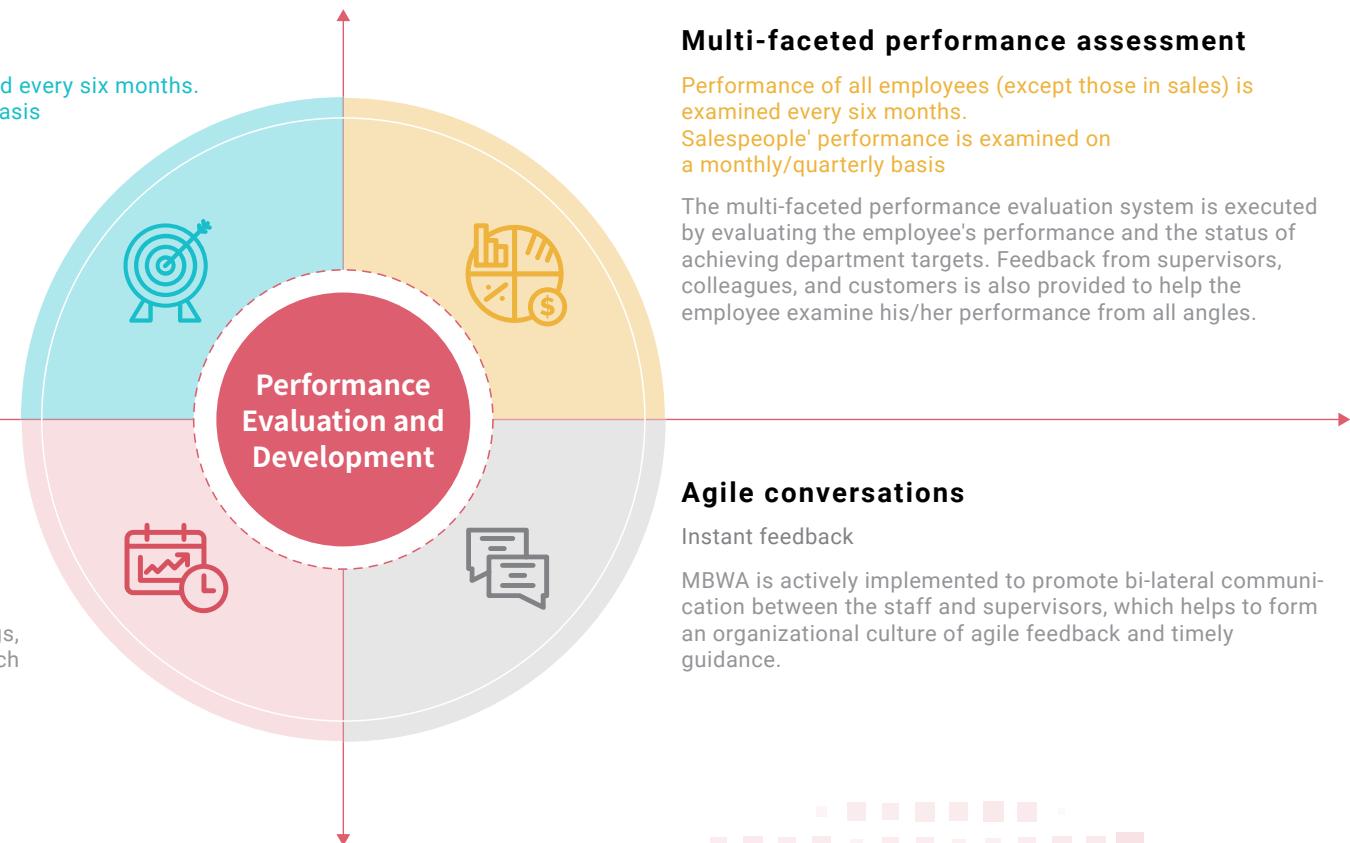
Performance of all employees (except those in sales) is examined every six months.  
Salespeople's performance is examined on a monthly/quarterly basis

The "target setting" for an individual employee is discussed and set between the employee and his/her department head at the beginning of the period, and performance management is achieved by following up with "midterm tracking and improvement" and "end of period review and assessment." This cycle evaluates the employee's annual work performance and sets his/her career development goals for the future.

### Team performance evaluation

Performance is regularly examined in each month

All departments will set department KPIs based on the Group's development strategies. The KPIs are also linked with personal performance, and will be regularly examined at monthly meetings, where all departments will share experiences and learn from each other to enhance the overall performance.



### Multi-faceted performance assessment

Performance of all employees (except those in sales) is examined every six months.  
Salespeople's performance is examined on a monthly/quarterly basis

The multi-faceted performance evaluation system is executed by evaluating the employee's performance and the status of achieving department targets. Feedback from supervisors, colleagues, and customers is also provided to help the employee examine his/her performance from all angles.

### Agile conversations

Instant feedback

MBWA is actively implemented to promote bi-lateral communication between the staff and supervisors, which helps to form an organizational culture of agile feedback and timely guidance.



## 6.3 Friendly and Excellent Working Environment

### Safe Workplace

#### Occupational Health and Safety Management Systems

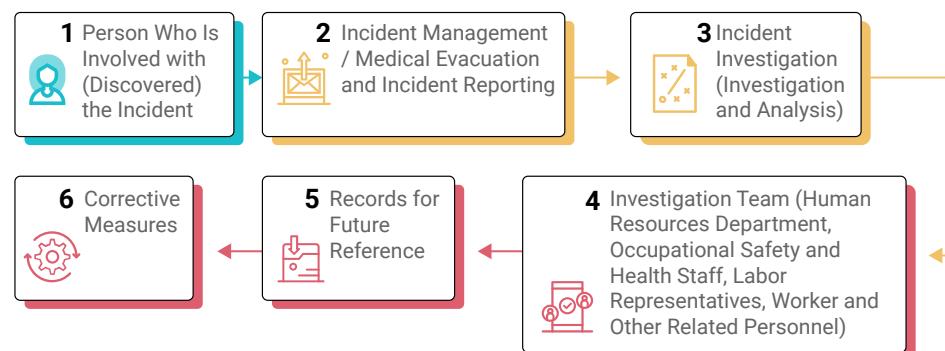
The Group places utmost importance on the workplace health and safety of its employees. The occupational health and safety policies of Yuanta Financial Holdings and its subsidiaries are signed by the chairman at the highest management level. We have also developed dedicated hazard identification, risk evaluation, and incident investigations as part of the occupational safety and health issues in line with the Occupational Safety and Health Act and applicable by-laws. In addition, we have established a safety and health unit to promote tasks related to occupational safety and health, and employees can provide feedback and suggestions on optimizing occupational safety and health via labor unions, labor-management meetings, or the Occupational Safety and Health Committee meetings convened every quarter.

To ensure the effectiveness of the aforesaid safety and health unit, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures have been actively planning and gradually implementing ISO 45001 Occupational Health and Safety (OH&S) Management System for their operations (including employees and contractors) since 2019. Third-party verification for the system is also conducted on an annual basis. Moreover, dedicated and licensed occupational safety and health staff are set up in each unit. Besides regularly partaking in retraining courses to assist in the implementation of OH&S management system, they also strengthen the compliance of each subsidiary with relevant occupational safety laws in Taiwan, thereby raising the importance of occupational safety in the Group's culture.

The Group is committed to maintaining a healthy and safe work environment. We regularly conduct hazard identification and workplace risk prevention. Targeting potential workplace hazards and individual health risks, we set qualitative and quantitative objectives for workplace health. We continuously manage through public health grading and prevention strategies, combining on-site consultation services from medical teams, quantifying workplace safety data through environmental monitoring, and integrating current events to plan actions promoting physical and mental health. These measures aim to protect employees and reduce the likelihood of occupational diseases and accidents. Through internal audits, we ensure the effective operation of the system, pledging to continually enhance the integrity and effectiveness of the occupational health and safety management system, providing a reassuring and friendly work environment. In response to potential emergencies, we have established corresponding crisis management and response measures. In the event of an accident, the president will lead the response unit, and the Company will assist employees in immediately ceasing operations and evacuating to a safe location in accordance with Article 18 of the Occupational Safety and Health Act.

In the post-pandemic era where we coexist with the virus, we are committed to creating a healthy workplace and implementing epidemic prevention measures. Through the integration of traditional Chinese medicine, family medicine, nutritionists, physiotherapists, and psychologists, we continue to promote the "Workplace Care Program for COVID-19 Survivors." We provide one-on-one health counseling clinics in the workplace for employees who have recovered from COVID-19, aiming to properly care for their physical and mental well-being. Moreover, the Company and Yuanta Securities are the first financial institutions in Taiwan to implement ISO/PAS 45005:2020 COVID-19. Since 2022, for two consecutive years, we have passed international verification by actively taking comprehensive actions to assess pandemic risks, ensuring the safety of work environments and operational premises, and providing comprehensive protection for employees and customers.

#### Process for Occupational Injuries, Occupational Disasters, Occupational Disease Investigations



#### Occupational Health and Safety Committee

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

Year of 2023	Yuanta Securities	Yuanta Bank
Total Committee Membership	9	11
Number of Labor Representatives	4	4
Member Term (Year)	2	2
Meetings Held Each Year	4	4



## Healthy Workplace

### Risk Mitigation and Prevention Measures

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

To effectively safeguard the safety and health of the workplace, after analyzing important indicators including the type of work, operating environment, results of health examinations, and the five major health protection plans (maternity protection, ergonomic hazard prevention, preventing diseases induced by abnormal workloads, unlawful infringement prevention, and middle-age and senior care), the Group has identified hazards and risks that directly and indirectly threaten employees' health based on the frequency of occurrence and level of impact. We address various risk and hazard issues such as commuting accidents, infectious diseases, accidents, falls in the office leading to injuries, stress, musculoskeletal pain, and metabolic syndrome, and continuously monitor the protection of specific groups such as pregnant workers and middle-aged to elderly employees in the workplace. To respond to high-risk hazards, relevant prevention programs and improvement measures have also been formulated accordingly.

1	Health risk  Traffic accidents while commuting	Level of impact	Awards and honors	
		High	Received the Excellent Enterprise Award in the Corporate Sustainability Report – Occupational Health and Safety Benchmark Voluntary Assessment Plan from the Occupational Safety and Health Administration, Ministry of Labor. Yuanta is the first in Taiwan's financial sector to receive this award.	
Risk mitigation/prevention measures		2023 Implementation effectiveness	Goals	Results
• New and ongoing occupational health and safety education and training courses.	• Issuance of electronic newsletters advocating traffic safety month in coordination with Traffic Safety Month.	• The number of participants in occupational health and safety education and training courses reached 5,892.	• The participation rate in occupational health and safety education and training courses advocating safe driving concepts for cars and motorcycles reached 100%.	• The participation rate of occupational safety and health training reached <b>100%</b>
• Shuttle service with four shifts daily for official transportation.		• Traffic safety promotion reached over 14,000 individuals.		
		• There were 32 traffic accidents.		

2	Health risk  Communicable diseases	Level of impact	Awards and honors	
		Moderate	Certification for indoor air quality self-management of public places.	
Risk mitigation/prevention measures		2023 Implementation effectiveness	Goals	Results
• Implementation of the "Workplace Care Program for COVID-19 Survivors" and "Health Counseling Services for COVID-19 Survivors."	• Hosted 30 sessions of "Health Counseling Services for COVID-19 Survivors," serving a total of 97 individuals.	• The number of operating sites with business interruption due to the pandemic should be less than 1.	• No operating sites had business interruption caused by the pandemic.	
• Establishment of an epidemic prevention and disaster prevention emergency response team, along with an epidemic prevention zone.	• Published 45 e-bulletins regarding communicable diseases and health consulting service, cumulatively reaching more than 14,000 persons.	• Regular provision of health counseling services.	• Organizing over <b>7</b> sessions of health counseling services monthly.	
• Promotion of infectious disease prevention (e.g., dengue fever, pneumonia caused by mold).		• Regular tracking of information on major infectious diseases.	• Convening more than <b>50</b> epidemic prevention meetings focusing on major infectious diseases.	



## 3

Health risk  
Stress

## Level of impact

Moderate

## Awards and honors

- Received Gold Award in the Taipei City Workplace Gender Equality Certification.
- Received the "Best Companies to Work for in Asia" award from HR Asia.
- Friendly Family and Work Equality Award from the New Taipei City Government's Labor Affairs Department.

## Risk mitigation/prevention measures

## 2023 Implementation effectiveness

## Goals

## Results

- Commissioned the Taiwan Institute of Psychotherapy to establish an external "employee assistance program," while internally, we also hired professionals to assist in finding problems, referring cases, and promoting activities related to mental well-being.
- Monthly updates on reports of psychological issues.
- Formulated "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Treatment" to prohibit any form of sexual harassment, prejudice or violence, or threats in order to build a gender-equal and friendly workplace.
- Formulated the "Prevention Plan for Unlawful Acts of Assault in the Performance of Duties" in line with relevant laws, and set up a regular employee grievance mailbox and employee internal communication channel.

- A total of 173 people are using the employee assistance program throughout the Group.
- Organized a series of work-life balance and health promotional courses. More than 22 sessions were held with a total of 1,264 participants (headcount).

- Complaint cases related to workplace sexual harassment  $\leq 2$ .
- Completion rate of complaint cases for unlawful infringement prevention plan exceeding 90%.
- Organize at least 1 work-life balance seminar/course/activity every quarter.

- There were **no** grievance reports related to "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Treatment."
- A total of 1 grievance reports related to the "Prevention Plan for Unlawful Acts of Assault in the Performance of Duties" this year; workers suffered mental stress, and after discussion held by the investigation team, the resolution was to provide either employee care, employee assistance, work adjustments, or punishments in line with internal procedures, reaching a **100%** completion rate.
- Organized more than **13** "work-life balance and health promotion" course sessions.

## 4

Health risk  
Metabolic syndrome

## Level of impact

Moderate

## Awards and honors

- Received the "Badge of Accredited Healthy Workplace" from the Ministry of Health and Welfare.
- Obtained "Friendly Workplace" certification from the Ministry of Health and Welfare.

## Risk mitigation/prevention measures

## 2023 Implementation effectiveness

## Goals

## Results

- Formulated and enacted the "plan for prevention of diseases induced by abnormal workloads," and planned annual health promotional activities based on the results of employees' health examinations.
- Planning and conducting annual health promotion activities.
- Regular dissemination of daily health information related to metabolic syndrome.
- The Group has hired 9 dedicated nurses and set up a nurse hotline to provide one-on-one health consultation during work hours and emergency medical services.

- Organized 54 seminars/events related to disease prevention due to abnormal workloads, serving 1,857 participants.

- Exposure of monthly updates on nutrition and health care information related to metabolic syndrome (high blood pressure, high blood cholesterol, and high blood sugar) should reach 10,000 persons.
- Organize at least 1 seminar/course/activity related to preventing diseases induced by abnormal workload in each quarter.

- Exposure of monthly updates on nutrition and health care information related to metabolic syndrome (high blood pressure, high blood cholesterol, and high blood sugar) has reached more than **10,000** persons.
- 54** sessions of seminars/courses/activities related to prevention of diseases induced by abnormal workloads were organized this year, and average satisfaction has reached 95% or more.



<b>5</b>	 <b>Health risk</b> <b>Musculoskeletal pain</b>	 <b>Level of impact</b> Moderate	 <b>Awards and honors</b> Obtained Taiwan iSports (Certificate of Corporate Wellness) from the Sports Administration, Ministry of Education.	
	<b>Risk mitigation/prevention measures</b>	<b>2023 Implementation effectiveness</b>	<b>Goals</b>	<b>Results</b>
	<ul style="list-style-type: none"> <li>Legally formulating and implementing the "Human Factor Risk Prevention Plan" and conducting annual health promotion activities.</li> <li>Regularly organize occupational safety and health training courses for new and current employees; promote ergonomic hazard prevention in the workplace; and devise pain and soreness prevention measures.</li> <li>Medical staff and occupational safety staff make on-site examination of the workplace to evaluate risks at the site and help to improve the environment and employee's posture.</li> </ul>	<ul style="list-style-type: none"> <li>Organized more than 23 sessions of ergonomic hazard prevention activities such as "technology-assisted physical fitness test" and "musculoskeletal hazard prevention promotion," which were cumulatively participated by more than 1,627 persons.</li> <li>Visited 81 operating locations to assist in improving musculoskeletal pain caused by office posture and work environment, providing services to a total of 28 colleagues.</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of employees scoring 3 points or more on the quantitative musculoskeletal pain scale in the employee health examination and the situation continues for more than 3 months should be less than or equal to 1%.</li> <li>Organize 1 session or more of ergonomic hazard prevention seminar/course/activity every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of employees scoring 3 points or more on the quantitative musculoskeletal pain indicator as part of the employee health examination and the situation continues for more than 3 months in this year was <b>2%</b>.</li> <li>3 sessions of ergonomic prevention seminars/courses/activities were held in this year and average satisfaction has reached <b>95%</b> or above.</li> </ul>

<b>6</b>	 <b>Health risk</b> <b>Accidents and injuries from tripping / falling in office</b>	 <b>Level of impact</b> Moderate	 <b>Awards and honors</b> Certified as a "Heart Safe Site" by the Ministry of Health and Welfare for AED (Automated External Defibrillator) safety.	
	<b>Risk mitigation/prevention measures</b>	<b>2023 Implementation effectiveness</b>	<b>Goals</b>	<b>Results</b>
	<p><b>Supplier Safety and Health Management:</b></p> <ul style="list-style-type: none"> <li>To implement external control measures, the signing of supplier's commitment to occupational safety and health is required for all contracts.</li> <li>To fulfill obligations as a business owner, identity verification is required and operating hazards are informed when suppliers enter the operating grounds.</li> <li>Regularly participate in worker safety negotiation groups to discuss and promote occupational safety and health.</li> </ul> <p><b>Worker health protection:</b></p> <ul style="list-style-type: none"> <li>At least 6 patrols of the environment are conducted every month to ensure occupational safety.</li> <li>Implementation of ISO 22301 Business Continuity Management Systems and conducting emergency response drills.</li> <li>Autonomous installation of AEDs and implementation of employee safety skill training.</li> </ul>	<p><b>Supplier Safety and Health Management:</b></p> <ul style="list-style-type: none"> <li>Participated in 12 worker safety negotiation meetings in 2023 to promote key issues including fall prevention, electrocution, and environmental safety concerns.</li> </ul> <p><b>Worker health protection:</b></p> <ul style="list-style-type: none"> <li>Organized 6 or more rounds of patrols of the environment which are conducted by occupational safety managers every month; no material deficiency has been found.</li> <li>Certification of ISO 22301 Business Continuity Management Systems compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Complete 6 patrols of the environment at operating sites every month.</li> <li>Deficiency improvement rate should reach 90%.</li> <li>The number of occupational hazards related to accidents throughout the Group should be less or equal to 20.</li> </ul>	<ul style="list-style-type: none"> <li>Completed <b>6</b> patrols of the environment at operating sites every month.</li> <li>Deficiency follow-up and improvement rate reached <b>100%</b>.</li> <li>There were <b>2</b> cases of occupational hazards related to accidents reported this year.</li> </ul>



## 7



## Health risk

## Middle-aged and senior worker protection

## Level of impact

Moderate

## Awards and honors

- Certified by the Taipei City Government's Department of Labor as a "Middle-aged and Elderly Friendly Company."
- Received the Workplace Health Enterprise Award from workplace cancer screening event held by the Health Bureau of Taichung City Government.

Risk mitigation/prevention measures	2023 Implementation effectiveness	Goals	Results
<ul style="list-style-type: none"> <li>Formulated and enacted the Group's "work adaptability management plan for middle-aged and senior workers" and "Healthy Aging" seminars.</li> <li>Organized 6 sessions of environmental inspection in Yuanta's own buildings and operating sites per month with medical professionals to jointly identify the risk of hazards to middle-aged and senior workers.</li> <li>Promoting adult health check-ups, cancer screenings, and vaccines in the workplace to enhance workers' health and immunity.</li> </ul>	<ul style="list-style-type: none"> <li>Organize 6 sessions of environmental inspection to be conducted by occupational safety manager every month; no environmental deficiency was found.</li> <li>Organized screening for four types of cancer during employee health examination at Yuanta's own buildings with 100 persons or more.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting 6 health counseling services every month, with a 100% execution rate for reducing potential workplace risks.</li> <li>Implementing monthly 6 fitness assessments and health improvement recommendations for middle-aged and elderly workers.</li> </ul>	<ul style="list-style-type: none"> <li>Organizing 6 health counseling services every month, identifying workplace hazards, discovering 20 potential risks, and achieving a <b>100%</b> execution rate for improvements.</li> <li>Conducting monthly 6 fitness assessments and health improvement recommendations for middle-aged and elderly workers.</li> </ul>

## 8



## Health risk

## Maternity protection

## Level of impact

Low

## Awards and honors

- Certified by the Taipei City Department of Health as a "Top-grade" Excellent Nursey Room.
- Received the gold medal in Workplace Gender Equality certification from Taipei City Government.

Risk mitigation/prevention measures	2023 Implementation effectiveness	Goals	Results
<ul style="list-style-type: none"> <li>Legally formulating and implementing the "Maternal Health Protection Program," planning and providing maternal health resources for employees.</li> <li>Planning nursery rooms with nurses providing breastfeeding counseling.</li> <li>Regularly organize occupational safety and health training courses for new and current employees to advocate workplace gender equality and equal rights.</li> <li>Regularly disseminating maternal health protection-related information and organizing fitness activities for mothers.</li> </ul>	<ul style="list-style-type: none"> <li>Provided 57 sets of infant care products including skincare cream, pacifiers, breastfeeding supplies, bottle sterilization bags, and pregnancy guides.</li> <li>Conducting positive parenting communication seminars with 57 participants, achieving a satisfaction score of 4.5 out of 5 in the questionnaire.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to care for pregnant workers and mothers; the maternity protection consultancy ratio should reach 85% or more.</li> <li>Achieving a 100% participation rate in training for the Maternal Health Protection Program and workplace gender equality awareness and advocacy. The participation rate of occupational safety and health training courses (including maternity protection plan, as well as workplace gender equality awareness and rights advocacy) reached <b>100%</b>.</li> <li>Continue to be certified for providing quality nursing rooms.</li> </ul>	<ul style="list-style-type: none"> <li>The maternity protection consultancy rate reached <b>93.20%</b> this year.</li> <li>Achieving a 100% participation rate in training for the Maternal Health Protection Program and workplace gender equality awareness and advocacy. The participation rate of occupational safety and health training courses (including maternity protection plan, as well as workplace gender equality awareness and rights advocacy) reached <b>100%</b>.</li> <li>All Yuanta's own buildings in Taipei City have obtained the "Quality Nursing Room" certification.</li> </ul>



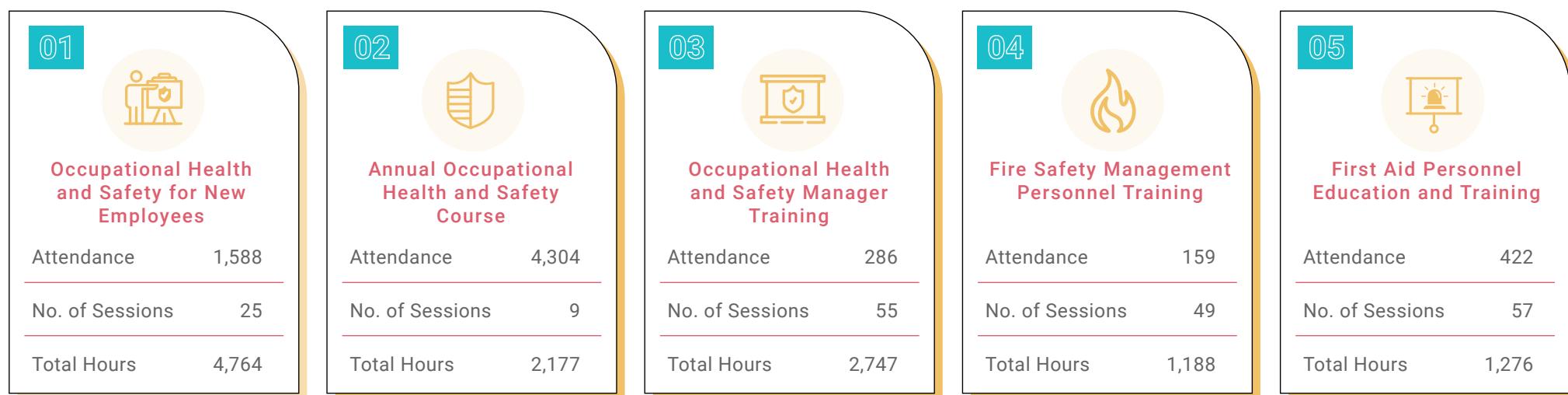
## Employee Mental Health

To help employees maintain a positive work-life balance, the Group promotes a culture of health at the workplace, and establishes Employee Assistance Programs (EAPs), which combine external social resources and company community activities to provide resources on five major topics, including "psychological counseling," "legal counseling," "medical prevention and treatment," "care/other counseling," "self-assessment," and "safe work environment," to promote employee physical and mental health and enhance work efficiency.

Since 2021, we have collaborated with external nonprofit professional counseling organizations to provide free counseling services. Through counseling hotlines, one-on-one meetings with psychologists, and other methods, we assist employees in resolving family, interpersonal, legal, and other related issues. This includes providing consultation on retirement career planning. In 2023, a total of 173 consultations were conducted and all the employees who used the consultation service gave positive comments in a survey. Internally, the Group also assists employees in utilizing internal and external resources to improve and solve their personal issues through counseling.

In 2023, the Company organized a "Supervisor Sensitivity" training course aimed at helping supervisors understand their emotions and the messages behind them. The course also guided supervisors in stabilizing their own state and cultivating communication skills to establish trust and care for their subordinates through practical dialogue exercises. A total of 34 people participated in the training.

## Occupational Safety and Health Training Course Statistics





## 6.4 Human Rights

### Human Rights Policy

The Company recognizes and supports the spirit and basic principles of human rights protection as outlined in international covenants including the Universal Declaration of Human Rights, United Nations Global Compact, and International Labour Conventions and complies with the relevant labor laws and regulations of the Company's locations.

In 2018, the Company established its "Human Rights Policy", which is applicable to its subsidiaries and covers the protection of human rights in the workplace, the implementation of equal pay for equal work, the provision of a healthy and safe workplace, the support of freedom of association, the promotion of labor harmony, the protection of personal data, and the promotion of human rights policies. The Company is committed to respecting and protecting the basic human rights recognized internationally, complying with relevant labor laws and regulations, protecting the legal rights of employees, and prohibiting any acts that violate or infringe upon human rights, and taking practical actions to realize the Company's responsibility to respect and protect human rights and to incorporate the principles and spirit of human rights into its corporate values and culture.

Business Operation	Value Chain and Related Business	
Employees	Suppliers and Partners	Customers and local communities
The Company has established the "Human Rights Policy," which includes the protection of human rights in the workplace, the implementation of equal pay for equal work, the provision of a healthy and safe workplace, the support of freedom of association, the promotion of labor-management relations, the protection of personal data, and the propagation of human rights policies. In addition to the commitment to respect and protect the basic human rights recognized internationally, we comply with relevant labor laws and regulations, protect the legal rights of our employees, and prohibit any acts that violate or infringe upon human rights.	In addition to supporting and practicing human rights protection, the Company has established the "Human Rights and Environmental Sustainability Terms" to encourage its partners, including suppliers, to work together to pay attention to human rights issues and to manage related risks.	The Company has established the "Sustainable Finance Guidelines" as a reference for each subsidiary's investment decisions and further ensures the implementation of human rights policies for its customers by incorporating ESG considerations.  The Company has formulated the "Personal Data Protection Policy" and actively ensures the confidentiality of important customer information by enhancing the quality of information governance and maintaining the right to personal data privacy.  The Company has formulated the "Social Welfare Activity Management Guidelines" based on our three major social welfare strategies, and actively addresses social and environmental issues we are concerned with through commercial activities, donations, corporate volunteer services, or other substantive actions through charity services.

### Human Rights Due Diligence

In order to implement the "Human Rights Policy", the Company has established a human rights due diligence procedure. Every year, we review human rights advocacy both domestically and internationally, along with labor regulations, to identify major human rights concerns and potential impacts. We classify risks according to the level of risk associated with each issue and then establish corresponding risk mitigation and compensation measures. We also regularly monitor and review these measures to effectively manage the impact and implications of human rights risks.

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



#### ► Human Rights Due Diligence Process

Relevant groups: Employees, suppliers/partners, customers, local communities and new business relations

- 1 Risk Identification**  
 Examine the spirit and basic principles of human rights protection as revealed in international human rights conventions and the relevant labor laws and regulations in Taiwan to identify potential human rights risk issues.  
Discern the parties whose human rights are affected.
- 2 Risk Assessment**  
 Assess the proportion of human rights risks for each potential issue.
- 3 Risk Mitigation & Compensation**  
 Develop and implement risk mitigation measures for those with potential human rights risks.  
Plan and implement compensatory measures for those who have suffered actual negative influences or impact on human rights.  
Confirm the implementation results.
- 4 Improvement & Tracking**  
 Disclose the results of human rights due diligence.  
Track the improvement of each potential issue risk.
- 5 Periodic Review**  
 Review risk assessment tools and processes to improve human rights due diligence mechanisms.  
Review related procedures and management practices to continuously optimize the management of human rights risks.



## 6.5 Employee Communication

To listen to employees' voices and achieve effective communication, the Group has established multiple channels and mechanisms for communication, complaints, and whistleblowing. These are in place to prevent labor disputes or occupational safety defects that could lead to talent loss. We provide communication channels and mechanisms, such as labor-management meetings, employee complaint lines, employee engagement surveys, learning and development evaluations, and performance feedback interviews to ensure effective labor-management communication. On issues related to occupational safety and health, employees can express their opinions through labor-management meetings or through proposals from the Occupational Safety and Health Committee.

### Union Participation

The Group has always valued communication with unions and employees. Every 3 months we hold regularly scheduled labor-management meetings and discuss issues to promote labor-management harmony with unions or labor representatives to strengthen labor-management relations. The contents of the labor-management agreement apply to 100% of all employees. Should any operating activities significantly impact employees, such activities will promptly be announced on the Company intranet and where necessary, management shall engage all employees in the communication.

The Group maintains an open and liberal attitude towards employees joining unions. As of the end of 2023, the total number of union members accounted for 30.98% of our Taiwan employees.

Union	Number of Union Members	Number of Union Members as a Percent of Total Employees (%)	Number of Union Representatives as a Percent of Total Employee (%)
Yuanta Financial Holding Co., Ltd. and Subsidiaries Corporate Unions	467	4.07	0.24
Yuanta Commercial Bank Co., Ltd. Corporate Union	2,491	55.03	0.33
Yuanta Commercial Bank Co., Ltd. Union	989	21.85	0.62
Yuanta Life Insurance Co., Ltd. Corporate Union	71	10.06	2.12

Note:

1. The number of people that is applicable to the collective agreement with Yuanta Commercial Bank Co., Ltd. Union accounts for 8.2% of the Group's domestic employees.
2. Union representatives are members and supervisors of the union and the representatives of the members.

### Employee Engagement Surveys

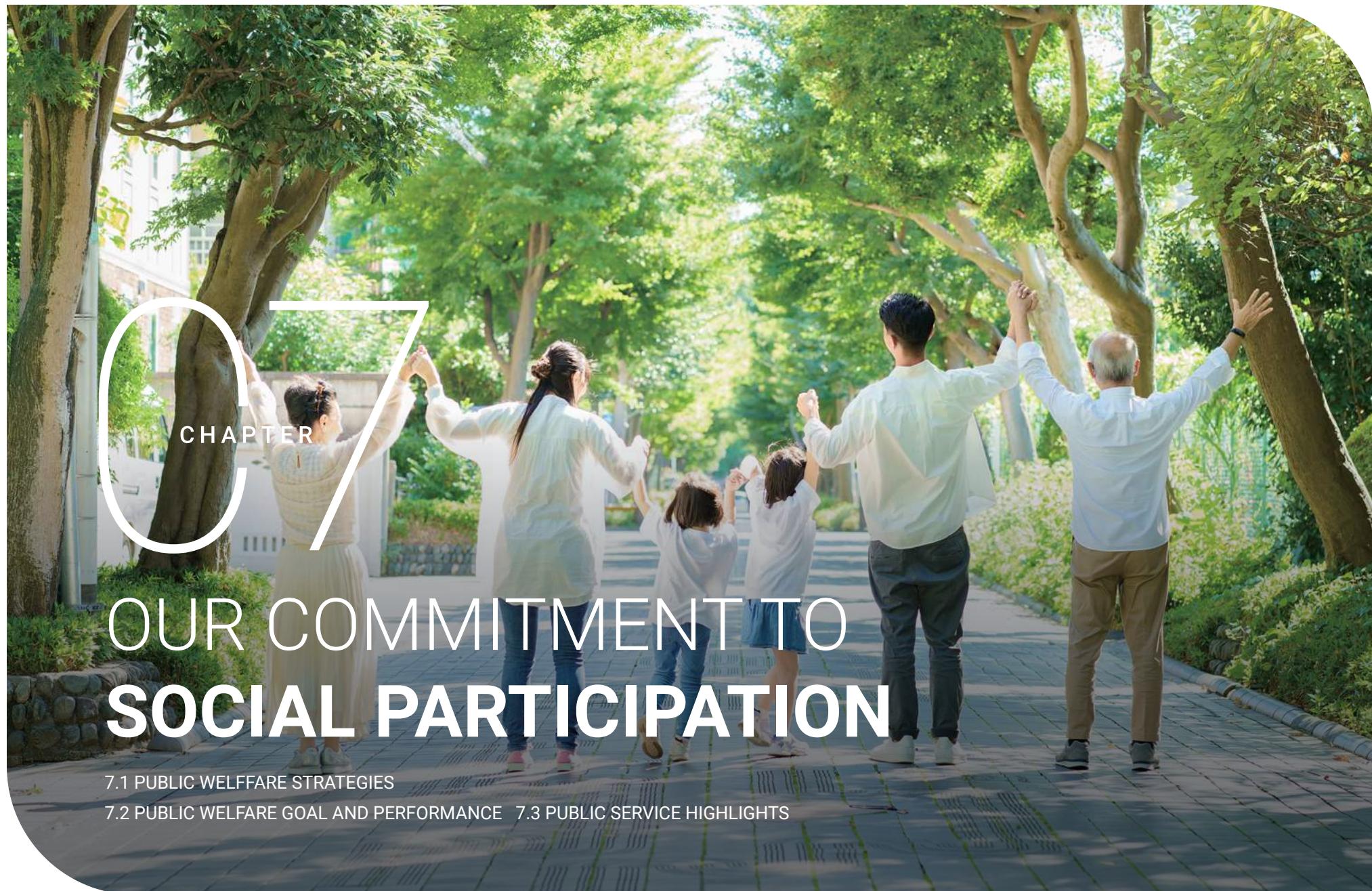
Since 2017, the Human Resources Department has planned and commissioned a foreign management consultant to independently conduct the Employee Sustainable Engagement Survey (ESES) on a third-party platform, inviting Taiwan and overseas full-time employees who have completed their probation period to participate in the survey. From 2019 onwards, based on the consultant's recommendation, the engagement survey only needs to be conducted biennially.

In 2023, 13,694 employees from both domestic and international locations were invited to participate in the Employee Engagement Survey. Male employees accounted for 42% of the respondents, while female employees accounted for 58%. The survey covered four dimensions: Work Experience, Organizational Operations, Strategic Focus, and Talent Management, with 19 aspects including job satisfaction, purpose, happiness and stress management. In several aspects, the Company received positive ratings surpassing industry standards. Notably, in the Work Experience dimension, the Group received high marks for actively developing diverse on-the-job training mechanisms, providing ample resources for further education, and offering comprehensive salary, reward, and welfare systems. The Company also exceeded high-performance benchmarks in Learning and Development and Compensation and Benefits aspects. Additionally, in the Organizational Operations dimension, the Company received higher ratings than the high-performance benchmark in Organizational Communication and Team Collaboration as the Company organized core value communication activities to allow employees to understand the corporate culture and development goals and to foster greater confidence in the Group's growth trajectory.

Employee Engagement Survey Data by Year					
Year	Region	No. of Participants	No. of Respondents	Survey Ratio (%)	Positive Response (%)
2019	Taiwan and Overseas	12,945	11,148	79	88
2021	Taiwan and Overseas	13,186	11,183	78	86
2023	Taiwan and Overseas	13,694	11,735	79	80

Notes:

1. The base dates for the number of employees responding to the engagement survey in 2019, 2021 and 2023 were August 1, 2019, June 30, 2021 and June 1, 2023 respectively. The base date for the total number of employees in each year is the number of employees in employment as of December 31 of that year.
2. We were recommended to conduct biennial survey by the consulting company in 2019; therefore, the survey was not carried out in 2020 and 2022.
3. The survey ratio is derived by dividing the number of employees who responded by the total number of employees in the Group.



# OUR COMMITMENT TO SOCIAL PARTICIPATION

7.1 PUBLIC WELFARE STRATEGIES

7.2 PUBLIC WELFARE GOAL AND PERFORMANCE 7.3 PUBLIC SERVICE HIGHLIGHTS



## 7.1 Public Welfare Strategies

The Group has long integrated our core business in finance with internal and external resources to actively invest in social welfare. The Corporate Sustainability Office coordinates Corporate Sustainability Office coordinates resources and sets development goals under three major social welfare strategic directions. Short-, medium-, and long-term goals are established to track the effectiveness of the social welfare actions and whether goals have been achieved, while the results of implementing social welfare are publicly disclosed through multiple channels. In addition, feedback is also collected to continuously optimize the Group's social impact and to substantially address the SDGs, thereby implementing the social welfare responsibilities that the Group persists in. In 2023, employees contributed a total of 283 instances and 2,193 hours of volunteer leave, fulfilling the social responsibility that the Group is committed to.



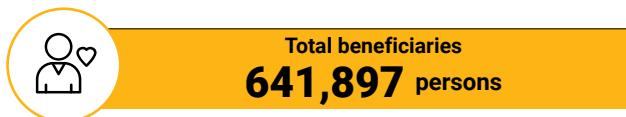
### Care for Society

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

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

### 2023 Key Performance

- "Sending Warmth and Love" Charity Donation Platform: NT\$1.79 million
- Donation of Microinsurance Amount: NT\$1.75 million
- Collaborating Beneficiary Organizations: 124
- Financial Management Activities for Vulnerable Rural Areas: 14 sessions, benefiting 494 individuals (include 148 individuals in Yuanta Happiness Day)



### Helping to Educate

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

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

### 2023 Key Performance

- Cumulative Number of Interns and New Employees Recruited: 131
- Provision of Scholarships: NT\$41.79 million
- Nurturing Disadvantaged Students: 2,511 individuals
- Yuanta Wealth Management Day / Wealth Management Camp / Yuanta Wealth Management LOVE Book FUN: 6 events, benefiting 199 individuals



### Positively Impact Society

We use our sales office as a relay station for community exchange, deepen the interaction with the community, and build a safety net for support, and utilize the power of volunteers to promote cultural and creative industries and care for social and environmental issues as well as prioritize cooperation with strategic partners.

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

### 2023 Key Performance

- Elderly Healthcare Services: 18 events, benefiting 2,023 individuals. Yuanta Life held five events in 2023 for elderly care and financial fraud prevention, with a total of 128 beneficiaries.
- Beach Cleaning / Community Cleanup Activities: 15 events, cleaning up 4,314.77 kilograms of waste
- Dream Big Yuanta Charity Project: Sponsoring 8 organizations with dream project grants totaling NT\$2.4 million, benefiting 79,943 individuals
- Medical Equipment Donation: Donation of MRI scanning equipment to the Tainan Hospital, Ministry of Health and Welfare, valued at over NT\$67 million



## 7.2 Public Welfare Goal and Performance



### Care for Society

#### Stakeholders

Government, Employee, Potential Employee, Supplier, Client

#### Secondary Goals (SDGs)



#### Long-Term Goals

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

#### Action Plans

- Care for disadvantaged groups affected by major disasters
- Yuanta Bank "Give Love, Give Warmth" Donation Platform
- Yuanta Happiness Day
- Yuanta Charity Shoebox.
- Financial education for disadvantaged groups
- Long-term cooperation and support of social welfare organizations: Taiwan Fund for Children and Families, Taitung Kids' Bookhouse, Harmony Home Taiwan
- Microinsurance donations

#### Investment and Beneficiaries

Total Investment amount  
**NT\$15.05 million**

Total beneficiaries  
**21,648 persons**

#### Little Tree Companion Train

Yuanta Life has long been committed to supporting underprivileged children in rural areas, actively promoting financial inclusion education. Apart from providing basic coverage through microinsurance, it extends financial education to the grassroots level through the "Little Tree Companion Train" initiative. Employees of Yuanta Life serve as volunteers, using games as an educational tool to teach children about risk awareness, prevention, diversification, and transfer, whereby they can develop correct risk concepts and financial knowledge. By integrating financial education with charitable activities, Yuanta Life extends its influence to its suppliers, encouraging them to donate goods to support underprivileged children.



#### Humanity and Love Children's Literature Award

Yuanta Funds values rural education and strives for knowledge and talent equality. In 2023, it sponsored the "11th Humanity and Love Children's Literature Award" organized by the Taiwan Humanity and Love Small Business Mutual Aid Association. This event aimed to promote dreams and hopes among children in rural areas through literature sharing. By supporting five rural schools, it encouraged children to bravely pursue their dreams. Furthermore, the initiative provided a platform for children to showcase their talents, empowering them to realize their self-worth and gain confidence. Yuanta Funds encouraged children by emphasizing that "rural areas are not obstacles; as long as they have determination and courageously pursue it, a bright future is within reach!"



#### SDG1 Public Service Highlights



## Helping to Educate

### Long-Term Goals

- Continue to help the underprivileged pursue education and employment opportunities to cultivate talents and care for society.
- Invest resources in the most needed disadvantaged school districts and communities.
- Provide higher education research grants to encourage and support the development of related industries and the nurturing of professional talent.

### SDG4 Public Service Highlights

#### Yuanta Excellent Talent Scholarship

Since 2016, Yuanta Financial Holdings and the Yuanta Cultural and Educational Foundation have been organizing the "Yuanta Excellent Talent Scholarship" to cultivate outstanding students and transform lives through education. Each recipient can receive up to NT\$200,000, making it one of the few scholarships available from high school to master's degree level. Additionally, Yuanta integrates financial expertise by inviting employees from its subsidiaries to serve as financial course instructors, helping scholarship recipients develop financial literacy and utilize their wealth wisely.

In 2023, a total of 78 students received the award, marking the highest number in the program's history. Over the past eight years, nine scholarship recipients have graduated and joined Yuanta to contribute their talents. The Group will continue to invest in education, safeguarding the rights of underprivileged students from schooling to employment, and ensuring talent development.

### Stakeholders

Government, Employee, Potential Employee, Supplier, Client

### Action Plans

- Yuanta-FJU Dreams Take Flight Project
- Yuanta Scholarship for Outstanding Underprivileged Talent
- Yuanta Cultural and Educational Foundation Physician-Scientist Merit Award.
- Yuanta Internship Program with Colleges and Universities
- Yuanta Wealth Management Day and Yuanta Wealth Management Camp
- Yuanta LOVE Book FUN Activity

### Secondary Goals (SDGs)



### Investment and Beneficiaries



Total Investment amount  
**NT\$74.71** million



Total beneficiaries  
**5,995** persons

#### Rooting Financial Education in Rural Education, Making Finance Fun

Since 2018, Yuanta Financial Holdings and the Yuanta Cultural and Educational Foundation have been assisting rural students in acquiring basic financial knowledge, dedicated to promoting financial education. The goal is to spread financial literacy to remote schools across Taiwan, promoting the concept of financial inclusion. In 2023, they continued to organize "Yuanta LOVE Book FUN" and "Yuanta Wealth Management Day", creating engaging financial stories and designing the "Little Investors" board game in collaboration with financial professionals to convey savings and wealth management concepts in a fun and educational way. Moreover, they expanded the "Yuanta Wealth Management Camp", using bank tours and interactive games to introduce financial knowledge such as fraud prevention and savings insurance, accompanying rural students in establishing a solid foundation in financial literacy.





## Positively Impact Society

### Long-Term Goals

### SDG11 Public Service Highlights

#### Stakeholders

Government, Employee, Potential Employee, Supplier, Client, Society

#### Secondary Goals (SDGs)



- Through our subsidiaries' business offices and local volunteers, we are able to serve our customers by reaching out to their neighbors, deepening the interaction between stakeholders and helping to resolve issues of concern.
- We continue to support childcare and senior care and medical services, build community-based care networks, and promote an atmosphere of community support and healthy culture.
- We nurture local organizations or groups to enhance the well-being of the community and promote cultural and creative industries and serving as a relay point for community exchange.
- To protect the environment, we will use our influence to organize public service activities and utilize the power of our volunteers to address environmental issues and create positive links between society, the economy, and the environment.

#### Action Plans

- Yuanta Dream Big Project
- Yuanta Blood Donation Campaign
- Taiwan Fund for Children and Families' Good Neighbor Child Protection Program
- Community Adoption (pedestrian walkway, trees)
- Promoting Rehabilitation Care
- Working with community health and hospice organizations to care for seniors
- Beach cleanups and community cleaning activities
- Medical Equipment Donation

#### Investment and Beneficiaries



Total Investment amount  
**NT\$8.79 million**



Total beneficiaries  
**614,254 persons**

#### Promoting Environmental Awareness and Biodiversity Conservation at Yuanta Bank

Yuanta Bank is dedicated to promoting environmental protection and biodiversity conservation. On the weekend of April 22, World Earth Day, the bank invited its employees and their families to participate in the "Zhishanyan Biodiversity Tour". Through on-site ecological explanations, participants had the opportunity to explore the mysteries of seasonal changes and terrestrial ecological evolution in the park, fostering an understanding of the interdependence between humans and the environment. Additionally, activities such as animal rescue and bonsai making were conducted to highlight the value of biodiversity. This immersive ecological journey enriched employees' awareness of environmental sustainability, fostering a collective commitment to protecting our planet.

#### Elderly Care in the Community

Yuanta Life values the issue of financial fraud risks among the elderly. To address this concern, the Company organizes activities such as the "Elderly Care Train" and "Smiling Elders: Love Without Barriers" events. Volunteers from Yuanta Life visit community centers and day care centers across Taiwan to serve the elderly, including those who are aging, suffering from dementia, or facing dependency issues. They provide assistance and distribute the "Yuanta Nine Principles for Fraud Prevention Handbook" to help seniors develop awareness of financial risks.

Yuanta Funds and Yuanta Futures have long been attentive to the issues faced by middle-aged and elderly individuals suffering from dementia. In 2023, they donated to the Wisdom Social Welfare Foundation to support the "Wisdom Family Support Program." This program includes various activities such as tabletop gaming sessions, caregiver excursions, dementia awareness seminars, caregiver training workshops in the northern, central, and southern regions, volunteer training, and regular gatherings at the "Ganquan Café." Through community care centers, volunteers give daily care and companionship to elderly individuals with dementia, engaging them in warm and enjoyable activities to pass the winter season together.



#### Dream Big – Yuanta Public Welfare Dream Fulfillment Project

Yuanta Financial Holdings and the Yuanta Cultural and Educational Foundation have a core philosophy of becoming a platform that supports small-scale public welfare enterprises or organizations mutually. Over the past seven years, they have accumulated extensive experience in public welfare planning and event management, as well as resource connections, becoming a solid backing for small-scale public welfare enterprises or organizations.

Through diverse channels, the Foundation enhances the marketing and business planning capabilities of corporate groups. This year's "Dream Fulfillment Empowerment Workshop" invites industry experts to conduct courses, expanding practical skills in community dissemination of public welfare topics. Collaborating with the National Central Library, the Foundation provides abundant social media teaching resources to selected enterprises and organizations, promoting the spread of their ideas and brand visibility and exposure. Moreover, by linking professional individuals with the Foundation's own volunteers and platform resources, it integrates the operating concepts of corporate groups with key stakeholders, incorporating community building and local revitalization into long-term development plans. This establishes business objectives and positioning, raises the business planning capabilities of corporate groups, and through the Dream Fulfillment Empowerment Platform, facilitates the exchange of experiences and resources among small-scale enterprises or organizations, accelerating their operational planning and marketing skills growth.





## 7.3 Public Service Highlights

### Collaborating with the Criminal Investigation Bureau for Cybersecurity Joint Defense: Precise Fraud Detection and Prevention



Yuanta Group is committed to safeguarding customer rights and assets. A memorandum of cooperation has been signed with the Criminal Investigation Bureau, National Police Agency, Ministry of the Interior to establish the "Financial Anti-Fraud Online Alliance for Cybersecurity Defense," aiming to provide diverse channels for anti-fraud promotion, strengthen early warning mechanisms, and share cybersecurity intelligence, thereby constructing a secure and sustainable investment environment.

Recognizing the crucial role of financial institutions in fraud prevention, Yuanta Group has actively implemented customer care initiatives since 2022, enhancing the functionality of the financial protection network to deter illegal fund flows. Through collaboration between financial institutions and law enforcement, we aim to eliminate crime and jointly safeguard the security of transactions, achieving a win-win outcome. For detailed outcomes, please refer to section 3.3 "Customer Care" on chapter page 71.

Furthermore, Yuanta Group advocates correct fraud prevention concepts in various social activities to prevent damage to public interests. In this year's group blood donation event, representatives from the Criminal Investigation Bureau and the Taipei City Police Department set up anti-fraud promotion booths at our blood donation sites, engaging in lively community interactions to encourage participation among volunteers and passersby. Simultaneously, the National Police Agency of the Ministry of the Interior's "165 Anti-Fraud Promotion" campaign on the "Yuanta Love Unlimited Facebook page" was activated, aiding in nationwide fraud awareness and prevention.

In 2023, Yuanta Group launched "Yuanta 188 Sustainability Relay Program" with anti-fraud promotion being a crucial component. Through community initiatives aimed at fostering goodwill and caring for the elderly, we actively promote fraud prevention knowledge among the community, strengthening the anti-fraud awareness of senior citizens.



Yuanta Financial Holdings collaborates with the Criminal Investigation Bureau for cybersecurity joint defense, collectively aiming to stop financial fraud.



Yuanta Blood Donation Drive invited the Criminal Investigation Bureau to promote the anti-fraud awareness campaign, combining philanthropic ideals with fraud prevention concepts.

### Collaborative Efforts with Stakeholders Create Sustainable Environmental Influence Participation in BNP Paribas Tree Planting Sponsorship Program + Family Day Tree Planting and Marine Waste Cleanup Activities

Yuanta Securities actively integrates its core business with the sustainable development of the planet. Encouraging clients to participate in tree planting and reforestation through financial actions, Yuanta Securities has been involved in the BNP Paribas Wealth Management "Tree Planting Project" since 2022. For every US\$10,000 of BNP Paribas overseas structured products purchased through Yuanta Securities, BNP Paribas plants a tree in the mangroves of Sumatra, Indonesia. In the current year, 4,087 trees have been planted, totaling 5,264 trees, enabling clients to not only engage in long-term investment value but also to create tangible green influence.

In response to regulatory green finance policies and the Group's sustainable development strategy, Yuanta Securities embodied the "low-carbon" goal in 2023 as part of its ESG principles. Employees and suppliers were invited to participate in a family day hiking and tree planting event, during which 3,418 native Taiwanese saplings were donated to eight elementary schools in New Taipei City. This initiative aims to accompany students in their growth while instilling carbon reduction concepts into school communities. Moreover, the scope expanded to include marine waste cleanup themes, with collaboration with the Azure Alliance to conduct the Bitou Fishing Port Cleanup Project in New Taipei City. Utilizing the low-carbon, fully electric marine debris cleaning vessels, "Azure Fighters," a total of 8,381 items of garbage weighing 228 kilograms were collected, fostering green thinking among stakeholders and creating environmental influence.



Yuanta Securities holds a hiking and tree-planting family day.



Ocean Waste Recycling, Sustainable Oceans



## Appendix 1 Sustainable Finance Performance

### Responsible Investment Management Action Plan

Abiding by the Principles for Responsible Investment (PRI) and the Group's Sustainable Finance Guidelines, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures and Yuanta Venture Capital have formulated or revised related policies, rules, and standard operating procedures (SOPs) to implement responsible investing practices in the management of every type of asset. Detailed explanations of management processes and practices are summarized in the table below.

### Voting and Engagement Policy/Practice

	<b>Yuanta Securities</b>	<b>Yuanta Bank</b>	<b>Yuanta Life</b>	<b>Yuanta Funds</b>	<b>Yuanta Venture Capital</b>
<b>Engagement Policy/Practice</b>	According to Institutional Investors Stewardship Policy, and the Investment Management Policies, the ESG issues are clearly defined to be addressed. Yuanta Bank continues to pay attention to the invested companies for the fulfillment of corporate social responsibility. By attending shareholder meetings, exercising voting rights, and interacting and engaging with the management of the company to improve ESG performance.	According to Article 4 of the Operating Guidelines for Engagement and Voting established by Yuanta Financial Holdings, each subsidiary shall independently screen candidates for the proposed engagement, or Yuanta Financial Holdings and its subsidiaries shall jointly screen and evaluate candidates for the proposed engagement. Regarding the prioritization of ESG-related data and rating information for credit and investment counterparties, those with lower rankings in ESG-related indicators may be given priority for engagement proposals. Additionally, consideration may be given to adopting a collaborative engagement approach to enhance the ESG-related data of the target company. Engagement activities may include but are not limited to personal visits, phone calls, emails, etc., to engage in dialogue and interaction with invested companies on ESG issues.	In accordance with the Procedures Governing Exercising Shareholder Rights for Holders of Securities, Yuanta Life continues to pay attention to ESG issues of invested companies and takes appropriate actions to communicate and engage with the company.	In accordance with the provisions of the Operating Guidelines for Engagement Procedures, we regularly pay attention to the operating performance of the invested companies and their environment, social, and corporate governance (ESG) risks and performance and propose engagements with the invested companies on a timely basis to increase investment performance and reduce ESG risks.	In accordance with the Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital reviews invested company on CSR compliance when appropriate. Should assessment find there are potential negative impacts on ESG, Yuanta Venture Capital shall communicate related risks through participation in shareholder meetings, exercise of voting rights, and communication with the management of the company.
<b>Voting Policy/Practice</b>	In accordance with the Institutional Shareholder Voting Policies, before participating in a shareholders' meeting to exercise voting rights (including electronic voting), Yuanta Securities shall refer to Yuanta Financial Holdings' Sustainable Finance Guidelines and reach an internal agreement on voting options that do not violate the Guidelines. And assessing each shareholder meeting agenda on a company-by-company, case-by-case basis, considering the proposals' potential impact on adherence to ESG principles and sustainable growth.	<ol style="list-style-type: none"> <li>1. In accordance with the Stewardship Policy, Yuanta Bank continues to pay attention to invested companies on their CSR compliance and assist them to improve ESG performance through engagements with invested companies by attending shareholder meetings, exercising voting rights, and communicating with the management of the company.</li> <li>2. Banks exercising voting rights on held stocks should carefully evaluate each shareholder meeting agenda. When necessary, they may engage in understanding and communication with the management before the shareholders' meeting. Unless otherwise specified by law, banks must not directly or indirectly participate in management or engage in improper arrangements with the investee companies.</li> <li>3. In order to respect the professional management of the invested companies and promote their effective development, support is generally expressed for proposals put forward by the management. However, proposals that violate corporate governance and hinder the sustainable development of the invested company (such as false financial reports), those that have negative impacts on the environment and society (such as climate change risks, environmental pollution, human rights violations, deprivation of labor rights, etc.), or those that harm the interests of the bank and its funding providers, will not be supported in principle. The bank does not unconditionally support proposals put forward by the management.</li> </ol>	In accordance with the Procedures Governing Exercising Shareholder Rights for Holders of Securities, when Yuanta Life attends a shareholder meeting and exercises voting rights, it must adhere to the principles of participation, non-intervention, and ESG promotion.	In accordance with Procedures Governing Shareholder Meeting Attendance and Exercise of Voting Rights, in case that due to improper management by the management of the issuing company that there is any concern of damage to company integrity, social responsibility, or environmental protection efforts, fund management units shall hold a meeting to discuss the issue. After the result from the meeting is approved by the department head and the company president (CEO), the designated personnel shall exercise voting rights in accordance with the meeting resolution.	



## Responsible Investment Management Action Plans

### ■ Yuanta Securities

Types of Assets	Stocks (Listed Equity), Private Equity, Fixed Income
Management of Own Assets	In accordance with the Guidelines for Proprietary Investment Trading Decision Making, Yuanta Securities shall base its trading decisions on the spirit and principle of responsible investing, and only after the potential investment target is evaluated for ESG compliance (such as showing specific evidence of ESG compliance or violation) before any investment is to be conducted. The meeting minutes shall include records on the summary of the relevant conditions. The selection of investment targets is to actively support those sustainability-related enterprises with good potential, and prohibits investments in companies on the exclusion list.

### ■ Yuanta Bank

Types of Asset	Stocks (Listed Equity)
Management of Own Assets	In accordance with the Guidelines Governing Financial Markets Operations Division Medium and Long-Term Investment Evaluation Committee Establishment and Evaluation, Yuanta Bank's medium and long-term investment targets may not be controversial enterprises or on the list of prohibited enterprises (exclusion list), and that ESG factors shall be included in our investment decision-making. After investing, the fulfillment of social responsibilities of the investment targets is re-examined on the last business day at the end of each year.
Types of Asset	Fixed Income
Management of Own Assets	In accordance with the Guidelines for Transactions involving Investment of Bank Funds, for our bond positions, Yuanta Bank shall not invest in targets which are on the list of prohibited companies (exclusion list) and shall incorporate ESG factors into investment decisions. Should the bond issuer be a controversial enterprise, an explanation must be provided in the investment report and the appropriate level of management approval must be obtained before the investment can be executed. After investing, the fulfillment of social responsibilities of the investment targets is re-examined on the last business day at the end of each year
Types of Asset	Property
Management of Own Assets	In accordance with the Guidelines Governing the Acquisition or Disposal of Real Estate, Yuanta Bank evaluates the characteristics, market conditions, and benefits of the property for acquisition or disposal to serve as the basis to formulate the price and method of property acquisition or disposal.

### ■ Yuanta Funds

Types of Asset	Stocks (Listed Equity), Private Equity, Fixed Income
Management of Own Assets and Customer Asset Management	Yuanta Funds has taken ESG factors into consideration while making investment decisions with relevant policies, Dedicated Accounts and Investment Decision-Making Team, Procedures for Managing Stock Pool of Taiwan Listed Companies and the Operation Guidelines for Investment Analysis of Funds. Before investing, it is necessary to examine whether the investment target meets ESG assessment criteria; and establish ESG Risk Management Rules to regulate the ESG risk management mechanism that must be followed when investing in funds.



## ■ Yuanta Life

<b>Types of Asset</b>	<b>Stocks (Listed Equity), Private Equity, Fixed Income</b>
Management of Own Assets	In accordance with its Investment Policy, Yuanta Life incorporates ESG factors into investment decision consideration. Yuanta Life, in accordance with its Operating Procedures for Investment-related Application of Funds, actively supports sustainability-related enterprises with good potential and prohibits investments in companies on the exclusion list.
<b>Types of Asset</b>	<b>Derivative Products and Alternative Investments</b>
Management of Own Assets	In accordance with its Investment Policy, when investing in hedge funds, Yuanta Life selects products issued by fund management firms with an ESG policy or consider ESG risks and opportunities in its fund strategy.
<b>Types of Asset</b>	<b>Infrastructure</b>
Management of Own Assets	In accordance with its Investment Policy, when evaluating potential investment in special projects, public utilities and social welfare businesses, Yuanta Life shall consider environmental impact and social benefits when making the investment decision.
<b>Types of Asset</b>	<b>Property</b>
Management of Own Assets	In accordance with its Investment Policy, when selecting real estate investment targets and new construction projects, Yuanta Life shall consider the potential impacts of climate change on asset value.

## ■ Yuanta Futures

<b>Types of Asset</b>	<b>Stocks (Listed Equity)</b>
Management of Own Assets	In accordance with the Guidelines Governing Medium and Long-Term Investment of Securities, Yuanta Futures shall base its trading decisions on the spirit and principle of responsible investing, evaluate the ESG performance of related investment targets and keep it for the record. The selection of investment targets is to actively support those sustainability-related enterprises with good potential, and prohibits investments in companies on the exclusion list.

## ■ Yuanta Venture Capital

<b>Types of Asset</b>	<b>Stocks (Listed Equity), Private Equity</b>
Management of Own Assets	In accordance with the Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital has included ESG factors as key criteria in evaluating investments. The investment targets may not be controversial enterprises or on the list of prohibited enterprises (exclusion list), and any investment letter of intent will explicitly state Yuanta Venture Capital's expectations for the investment target in the areas of environmental protection, corporate ethical management, and social responsibility. For medium and long-term investments, timely review of the investment target's fulfillment of corporate social responsibility shall be conducted.

**Total Value and Number of Underwriting in 2023**

Unit: NT\$ thousand

Type	Number	Amount
Underwriting	Fixed Income	139 113,445,410

**Total Value and Number of Market Making Transactions in 2023**

Unit: NT\$ thousand

Market Making Targets	Number	Amount
Derivatives (futures/options)	23 19,633	846,876,339 159,371,786
ETN	15	3,544,625
ETF	198	1,283,038,184

**Total Proprietary Investment and Breakdown as of December 31, 2023**

Unit: NT\$ thousand

Business Type	Industry	Number <sup>Note</sup>	Total Investment Size at the End of the Year <sup>Note</sup>
Proprietary Investment (Bonds)	Finance & Insurance	18	4,245,483
	Plastic Industry	11	8,405,878
	Semiconductor industry	12	4,300,000
	Cement Industry	3	1,700,000
	Government Agencies	13	11,729,898
	Communication Network	3	1,652,785
	Leasing	1	200,000
	Energy Industry	2	185,908
	Textile and Fiber	2	700,000
	Investment	3	1,100,000
	Trading and Consumer Goods	1	211,030
	Food Industry	1	600,000
	Steel (excluding stainless steel)	3	720,006
	Computer and Peripherals	2	400,000
	Public Business	10	6,600,000
	Real Estate Investment	4	1,550,680
	Cultural and Creative Industries	1	212,885
	Automobile industry	1	500,000
	Marine shipping industry	1	150,000
	Air freight industry	2	650,000
	Electronic components	2	1,900,000
	<b>Total</b>	<b>96</b>	<b>47,714,553</b>

Note: The total investment size and the number of investments of Yuanta Securities as of December 31, 2023.

**Total Loan Balance as of December 31, 2023 and Corresponding Number of Loans**

Unit: NT\$ thousand

Business Type	Number <sup>Note</sup>	Amount <sup>Note</sup>
Margin purchase	6,411,224	47,747,238
Short sale	958,095	6,001,334
Non-restricted lending	64,778	37,003,670
<b>Total</b>	<b>7,434,097</b>	<b>90,752,242</b>

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

**Industry-specific credit risk concentration as of December 31, 2023**

Unit: NT\$ thousand

Industry	Amount	Percentage (%)
Government agencies	265,975,975	24.34
Finance and insurance	192,942,871	17.66
Construction	72,034,377	6.59
Investment	47,499,755	4.35
Semiconductor industry	42,625,574	3.90
Real estate investment	40,287,610	3.69
Steel (excluding stainless steel)	36,924,122	3.38
Communication network	29,840,300	2.73
Plastic industry	26,258,819	2.40
Electronic components	23,410,293	2.14
Food industry	21,893,887	2.00
Computer and peripherals	21,289,313	1.95
General merchandise	17,917,412	1.64
Other	253,830,329	23.23
<b>Total</b>	<b>1,092,730,637</b>	<b>100.00</b>

**Distribution of number of loan accounts and total loan balance by account holder type**

Unit: NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of loan accounts (including small business entity loan programs)	244,833	1,292	6,581
<b>Total loan balance</b>	<b>529,295,321</b>	<b>346,581</b>	<b>187,285,771</b>

Notes:

1. The loan information does not include overseas bank branches and bank subsidiaries.

2. Small business is defined as an enterprise that meets one of the following criteria.

(1)The enterprise has been established for less than 5 years.

(2)The number of employees is less than 20.

(3)Less than NT\$5 million in capital.

(4)Less than NT\$10 million in annual revenue.

3. Small businesses and general businesses are calculated based on a single credit line.



### Distribution of number of deposit accounts and total deposit balance by account holder type

Unit: NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of deposit accounts	6,141,983	348	219,621
Total deposit balance	9,167,356,005	8,953,940	449,835,112

### Green credit and sustainability-linked loan data

Unit: NT\$ thousand

Sustainable products	Number	Credit balance	Percentage of corporate banking credit
Green credits	69	34,500,000	6.21%
Sustainability-linked loans	47	31,700,000	5.71%

### ESG Resolutions Support Rate

Type	Number	Support ratio
E: Environmental resolutions <sup>Note 1</sup>	0	—
S: Social resolutions	148	100%
G: Governance resolutions <sup>Note2</sup>	8,586	99.84%
<b>Total</b>	<b>8,734</b>	<b>99.84%</b>

## Notes:

1. There were no environmental-related resolutions in 2023.

2. The opposition to governance resolutions this year was due to incomplete information or involvement in disputes over the management rights of the invested company, in which the Company's regulations prohibit direct or indirect participation. Therefore, votes were abstained.

### ESG Indicator Assessment Source

Dimension	ESG Topic	Assessment Indicators
Environment	Green products	Percentage of recycled raw materials reused
		Weight of raw materials reused through recycling programs
		The percentage of the revenue of products with "green mark"
		Remanufacturing and recycling programs
		The design of product lifecycle
		Supply of energy-saving products
	Climate change risks	Green and sustainability bonds issued as a percentage of total assets
		Climate scenario analysis
		Climate opportunities and risks
	Greenhouse gas targets	Net-zero emission targets
		Science-based targets (SBT)
	Scope 3 greenhouse gas	Disclosure of Scope 3 emissions
		Carbon emission intensity (ton per million dollars of revenue)
		Carbon emission data disclosed in accordance with GRI
	Greenhouse gas emission	Extent of improvement in per unit carbon emissions
		Obtain carbon emission-related ISO certifications
		Waste
	Energy management	Percentage of waste recycled
		Total amount of waste generated
		Obtain energy management system certifications
	Water resource management	Energy management data disclosed in accordance with GRI
		Water recycling rates
		Water usage per million units of revenue
	International participation	Extent of water and wastewater management disclosed in accordance with GRI
		Whether the Company has joined global initiative organizations
		Biodiversity
	Biodiversity	Disclosure of biodiversity
		Reducing the impact on biodiversity in sensitive areas
		Promote biodiversity-related conservation and sustainable usage
	Environmental assessments of collateral	Whether real estate collateral is located in:
		• High flood risk areas
		• Areas with high potential flood risks
		• Sensitive areas or areas with high potential for soil liquefaction
	Emissions of toxic pollutants	Violations of relevant environmental laws and regulations
		Illegal emissions of chemical substances or air pollutants

**ESG Indicator Assessment Source**

Dimension	ESG Topic	Assessment Indicators
Social	Workforce diversity	Percentage of women in management roles
		Percentage of women in IT/engineering roles
		Percentage of women in middle and/or other management roles
		Equal employment opportunity policies
	Labor management	Details of gender pay gaps
		Employee turnover rates
		Percentage of voluntary and involuntary employee turnover
	Labor rights	Maternity leave return rates
		Maternity leave retention rates
		Disclosure of average employee salary
Environmental	Workplace safety	Occupational health and safety management system certifications
		Disclosure of employee disability injuries
		Extent of employee health and safety disclosed in accordance with GRI
		Number of products containing declared substances and revenue generated by such products as a percentage of total revenue
	Product quality and safety	Application of the restricted substance list to suppliers
		Number of product recalls and quantities of products recalled
		Number and amount of fines due to product safety
		Quality assurance and recall policies
		Product recalls due to severe illnesses or accidents
	Data security	Information security management system certifications
		Percentage of data security fines as a percentage of equity
		Extent of data security and customer privacy disclosed in accordance with GRI
Governance	Community relations	Important raw material policies
	Corporate ethics	Number and amount of fines due to bribery and corruption
		Anti-bribery and ethics policies
	Competitive behavior	Legal settlements
		Number and amount of anti-competitive fines
		Anti-competitive policies
	Human rights	Extent of human right disclosed in accordance with GRI
	Board diversity	Average age of directors
		Percentage of female directors
	Board size	Board tenure
Economic	Board independence	Board size
		Percentage of independent directors
		Number of non-executive directors
	Shareholders rights	Presence of unequal voting rights through dual-class shares
		Absolute majority charter regulations
		Percentage of shares required for calling special meetings
	Board performance	Board meeting attendance ratios
		Internal and external audit mechanisms for director performance
	Corporate governance transparency	Extent of governance issues such as business ethics, compliance management, and risk management disclosed in accordance with GRI
		Corporate governance evaluation grades
	Supply chain management	Number and percentage of non-compliant suppliers
		Percentage of suppliers audited
		Modern slavery assessment in the supply chain
		Modern slavery statement
	Reputational risks	Social supply chain management
		Extent of supply chain management disclosed in accordance with GRI
		Number of negative news

Dimension	ESG Topic	Assessment Indicators
Governance	Board diversity	Average age of directors
		Percentage of female directors
		Board tenure
		Board size
	Board independence	Percentage of independent directors
		Number of non-executive directors
		Presence of unequal voting rights through dual-class shares
	Shareholders rights	Absolute majority charter regulations
		Percentage of shares required for calling special meetings
		Board meeting attendance ratios
	Board performance	Internal and external audit mechanisms for director performance
		Extent of governance issues such as business ethics, compliance management, and risk management disclosed in accordance with GRI
	Corporate governance transparency	Corporate governance evaluation grades
Economic	Supply chain management	Number and percentage of non-compliant suppliers
		Percentage of suppliers audited
		Modern slavery assessment in the supply chain
		Modern slavery statement
	Reputational risks	Social supply chain management
		Extent of supply chain management disclosed in accordance with GRI
		Number of negative news

Note: The ESG topics and assessment indicators are primarily based on international and domestic ESG assessment database indicators.



## Appendix 2 Social Indicators

### 2023 New Employee Hires in Taiwan Region

New Employee Statistics	Male			Total	Female			Total	Total New Employees	Total Employees	New Employee Ratio (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Number	396	340	29	765	532	496	45	1,073	1,838	11,463	16.03
Gender by Age (%)	21.54	18.5	1.58	41.62	28.94	26.99	2.45	58.38	100	—	—

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Calculation methods for new employees: New Employee Ratio (%) = (Total number of new Employees / total employees at year end) x 100%; Percentage (%) = (Total employees in each category / total new employees) x 100%
- In 2023, of new employees hired, 41.62% were male and 58.38% were female.

### 2023 Employee Turnover in Taiwan Region

Employee Turnover Statistics	Male			Total	Female			Total	Total Departed Employees	Total Employees	Turnover Rate (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Number	248	347	95	690	333	472	141	946	1,636	11,463	14.27
Gender by Age (%)	15.16	21.21	5.81	42.18	20.35	28.85	8.62	57.82	100	—	—

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Employee turnover rate (%) = (Total departed employees / total employees at year end) x 100%; Percentage (%) = (Total employees in each category / total departed employees) x 100%
- Of the regular employees that left the Company in 2023, 42.18% were male and 57.82% were female.

### 2023 New Employee Hires and Employee Turnover by Region

Company	New Employee Hires				Total	Employee Turnover				Total	Total Employees
	North	Central	South	East		North	Central	South	East		
Number	1,356	217	254	11	1,838	1,182	195	249	10	1,636	11,463
By Region (%)	73.78	11.80	13.82	0.60	16.03	72.25	11.92	15.22	0.61	14.27	—

Notes

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



## Employee Turnover Rate

Turnover Statistics (%)		2020	2021	2022	2023
Employee Turnover Rate		10.96	12.76	13.59	14.27
Voluntary Turnover Rate		8.71	10.12	11.04	11.50
By Gender (%)		2020	2021	2022	2023
Total Turnover	Male	41.92	42.94	44.54	42.18
	Female	58.08	57.06	55.46	57.82
Voluntary Turnover	Male	44.39	45.48	46.38	42.94
	Female	55.61	54.52	53.62	57.06
By Age (%)		2020	2021	2022	2023
Total Turnover	Under 30	27.08	24.84	32.24	35.51
	30-50	57.67	55.07	53.04	50.06
	51 or Over	15.25	20.09	14.72	14.43
Voluntary Turnover	Under 30	32.53	28.47	37.04	40.52
	30-50	60.23	60.97	55.15	52.73
	51 or Over	7.24	10.56	7.81	6.75
By Ethnicity (%)		2020	2021	2022	2023
Total Turnover	Taiwanese (Excluding Indigenous People)	98.50	99.29	99.15	99.14
	Foreign Nationals	1.50	0.57	0.65	0.80
	Taiwanese Indigenous People	—	0.14	0.20	0.06
Voluntary Turnover	Taiwanese (Excluding Indigenous People)	98.22	99.10	98.95	98.94
	Foreign Nationals	1.78	0.72	0.81	0.99
	Taiwanese Indigenous People	—	0.18	0.24	0.07

By Position (%)	Position	2020	2021	2022	2023
Total Turnover	Managerial	9.00	9.87	10.66	7.82
	Non-Managerial	91.00	90.13	89.34	92.18
Voluntary Turnover	Managerial	8.08	8.86	8.78	6.45
	Non-Managerial	91.92	91.14	91.22	93.55

## Total Employees (Including Overseas Employees)

Year	Gender	Taiwan	Overseas	Total
2021	Male	3,955	1,927	5,882
	Female	7,085	1,438	8,523
	<b>Total</b>	<b>11,040</b>	<b>3,365</b>	<b>14,405</b>
2022	Male	4,066	1,919	5,985
	Female	7,187	1,425	8,612
	<b>Total</b>	<b>11,253</b>	<b>3,344</b>	<b>14,597</b>
2023	Male	4,139	1,909	6,048
	Female	7,324	1,443	8,767
	<b>Total</b>	<b>11,463</b>	<b>3,352</b>	<b>14,815</b>

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

## Statistics on Other Personnel in Taiwan in 2023

Gender	North	Central	South	East	Total
Total	161	12	25	2	145

### Note:

- Other personnel: e.g. security guards, cleaning staff, hourly employees, interns, and part-time workers.
- North region: Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, and Kinmen  
Central region: Taichung, Nantou, Changhua, Chiayi, and Yunlin  
South region: Tainan, Kaohsiung, Pingtung, and Penghu  
East region: Hualien and Taitung
- Compared to the previous year, there were no significant changes in the number of other personnel.



### Distribution by Employee Contract in Taiwan in 2023

Gender	Permanent employees					Contract workers				
	North	Central	South	East	Total	North	Central	South	East	Total
Male	3,198	432	488	20	4,138	1	—	—	—	1
Female	4,947	1,116	1,219	39	7,321	3	—	—	—	3
Total	8,145	1,548	1,707	59	11,459	4	—	—	—	4

Note:

1. Permanent employees: Contractually hired employees with no fixed duration.

2. Contract workers: Contractually hired employees with fixed duration.

3. North region: Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, and Kinmen

Central region: Taichung, Nantou, Changhua, Chiayi, and Yunlin

South region: Tainan, Kaohsiung, Pingtung, and Penghu

East region: Hualien and Taitung

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

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

2022									
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)	
Male	Under 30	14	717	—	726	5	731	6.49	
	30-50	458	1,859	2	2,304	11	2,317	20.59	
	51 or Over	373	645	—	1,016	2	1,018	9.05	
Female	Under 30	13	1,047	—	1,057	3	1,060	9.42	
	30-50	526	3,634	4	4,147	9	4,160	36.97	
	51 or Over	452	1,515	—	1,964	3	1,967	17.48	
<b>Total</b>		<b>1,836</b>	<b>9,417</b>	<b>6</b>	<b>11,214</b>	<b>33</b>	<b>11,253</b>	<b>100.00</b>	
<b>Percentage (%)</b>		<b>16.32</b>	<b>83.68</b>	<b>0.06</b>	<b>99.65</b>	<b>0.29</b>	<b>100.00</b>	<b>—</b>	

2023									
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)	
Male	Under 30	4	755	—	756	3	759	6.62	
	30-50	448	1,862	1	2,297	12	2,310	20.15	
	51 or Over	386	684	—	1,068	2	1,070	9.34	
Female	Under 30	9	1,098	—	1,103	4	1,107	9.66	
	30-50	523	3,573	4	4,083	9	4,096	35.73	
	51 or Over	472	1,649	—	2,119	2	2,121	18.50	
<b>Total</b>		<b>1,842</b>	<b>9,621</b>	<b>5</b>	<b>11,426</b>	<b>32</b>	<b>11,463</b>	<b>100.00</b>	
<b>Percentage (%)</b>		<b>16.07</b>	<b>83.93</b>	<b>0.04</b>	<b>99.68</b>	<b>0.28</b>	<b>100.00</b>	<b>—</b>	

Notes:

1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted salespeople.

2. Managerial refers to employees with approval authority.



### Physically Disabled Employee Statistics

Company	2021			2022			2023		
	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota
Yuanta Financial Holdings	1	1	—	2	1	-1	2	2	—
Yuanta Securities	12	32	20	13	33	20	13	37	24
Yuanta Bank	25	35	10	25	28	3	25	28	3
Yuanta Life	7	10	3	6	11	5	7	11	4
Yuanta Funds	2	8	6	2	7	5	2	5	3
Yuanta Futures	3	2	-1	3	2	-1	3	2	-1
Yuanta Venture Capital	—	—	—	—	—	—	—	2	2
Yuanta Asset Management	—	—	—	—	—	—	—	—	—
Yuanta Securities Investment Consulting	1	1	—	1	1	—	1	—	-1
Total	51	89	38	52	83	31	53	87	34

Notes:

- With the insured entity as the base, if the number of insured employees is fewer than 67, the requirement to employ people of disabilities does not apply and the legally required quota is shown as zero.
- People with severe disabilities are considered two employees for quota calculation.

### Employee Diversity Statistics for 2023

Nationality	Proportion of Employees (%)	Proportion of Management-Level Staff (%)
Republic of China (R.O.C.)	99.72	99.73
Asian (Excluding R.O.C.)	0.25	0.22
U.S.A.	0.02	—
Ireland	0.01	0.05

Employee Category Ratio (%)	Male	Female	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Taiwanese Indigenous People
Senior Management	60.71	39.29	99.81	0.19	—
Junior and Middle Management	39.23	60.77	99.69	0.31	—
Professionals	31.46	68.54	99.88	0.06	0.06
All Other Employees	48.45	51.55	98.64	1.36	—

Definition of Employee Category Description:

- Senior management is a management position up to two reporting levels from the CEO and is responsible for directing and formulating policy, and setting strategy and providing the overall direction of enterprises/ organizations for the development and delivery of products or services.
- Middle management refers to managers who are responsible for specific departments (e.g., accounting, marketing) or business units, or who manage projects within a unit organization. Mid-level managers are responsible for implementing the policies, programs and directives of senior management.
- Junior management refers to first-line managers, junior managers, and management positions at the lowest level of the Company's management system. These individuals are generally responsible for directing and executing the day-to-day operational objectives of enterprises, and conveying the direction of senior management to subordinates.
- Professionals refer to employees with professional licenses. For the types of licenses, please refer to the "Information about the general employees" table on pages 330-333 of Yuanta Financial Holdings 2023 Annual Report.
- All other employees refer to those who are not listed in Items 1 to 4 above.

Item	Percentage of Females (%)	Target
Female Employees	63.89	Target Year: 2025 Target Percentage: No less than 50%
Management (Percentage of total management positions)	54.51	Target Year: 2025 Target Percentage: Maintain or no less than 50%
Junior Management (Percentage of total junior management positions)	60.77	Target Year: 2025 Target Percentage: No less than 50%
Senior Management (Percentage of total senior management positions)	39.29	Target Year: 2025 Target Percentage: No less than 36%
Management Positions of Revenue-Generating Functions (e.g., sales business) (excluding support units, e.g., Human Resources, Information, Legal)	49.30	Target Year: 2025 Target Percentage: Maintain or increase to 50%
Science, Information Engineering, Mathematics Related Positions	34.82	Target Year: 2025 Target Percentage: Increase to at least 35%



## Parental Leave Statistics

Items	Year			2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees Eligible for Parental Leave	308	363	671	320	370	690	313	333	646			
Employees that Took Parental Leave in the Current Year	13	101	114	9	118	127	13	109	122			
Number of Employees on Leave Expected to Return in the Current Year	8	52	60	8	80	88	12	69	81			
Actual Number of Employees that Returned	5	35	40	5	49	54	7	45	52			
Return Rate (%)	62.50	67.31	66.67	62.50	61.25	61.36	58.33	65.22	64.20			
Employees Who Returned from Parental Leave in the Previous Year	1	52	53	5	35	40	5	49	54			
Number of Employees Still with the Company 12 Months after Returning from Leave the Previous Year	—	36	36	5	26	31	3	40	43			
Retention Rate (%)	—	69.23	67.92	100.00	74.29	77.50	60.00	81.63	79.63			

Notes:

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

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

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

Item	2020	2021	2022	2023	
Total Number of New Recruits (Person)	1,313	1,564	1,794	1,838	
Percentage of Internal Transfers or Promotions (%)	80.0	82.8	84.5	85.0	
Average Hiring Cost (NT\$ / FTE)	2,829	3,592	3,960	2,839	
By Gender	Gender	2020	2021	2022	2023
Total Number of New Recruits (Person)	Male	603	692	788	765
	Female	710	872	1,006	1,073
Percentage of Internal Transfers or Promotions (%)	Male	37.40	40.26	40.28	37.20
	Female	62.60	59.74	59.72	62.80

By Age	Age	2020	2021	2022	2023
	Under 30	646	700	952	928
Total Number of New Recruits (Person)	30-50	626	777	784	836
	51 or Over	41	87	58	74
	Under 30	17.10	15.54	18.28	17.89
Percentage of Internal Transfers or Promotions (%)	30-50	65.20	65.68	60.45	61.79
	51 or Over	17.70	18.78	21.27	20.32



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

By Ethnicity		Ethnicity	2020	2021	2022	2023
Total Number of New Recruits (Person)	Taiwanese (Excluding Indigenous People)	1,298	1,550	1,779	1,826	
	Foreign Nationals	15	11	14	12	
	Taiwanese Indigenous People	—	3	1	—	
Percentage of Internal Transfers or Promotions (%)	Taiwanese (Excluding Indigenous People)	99.70	99.84	99.68	99.82	
	Foreign Nationals	0.30	0.16	0.32	0.13	
	Taiwanese Indigenous People	0.10	—	—	0.05	

By Position	Position	2020	2021	2022	2023
Total Number of New Recruits (Person)	Managerial	67	75	93	67
	Non-Managerial	1,246	1,489	1,701	1,771
Percentage of Internal Transfers or Promotions (%)	Managerial	5.73	8.04	8.59	7.24
	Non-Managerial	94.27	91.96	91.41	92.76

Note: Percentage of internal transfer or promotion = number of employees internally promoted or transferred/ (new job vacancies + vacant positions to be refilled due to employee termination and employee transfer)

### Breakdown of Training Hours and Costs for Employees in 2023

By Gender		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Male	55.6	5,547
Female	55.1	5,501

By Ethnicity		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Taiwanese Indigenous Peoples	41.2	4,115
Foreign Nationals	29.1	2,902
Taiwanese (Excluding Indigenous Peoples)	55.3	5,526

By Position		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Managerial	62.7	6,265
Non-managerial	53.8	5,374

By Class Type		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Required Class	22.8	2,281
Elective Class	32.4	3,237

By Age		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Under 30	68.5	6,840
30-50	53.9	5,377
51 or Over	50.3	5,027

### Statistic of Human Capital Return on Investment

Year	2020	2021	2022	2023
Human Capital Return on Investment	3.70	2.94	2.90	2.64



### Occupational Injury Related Statistics of the Group<sup>Note 1</sup>

Year	2022	2023
Total Annual Working Hours	22,369,176	22,720,832
The Number of General Work-Related Injuries <sup>Note 2</sup>	11	7
The Number of High-Consequence Work-Related Injuries <sup>Note 3</sup>	—	—
The Number of Fatalities as a Result of Work-Related Injuries	—	—
Total Number of Recordable Work-Related Injuries (Persons)	11	7
Number of Lost Workdays	87.6	80.0
Rate of Fatalities as a Result of Work-Related Injuries <sup>Note 4</sup>	—	—
Rate of High-Consequence Work-Related Injuries <sup>Note 5</sup>	—	—
Rate of Recordable Work-Related Injuries <sup>Note 6</sup> (Disabling Injury Frequency Rate)	0.49	0.30
Ratio of Lost Workdays <sup>Note 7</sup> (Disabling Injury Severity Rate)	3	3
Frequency-Severity Indicator <sup>Note 8</sup>	0.03	0.03

Notes:

1. Occupational injuries in this table are mainly those caused by work-related hazards, and do not include traffic accidents during non-commuting hours.
2. Less than 180 lost work days.
3. Number of days of lost work over 180 days, excluding fatalities.
4. Rate of fatalities as a result of work-related injuries = number of fatalities x 1,000,000/total hours worked
5. Rate of high-consequence work-related injuries = number of high-consequence work-related injuries x 1,000,000/total hours worked
6. Rate of recordable work-related injuries = total number of recordable work-related injuries (persons) x 1,000,000 / total hours worked. Rounded to two decimal places; the third decimal place will be rounded down.
7. Disabling injury severity rate = number of lost workdays x 1,000,000 / total hours worked. Rounded to the nearest whole number, the decimal places will be rounded down.
8. Frequency-Severity Indicator =  $\sqrt{(\text{frequency of disabling injury} \times \text{disabling injury severity rate}) / 1,000}$ . rounded to two decimal places; the third decimal place will be rounded down.
9. Non-employees whose work and/or workplace are under organizational control reported zero occupational injuries and affected work hours.

Type of Injury	2023			
Injured on Duty	3			
Injured on Business Trip	4			
Total	7			
<b>Absence Statistics</b>				
Items		Total		
		2020	2021	2022
Total Days of Absence	Male	1,423	1,763	11,456
	Female	8,220	3,496	22,495
	Total	9,643	5,259	33,951
Absentee Rate (AR)(%)	Total	0.35	0.19	1.21
				0.69

Notes:

1. Total days of absence include absences due to work-related injury and sick leave. The total days of absence are the sum of absences for all Group employees.
2. Absentee rate (AR) refers to the actual lost days as a percentage of total days scheduled to be worked in the same period.
3. Absentee rate (AR) =  $(\text{Total days of absence} / \text{total working days}) \times 100$ . 2023 goal is 0.73%.
4. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.
5. Due to internal management considerations, there have been adjustments to the absence calculation basis, resulting in changes to historical data. However, after internal assessment, these data changes are not deemed to have a significant impact.



## Appendix 3 Tax Information

Country/Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Taiwan	Yuanta Financial Holding Co., Ltd.	Investment and management of investee businesses
	Yuanta Securities Co., Ltd.	Business Management
	Yuanta Commercial Bank Co., Ltd.	Banking
	Yuanta Life Insurance Co., Ltd.	Life insurance business
	Yuanta Futures Co., Ltd.	Futures industry, futures management, futures consulting, securities industry, securities trading assistance
	Yuanta Securities Investment Trust Co., Ltd. (Yuanta Funds)	Securities investment trust
	Yuanta Venture Capital Co., Ltd	Venture capital business
	Yuanta Asset Management Co., Ltd.	Monetary claim management services to financial institutions
	Yuanta Securities Investment Consulting Co., Ltd.	Securities investment consultation
	Yuanta International Insurance Brokers Co., Ltd.	Insurance brokerage business
	Yuanta Securities Finance Co., Ltd.	Securities financing
	Yuanta International Leasing Co., Ltd.	Financing tax services
	SYF Information Limited	Information services
	Yuanta I Venture Capital Co., Ltd.	Venture capital business
Korea	Yuanta Securities Korea Co., Ltd.	Investment trading, investment intermediary, trust, investment consulting, discretionary investment, sideline business, and auxiliary business
	Yuanta Investment Co., Ltd.	Investment business
	Yuanta Savings Bank Korea Co., Ltd.	Savings bank deposit and lending business

Country/Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Others	Yuanta Securities Asia Financial Services, Ltd.	Investment holdings
	Yuanta Wealth Management (Singapore) Pte. Ltd.	Currently under approval by Singapore authorities.
	Yuanta Securities (Hong Kong) Co., Ltd.	Trading of securities and futures contracts, advising on securities, futures contracts, and institutional finance, providing asset management
	Yuanta Asia Investment (Hong Kong) Limited	Securities trading, asset management
	Yuanta Investment Consulting (Beijing) Co., Ltd. ("Yuanta Investment Consulting Beijing")	Investment management consultations, financial consultations, corporate management consultations, business information consultations, economic and trade consultations, marketing-related planning, technical promotion, and technical services
	Yuanta Hong Kong Holdings (Cayman) Ltd.	Investment holdings
	Yuanta Securities (Thailand) Co., Ltd.	Securities brokerage and proprietary trading, underwriting, investment consulting, mutual fund management, privately offered fund management, venture capital fund management, securities lending, and derivatives brokerage or proprietary trading
	Yuanta Securities Vietnam Co., Ltd.	Securities brokerage, proprietary trading, underwriting, securities investment consulting, and derivative products
	Yuanta Financial (Hong Kong) Limited	Investment holdings
	Yuanta Securities (Cambodia) Plc.	Underwriting counseling, financial consulting, Securities brokerage, proprietary trading, investment management consulting
	Yuanta International Investment (Hong Kong) Ltd.	Issuance of financial products, proprietary investment
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business
	PT Yuanta Sekuritas Indonesia	Securities trading, underwriting business
	Yuanta Savings Bank (Philippines) Inc.	Savings bank deposit and lending business
	Yuanta Futures (Hong Kong) Co., Ltd.	Financial services
	Yuanta Global (Singapore) Pte. Ltd.	Currently under approval by Singapore authorities.



## Appendix 4 Environmental Performance

### 2023 Categories 3~5 Greenhouse Gas (GHG) Emissions

ISO 14064-1: 2018 Categories	GHG Protocol Scope 3 Categories	GHG Emissions (Metric tons of CO <sub>2</sub> e)	Statistical Method
Category 3: Indirect GHG emissions from transportation	C4 Upstream transportation and distribution	—	Emissions generated by upstream transportation and distribution from product carbon footprint have already been included in Purchased goods and services (C1) emissions.
	C6 Business travel	157.25	Referenced the results obtained from ISO 14064-1 GHG verification.
	C7 Employee commuting	19,487.10	Referenced the results based on the number of employees in 2023 and the emission factor of Quantis WRI Scope3 Tool.
	C9 Downstream transportation and distribution	0.04	Referenced the results on GHG emissions generated by credit card statements and credit card mailing.
Category 4 : Indirect GHG emissions from products used by the organization	C1 Purchased goods and services	44,655.33	Referenced the results based on the economic value of purchased goods and services in 2023 and the emission factor of US EEIO.
	C2 Capital goods	16,749.83	Referenced the results on the amount of capital goods in 2023 calculated by the emission factor of US EEIO.
	C3 Purchased electricity (upstream emissions)	3,379.45	Referenced the results obtained from ISO 14064-1 GHG verification.
	C5 Waste generated in operations	204.49	Referenced the results obtained from ISO 14064-1 GHG verification.
	C8 Upstream leased assets	10,401.52	Referenced the results obtained by multiplying the total leased floor area to the average EUI of Taiwanese office buildings in 2023 and to the carbon emission factor of electricity in 2022.
Category 5: Indirect GHG emissions associated with the use of products from the organization	C10 Processing of sold products	—	Yuanta generated no related emissions during its operations.
	C11 Use of sold products	197.38	Referenced the results on GHG emissions generated when using credits cards.
	C12 End-of-life treatment of sold products	45.16	Referenced the results on GHG emissions generated when disposing credit cards.
	C13 Downstream leased assets	2,351.98	Referenced the results obtained by multiplying the total leased floor area to the average EUI of Taiwanese office buildings in 2023 and to the carbon emission factor of electricity in 2022, and the results obtained from ISO 14064-1 GHG verification.
	C14 Franchises	—	Yuanta generated no related emissions during its operations.

Note:

1. For details about disclosures of carbon emissions related to investing and financing activities please refer to the relevant chapters of the ESG Report and 2023 Climate and Nature Related Financial Disclosures Report.
2. Emissions from purchased electricity (upstream emissions), waste disposal, and business travel are confirmed via ISO 14064-1 external verification, whereas other emissions categories were self-checked.
3. The average EUI data of office building in Taiwan were referred from "Energy Audit Annual Report for Non-productive Industries, 2023".
4. US EEIO carbon emission factor: [https://cfpub.epa.gov/si/si\\_public\\_record\\_Report.cfm?dirEntryId=349324&Lab=CESER](https://cfpub.epa.gov/si/si_public_record_Report.cfm?dirEntryId=349324&Lab=CESER)
5. Quantis WRI Scope3 Tool Documentation carbon emission factor: [https://quantis-suite.com/Scope-3-Evaluator/resources/Quantis\\_WRI\\_Scope3Tool\\_Documentation\\_2021Feb.docx](https://quantis-suite.com/Scope-3-Evaluator/resources/Quantis_WRI_Scope3Tool_Documentation_2021Feb.docx)



## Appendix 5 GRI Standards

Statement of Use	Followed GRI Universal Standards. Report period is in 2022 (January 1, 2023 to December 31, 2023)
GRI Standards	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The industry standards of the industry have not yet been released by GRI.

Disclosures	Related Report Sections	Pages or URL	Omission/ Description
<b>GRI 2: General Disclosure 2021</b>			
The organization and its reporting practices			
2-1 Organizational details	About This Report	3	
2-2 Entities included in the organization's sustainability reporting	1.1 Yuanta Financial Holdings Profile	10	
2-3 Period, frequency, and contact point	About This Report	3	
2-4 Restatements of information	About This Report	3	Due to internal management considerations, adjustments have been made to the basis for calculating absenteeism.
2-5 External assurance	About This Report	3	
Activities and workers			
2-6 Activities, value chain, and other business relationships	1.1 Yuanta Financial Holdings Profile	10	
2-7 Employees	Appendix 2 Social Indicators	161	
2-8 Workers who are not employees	Appendix 2 Social Indicators	161	
Governance			
2-9 Governance structure and composition	2.2 Sustainable Governance 5.1 Corporate Governance	19 103	Please refer to the Company's 2023 Annual Report for details.
2-10 Nomination and selection of the highest governance body	5.1 Corporate Governance	103	
2-11 Chair of the highest governance body	—	—	Please refer to the Company's 2023 Annual Report for details.

Disclosures	Related Report Sections	Pages or URL	Omission/ Description
2-12 Role of the highest governance body in overseeing the management of impacts	2 Sustainability Strategies and Commitments	17	
2-13 Delegation of responsibility for managing impacts	2 Sustainability Strategies and Commitments	17	
2-14 Role of the highest governance body in sustainability reporting	2 Sustainability Strategies and Commitments	17	
2-15 Conflicts of interest	5.2 Integrity Management	111	Please refer to the Company's 2023 Annual Report for details.
2-16 Communication of critical concerns	2.3 Stakeholder Engagement 5.2 Integrity Management	20 111	
2-17 Collective knowledge of the highest governance body	5.1 Corporate Governance	103	
2-18 Evaluation of the performance of the highest governance body	5.1 Corporate Governance	103	
2-19 Remuneration policies	5.1 Corporate Governance	103	
2-20 Process to determine remuneration	5.1 Corporate Governance	103	
2-21 Annual total compensation ratio	5.1 Corporate Governance	103	
Strategy, policies, and practices			
2-22 Statement on sustainable development strategy	A Word from the Chairman	5	
2-23 Policy commitments	3.1 Sustainable Finance 6.4 Human Rights	41 147	Please refer to the website: Sustainability>Major Internal Policies
2-24 Embedding policy commitments	3.1 Sustainable Finance	41	



Disclosures	Related Report Sections	Pages or URL	Omission/ Description
2-25 Processes to remediate negative impacts	5 A Leader in Corporate Governance	102	
2-26 Mechanisms for seeking advice and raising concerns	5.2 Integrity Management	111	
2-27 Compliance with laws and regulations	5.4 Legal Compliance	121	For more details please refer to 5.4 Legal Compliance. For details about significant and non-significant penalties, please refer to the Banking Bureau, Insurance Bureau, and Securities and Futures Bureau.
2-28 Membership associations	1.2 Operating Performance	11	
Stakeholder engagement			
2-29 Approach to stakeholder engagement	2.3 Stakeholder Engagement	20	
2-30 Collective bargaining agreements	6.5 Employee Communication	148	
* Material Topics			
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	2.3 Stakeholder Engagement	20	
3-2 List of material topics	2.3 Stakeholder Engagement	20	
Corporate governance *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	5.1 Corporate Governance	103	
Integrity management *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	5.2 Integrity Management	111	
Risk management *			
GRI 3: Material Topics 2021			

Disclosures	Related Report Sections	Pages or URL	Omission/ Description
3-3 Management of material topics	5.3 Risk Management	114	
Legal compliance *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	5.4 Legal Compliance	121	
GRI 206: Anti-competitive Behavior 2016			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Appendix 9 Sustainability Accounting Standards Board (SASB)	177	
Information and transaction security *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	5.5 Information Security	125	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Customer Rights	71	
Climate action *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	4.2 Contribution to the Development of Green Operations	90	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	4.2 Contribution to the Development of Green Operations	90	



Disclosures	Related Report Sections	Pages or URL	Omission/ Description
302-2 Energy consumption outside of the organization	4.2 Contribution to the Development of Green Operations	90	
302-3 Energy intensity	4.2 Contribution to the Development of Green Operations	90	
302-4 Reduction of energy consumption	4.2 Contribution to the Development of Green Operations	90	
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	4.2 Contribution to the Development of Green Operations	90	
305-2 Energy indirect (Scope 2) GHG emissions	4.2 Contribution to the Development of Green Operations	90	
305-3 Other indirect (Scope 3) GHG emissions	4.2 Contribution to the Development of Green Operations 4 Environmental Performance	90	
305-4 GHG emissions intensity	4.2 Contribution to the Development of Green Operations	90	
305-5 Reduction of GHG emissions	4.2 Contribution to the Development of Green Operations	90	
Employee attraction and retention *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	6.1 Employee Attraction and Retention	130	
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	6.1 Employee Attraction and Retention Appendix 2 Social Performance	130 161	

Disclosures	Related Report Sections	Pages or URL	Omission/ Description
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Employee Attraction and Retention	130	
401-3 Parental leave	6.1 Employee Attraction and Retention Appendix 2 Social Performance	130 161	
Talent cultivation and development *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	6.2 Talent Cultivation and Development	134	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	6.2 Talent Cultivation and Development	134	
404-2 Programs for upgrading employee skills and transition assistance programs	6.2 Talent Cultivation and Development	134	
404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Talent Cultivation and Development	134	
Financial product innovation and services *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	3.2 Innovative social finance products	58	
Sustainable finance *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	3.1 Sustainable Finance	41	
Financial inclusion *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	3.2 Innovative social finance products	58	



Disclosures	Related Report Sections	Pages or URL	Omission/ Description
Customer rights *			
GRI 3: Material Topics 2021			
3-3 Management of material topics	3.3 Customer Rights	71	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Customer Rights	71	
Other Topics			
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	1.2 Operating Performance	11	
201-2 Financial implications and other risks and opportunities due to climate change	4.1 Response to the International Carbon Reduction Program	81	
GRI 303: Water and Effluents 2018			
303-3 Water withdrawal	4.2 Contribution to the Development of Green Operations	90	
GRI 306: Waste 2020			
306-3 Waste generated	4.2 Contribution to the Development of Green Operations	90	

Disclosures	Related Report Sections	Pages or URL	Omission/ Description
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	6.3 Friendly and Excellent Working Environment	141	
403-2 Hazard identification, risk assessment, and incident investigation	6.3 Friendly and Excellent Working Environment	141	
403-3 Occupational health services	6.3 Friendly and Excellent Working Environment	141	
403-4 Worker participation, consultation, and communication on occupational health and safety	6.3 Friendly and Excellent Working Environment	141	
403-5 Worker training on occupational health and safety	6.3 Friendly and Excellent Working Environment	141	
403-6 Promotion of worker health	6.3 Friendly and Excellent Working Environment	141	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Contribution to the Development of Green Operations	90	Currently, disclosures are limited to employees and non-employees whose work and/or workplace are under our control.
403-9 Work-related injuries	6.3 Friendly and Excellent Working Environment	141	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	4.2 Contribution to the Development of Green Operations	90	
GRI 417: Marketing and Labeling 2016			
417-3 Incidents of non-compliance concerning marketing communications	3.3 Customer Rights	71	



## Appendix 6 United Nations Sustainable Development Goals (SDGs) Comparison Table

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards	Related Report Sections	Pages
1. No Poverty End poverty in all its forms everywhere	Financial Inclusion	-	3.2 Innovative social finance products	58
3. Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	Friendly and Excellent Working Environment	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	6.3 Friendly and Excellent Working Environment	141
4. Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Social Welfare	-	7.2 Public Welfare Goal and Performance	151
8. Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Attraction and Retention  Friendly and Excellent Working Environment  Talent Cultivation and Development	GRI 401-1 GRI 401-2 GRI 401-3  GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9  GRI 404-1 GRI 404-2 GRI 404-3	6.1 Employee Attraction and Retention  6.3 Friendly and Excellent Working Environment  6.2 Talent Cultivation and Development	130  141  134
9. Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Sustainable Finance  Financial Product Innovation and Services	- -	3.1 Sustainable Finance  3.2 Innovative social finance products	41 58
10. Reduced Inequalities Reduce inequality within and among countries	Customer Services and Privacy	GRI 418-1	3.3 Customer Rights	71

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards	Related Report Sections	Pages
12. Responsible Consumption and Production Ensure sustainable consumption and production patterns	Supplier Management	GRI 414-1	4.2 Contribution to the Development of Green Operations	90
13. Climate Action Take urgent action to combat climate change and its impacts	Energy and Climate Change	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5	4.2 Contribution to the Development of Green Operations	90
16. Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Legal Compliance  Risk Management  Information and Transaction Security	GRI 206-1 GRI 2-27  -  -	5.4 Legal Compliance  5.3 Risk Management  5.5 Information Security	121 114 125
17. Partnerships for the Goals Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	Financial Inclusion  Supplier Management  Social Welfare	- GRI 414-1 -	3.2 Innovative social finance products  4.2 Contribution to the Development of Green Operations  7 Our Commitment to Social Participation	58 90 149



## Appendix 7 ISO 26000 Social Responsibility Guidelines Comparison Table

Categories	Core Subjects and Issues	Related Report Sections	Pages
Organizational Governance	System for decision making and implementation when executing goals	2.1 Sustainable Commitment 5.1 Corporate Governance	18 103
	Due diligence	6.4 Human Rights	147
	Human rights risk situations	6.4 Human Rights	147
	Avoidance of complicity	5.1 Corporate Governance	103
	Resolving grievances	6.5 Employee Communication	148
	Discrimination and vulnerable groups	6.4 Human Rights	147
	Civil and political rights	6.4 Human Rights	147
	Economic, social and cultural rights	6.4 Human Rights	147
Human Rights	Fundamental principles and rights at work	6.2 Talent Cultivation and Development	134
	Employment and employment relationships	6.1 Employee Attraction and Retention	130
	Conditions of work and social protection	6.2 Talent Cultivation and Development	134
	Social dialogue	6.5 Employee Communication	148
	Health and safety at work	6.3 Friendly and Excellent Working Environment	141
	Human development and training in the workplace	6.2 Talent Cultivation and Development	134
	Prevention of pollution	4.2 Contribution to the Development of Green Operations	90
	Sustainable resource use	4.2 Contribution to the Development of Green Operations	90
The Environment	Climate change mitigation and adaptation	4.1 Response to the International Carbon Reduction Program	81
	Protection of the environment, biodiversity and restoration of natural habitats	4.2 Contribution to the Development of Green Operations	90

Categories	Core Subjects and Issues	Related Report Sections	Pages
Fair Operating Practices	Anti-corruption	5.1 Corporate Governance	103
	Responsible political involvement	1.2 Operating Performance	11
	Fair competition	5.1 Corporate Governance 5.4 Legal Compliance	103 121
	Promoting social responsibility in the value chain	3.2 Innovative social finance products 4.2 Contribution to the Development of Green Operations	58 90
	Respect for property rights	3.2 Innovative social finance products	58
	Fair marketing, factual and unbiased information and fair contractual practices	3.3 Customer Rights	71
	Protecting consumers' health and safety	3.3 Customer Rights	71
	Sustainable consumption	3.1 Sustainable Finance 4.2 Contribution to the Development of Green Operations	41 90
Consumer Issues	Consumer service, support, and complaint and dispute resolution	3.3 Customer Rights	71
	Consumer data protection and privacy	3.3 Customer Rights	71
	Access to essential services	3.2 Innovative social finance products 3.3 Customer Rights	58 71
	Education and awareness	3.3 Customer Rights	71
	Community involvement	7 Our Commitment to Social Participation	149
	Education and culture	7 Our Commitment to Social Participation	149
	Employment creation and skills development	7 Our Commitment to Social Participation	149
	Technology development and access	3.2 Financial Product Innovation and Services	58
Community Involvement and Development	Wealth and income creation	7 Our Commitment to Social Participation	149
	Health	7 Our Commitment to Social Participation	149
	Social investment	7.2 Public Welfare Goal and Performance	151



## Appendix 8 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Financial and Insurance Industry Comparison Table

The financial and insurance industry shall disclose the management policies, disclosure items, and reporting requirements of the companies' operations related to information security, financial inclusion, and major topics related to sustainable finance. Its reporting requirements shall include at least the following items:

Items	Related Report Sections	Pages
1. Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	5.5 Information Security	125
2. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.1 Sustainable Finance 3.2 Innovative social finance products	41 58
3. Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	7.2 Public Welfare Goal and Performance 7.3 Public Service Highlights	151 154
4. Products and services designed by individual operating units to create benefits for the environment or society.	3.2 Financial Product Innovation and Services	58

### Climate-Related Information of TWSE/TPEx Listed Companies

Risks and opportunities for the Company due to climate change and the measures taken by the Company to address them:

Items	Related Report Sections	Pages
1. Describe the supervision and management of climate-related risks and opportunities by the board of directors and management.	4.1 Response to the International Carbon Reduction Program	81
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finance (short, med and long term).	4.1 Response to the International Carbon Reduction Program	81
3. Describe the financial impact of extreme weather events and transformation.	4.1 Response to the International Carbon Reduction Program	81
4. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	4.1 Response to the International Carbon Reduction Program	81
5. If situational analysis is used to assess the resilience to climate change, the context, parameters, assumptions, analysis factors, and key financial implications shall be provided.	4.1 Response to the International Carbon Reduction Program	81
6. If a transformation plan for managing climate risks is formulated, its content and the indicators as well as objectives used to identify and manage physical and transformation risks shall be provided.	4.1 Response to the International Carbon Reduction Program	81
7. If internal carbon pricing is used as a planning tool, the basis for price setting shall be stated.	4.1 Response to the International Carbon Reduction Program	81
8. If climate related targets are set, the scope of activities, the scope of GHG emissions, the planned schedule, and the annual goal shall be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve targets, the source and quantity of carbon reduction credits or the quantity of RECs shall be provided.	4.2 Contribution to the Development of Green Operations	90
9. Greenhouse gas inspection and assurance.	4.2 Contribution to the Development of Green Operations Appendix 14 Management Guidelines For details, please refer to the Company's 2023 Annual Report.	90 183



## Appendix 9 Sustainability Accounting Standards Board (SASB)

### Standards Comparison Table-Investment Banking & Brokerage

Topic	Accounting Metric	Code	Pages	Notes
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-IB-330.a.1	161	Appendix 2 Social Performance
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410.a.1	41	3.1 Sustainable Finance
	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410.a.2	41	3.1 Sustainable Finance
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	FN-IB-410.a.3	41	3.1 Sustainable Finance
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510.a.1	—	In 2023, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-IB-510.a.2	111	5.2 Integrity Management
Professional Integrity	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510.b.1	—	The Company's Legal Affairs Department and its subsidiaries' Legal Affairs Departments were not informed of any related cases in 2022 and intend to continue to track information related to this indicator.
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510.b.2	—	In 2023, there are two mediation or arbitration cases related to integrity, and the cases are still in progress and no judgment has been made yet.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510.b.3	—	No integrity-related monetary losses as a result of legal proceedings associated with professional integrity, including duty of care cases in 2023.
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510.b.4	111	5.2 Integrity Management
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-IB-550.a.1	—	The Company is not a G-SIB Bank.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-IB-550.a.2	—	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
Employee Incentives & Risk Taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550.b.1	—	The information about this indicator will be further disclosed in the future.
	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550.b.2	—	No clawback provisions apply to the Group's senior management.
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550.b.3	—	For details, please refer to the Company's 2023 Annual Report.
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	155	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	155	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	155	Appendix 1 Sustainable Finance Performance



## Standards Comparison Table-COMMERCIAL BANKS

Topic	Accounting Metric	Code	Pages	Notes
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	125	5.5 Information Security
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	125	5.5 Information Security
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	41	3.1 Sustainable Finance
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	—	Planning for further disclosures in the future.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	—	Planning for further disclosures in the future.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	154	7.3 Public Service Highlights
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	FN-CB-410a.2	41 155	3.1 Sustainable Finance Appendix 1 Sustainable Finance Performance
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-CB-410b.1	—	Since there are currently few companies conducting car-bon emissions audits in Scope 3, only Scope 1 + 2 will be calculated and disclosed for the absolute emissions of fi-nancial assets in 2023. 2023 Climate and Nature Related Financial Disclosures Report. CH5 Target and Metrix
	Gross exposure for each industry by asset class	FN-CB-410b.2	—	2023 Climate and Nature Related Financial Disclosures Report. Appendix 7
	Percentage of gross exposure included in the financed emissions calculation	FN-CB-410b.3	—	2023 Climate and Nature Related Financial Disclosures Report. CH1 Climate Transformation Plan
	Description of the methodology used to calculate financed emissions	FN-CB-410b.4	—	2023 Climate and Nature Related Financial Disclosures Report. CH5 Target and Metrix
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	—	In 2023, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-CB-510a.2	111	5.2 Integrity Management
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	—	The Company is not a G-SIB Bank
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	—	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
Activity Metric	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	155	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	155	Appendix 1 Sustainable Finance Performance

This comparison table is based on the Sustainability Accounting Standards Board's (SASB) Accounting Standards for Commercial Banks, and certain information has been reviewed by PwC Taiwan in accordance with the Republic of China Statement of Auditing Standards No. 1, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", SASB Limited Assurance on Critical Performance Information (see Appendix 12). For more SASB-related information, please see: <https://www.sasb.org/>



## Appendix 10 Impact Valuation

Material Topics	Output Metric		Impact Metric		Impact Description
	Item	2023 Performance	Item	2023 Performance	
Sustainable Finance	Carbon reduction of low-carbon financing	3,252 mt CO <sub>2</sub> e	Carbon reduction benefits	NT\$ 23,387.80 thousand	Use Environmental Profit and Loss Accounting (EP&L) to calculate the positive environmental benefits generated by avoiding emissions when companies financing in power generation projects.
Talent cultivation and development	Input of industry-academia cooperation	NT\$ 48,478.23 thousand	Positive social value created through industry talent development	NT\$ 213,512.08 thousand	Use Social Return on Investment (SROI) to calculate the positive social value by internships, cooperative education, and other industry-academic cooperation projects.



## Appendix 11 Independent Assurance Opinion Statement

**bsi.**




**INDEPENDENT ASSURANCE OPINION STATEMENT**

**Yuanta Financial Holdings ESG Report 2023**

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

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

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Yuanta Financial Holding. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Yuanta Financial Holding only.

**Scope**

The scope of engagement agreed upon with Yuanta Financial Holding includes the following:

1. The assurance scope is consistent with the description of Yuanta Financial Holdings ESG Report 2023.
2. The evaluation of the nature and extent of the Yuanta Financial Holding'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 AS v3 sustainability assurance engagement.

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

**Opinion Statement**

We conclude that the Yuanta Financial Holdings ESG Report 2023 provides a fair view of the Yuanta Financial Holding sustainability programmes and performances during 2023. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Yuanta Financial Holding and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate Yuanta Financial Holding's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta Financial Holding's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards 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 Financial Holding's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on Yuanta Financial Holding's approach to stakeholder engagement. Moreover, we had sampled one external stakeholder to conduct interview.
- interview with 35 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of materiality assessment process.
- 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 Financial Holding has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Yuanta Financial Holding's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

**Materiality**

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

**Responsiveness**

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

**Impact**

Yuanta Financial Holding has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Yuanta Financial Holding has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the Yuanta Financial Holding'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 Financial Holding and BSI have agreed upon to include in the scope. In our view, the data and information contained within Yuanta Financial Holdings ESG Report 2023 are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing, and confirmation.

**GRI Sustainability Reporting Standards (GRI Standards)**

Yuanta Financial Holding provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Yuanta Financial Holding's sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged to consider referring to international peers' practices to meet the requirements of the standards for disclosing the GRI 2-21 annual total compensation ratio, thus enhancing the credibility and transparency of the sustainability report.

**Assurance level**

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

**Responsibility**

This sustainability report is the responsibility of the Yuanta Financial Holding'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 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

AA1000  
Licensed Report  
000-4V3-FSHA2

Statement No: SRA-TW-805763  
2024-05-31

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## Appendix 12 Accountants' Limited Assurance Report

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**Independent Limited Assurance Report**  
PWCMA230000596

To Yuanta Financial Holding Co., Ltd.

We have been engaged by Yuanta Financial Holding Co., Ltd. ("Company") to perform assurance procedures in respect of the key performance indicators identified by the Company and reported in the 2023 Sustainability Report (hereinafter referred to as the "Identified Key Performance Indicators") and have issued a limited assurance report based on the result of our work performed.

**Subject Matter Information and Applicable Criteria**  
The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 182 of the Sustainability Report. The scope of the Identified Key Performance Indicators is set out in the "Scope and Boundary" on page 04 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies and related laws and regulations, the latest edition of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported (hereinafter referred to as the "Applicable Criteria").

**Management's Responsibility**  
The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Sustainability Report in accordance with the Applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

**Inherent Limitations**  
Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

**Compliance of Independence and Quality Management Requirement**  
We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is founded on fundamental principles

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**pwc 資誠**

of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibility**  
Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Made inquiries of the persons responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement; and

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- Based on the above understanding and the areas identified, performed substantive testing on the Identified Key Performance Indicators on a selective basis, including inquiries, observation, and inspection to obtain evidence for limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

**Limited Assurance Conclusion**  
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the Applicable Criteria.

**Other Matter**  
The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the Applicable Criteria have been subsequently modified.

  
Koo, Pao-Ju  
For and on behalf of PricewaterhouseCoopers, Taiwan  
July 1, 2024



## Appendix 13 According to "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" Article 4 Paragraph 1 ("Rules") emphasize the information disclosure and statement of summary

No.	Subject Matter Information	Page	Applicable Criteria
1.1	There were no data breaches for Yuanta Group in 2023.	128	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Information Business Manual" and "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team", the total number of data breaches of Yuanta Financial Holdings and its 8 subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting) are counted in 2023. The data breach is based on whether the data leak of Yuanta Financial Holdings and the data breach violate the policies of Yuanta Financial Holding of non-disclosure and information security.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.</p>
1.2	The percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Group was 0% in 2023.	128	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team" and "Regulation on Personal Information Management", the percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Financial Holdings and its 8 subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management and Yuanta Securities Investment Consulting) are calculated in 2023.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>i. "Personal data" in accordance with "Personal Information Working Guidelines" refers to a natural person's name, date of birth, ID Card number, passport number, features, fingerprints, marital status, family information, education background, occupation, contact information, financial conditions, data concerning a person's social activities, special personal information and any other information that may be used to directly or indirectly identify a natural person.</li> <li>ii. In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.</li> </ul>
1.3	There were no number of account holders affected by data breaches for Yuanta Group in 2023.	128	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Information Business Manual" and "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team", number of account holders affected by data breaches of Yuanta Financial Holdings and its 8 subsidiaries are counted in 2023.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Funds, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to authority (Securities and Futures Bureau) and inspect whether these events involve data breaches or not.</p>
2	As of December 31, 2023, the balance of loans outstanding qualified to programs designed to promote stable operation to 7,873 small and medium-sized enterprises was NT\$187,632,352 (thousand dollars).	65	<p>Number and balance of loans outstanding qualified to programs designed to promote stable operation of small and medium enterprises for Yuanta Bank as of December 31, 2023.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>i. Number and balance of loans not including overseas branches and OBU is calculated by Yuanta Bank.</li> <li>ii. If there are more than one loans to same enterprise, number will be counted based on the unified business number. (Same unified business number will be counted only one time.)</li> <li>iii. Loan balance is defined as the total loan balance to small and medium-sized enterprises (not including non-performing loans) as of December 31, 2023.</li> <li>iv. Yuanta Bank's loan business operated in accordance with "Standards for Identifying Small and Medium-sized Enterprises" promulgated by Ministry of Economic Affairs. The term "small and medium-sized enterprise (SME)" mean an enterprise which has completed company registration or business registration in accordance with relevant laws, and whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees.</li> </ul>
3	In 2023, Yuanta Foundation held "Yuanta Wealth Management Day", benefited 199 students, and "Yuanta Happiness Day", benefited 148 students, in total benefited 347 students.	150	<p>The number of people benefited through "Yuanta Financial Management Day" and "Yuanta Happiness Day" held by Yuanta Foundation in 2023.</p> <p>Note: According to FAQs of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", disadvantaged groups are those without adequate banking services with reference to the definition of SASB. Disadvantaged groups include but not limited to students, teenagers, new immigrants, the elderly, minorities, low-income households, and those considered to be appropriate by the financial and insurance companies.</p>
4	As of December 31, 2023, Yuanta Funds has 22 funds rated as five Globes funds and the size of abovementioned funds reached NT\$723.875 billion; As of December 31, 2023, Yuanta Securities has 7 ETNs that tracks the sustainability indices compiled by Taiwan Index Plus Corporation (including ESG, green energy and electric vehicles) with 82,000 units of ETNs outstanding in circulation and an outstanding amount of approximately NT\$0.57 billion.	55 56	<p>As of December 31, 2023, the fund size of 22 funds of Yuanta Funds which rated by Morningstar, Inc. with the highest rating of five Globes; As of the end of 2023, the numbers, outstanding units and outstanding amounts of ETNs that tracks the sustainability indices compiled by Taiwan Index Plus Corporation (including ESG, green energy and electric vehicles) of Yuanta Securities.</p>
5	In April 2023, Yuanta Securities passed the (BSI) ISO 14067 Product Carbon Footprint verification with the "Yuanta Securities Online Financial Service".	54	<p>In 2023, Yuanta Securities passed the British Standards Institution (BSI) ISO 14067 Product Carbon Footprint verification with the "Yuanta Securities Online Financial Service".</p>

## Appendix 14 Management Guidelines



ISO 14064-1:2018 Greenhouse Gas  
Inventory Opinion Statement



ISO 50001: 2018 Energy Management  
System Certificate of Registration



ISO 14046:2014 Water Footprint Inventory  
Opinion Statement



ISO 14001: 2015 Environmental Management System Certification Certificate of Registration



ISO 20400:2017 Sustainable Procurement  
Guidance Conformity Statement



## 2023 Yuanta Financial Holdings ESG Report

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