

**Yuanta Financial Holding Company**  
**Professional Code of Ethics**

Approved by the Board of Directors on March 6, 2007 (11th meeting of the 3rd board)

Amendments approved on April 22, 2008 (13<sup>th</sup> meeting of the 4<sup>th</sup> board)

Amendments approved on March 30, 2010 (42<sup>nd</sup> meeting of the 4th board)

**Article 1 (Established purpose)**

This Code of Ethics are established to guides employees in complying with ethical standards, and helps affiliated persons better understand the company's ethical standards.

**Article 2 (Definition)**

Company employees stated in these guidelines include board members, managers, and other employees. Managers include presidents, vice presidents, assistant vice presidents, and other company management with administrative matters and signing authority. Employee refers to managers and other employees.

**Article 3 (Standards of ethical behavior)**

All employees shall abide by laws and these guidelines in their work, pursuing a high level of ethical standards. The company's board members and managers should take the lead in setting a good example, thus promoting the practice of these guidelines.

**Article 4 (Team spirit and loyalty)**

The company's employees should proactively seek to make progress, adopt a conscientious attitude, emphasize team spirit, and conduct themselves in an honest and trustworthy manner.

**Article 5 (Fair hiring and anti-discrimination policy)**

The company should value social diversity, giving employees equal employment and career development opportunities. No form of preferential treatment or discrimination should take place in any form based on race, sex, religious beliefs, political party affiliation, position, nationality, or age.

**Article 6 (Safe and healthy working environment)**

The company shall provide employees with a safe and healthy working environment. Company employees should work to maintain a safe and healthy environment, and there should be no instances of harassment, or violent and threatening behavior.

Disclaimer: this document is a translation from the original Chinese version. In the case of any discrepancy the original document shall supersede this version.

### **Article 7 (Respect of privacy and anti-dissemination of rumors)**

Company employees shall respect the privacy of others, and should not disseminate rumors or slander that will serve to harm others.

### **Article 8 (Confidentiality)**

Company employees' work-related knowledge, confidential information or customer data is to be carefully managed, and except for that required for company disclosure or publicized as required by law, data should not be leaked to other persons, or used for any non-work related matter. The same applies for an employee who leaves the company.

Confidential data mentioned above includes all data that could be of use to a competitor, or non-public information that after leaked could harm the company or its customers.

### **Article 9 (Correct recording and storing of data)**

Company employees should ensure that the management of all types of written data or computer-stored recorded information is performed with accuracy and completeness, and stored soundly. If it occurs that written or computer-stored data is missing or damaged, or its contents have been altered or falsified, it should be reported to the relevant managers for investigation.

### **Article 10 (Proper safeguard of company assets)**

Company employees have a responsibility to protect the company's assets, ensuring that the company is able to effectively and legally carry out its affairs, and avoid any negative impact to its operations.

In carrying out their work functions, employees should prevent any data, information system, network equipment, etc. from sustaining any interference, damage, or intrusion, to safeguard the company data's confidentiality, integrity and usability.

### **Article 11 (Prohibition of insider trading)**

Work-related knowledge and any information that could affect the share price of the company's stock, before it has been disclosed as public information, should be kept confidential pursuant to The Securities and Exchange Act regulations, and is not to be used to engage in insider trading.

### **Article 12 (Prohibition of personal gain through one's position)**

Company employees should not use their position for personal gain.

Company employees should preserve the company's legitimate legal rights, in order to avoid the following from occurring:

1. Behavior that results in personal gain by using the company's finances, information or professional position.
2. Competing with the company in ways counter to legal procedures, or act on behalf of oneself or others by engaging in operations within the company's scope of operations.

When the company has an opportunity to profit, company employees are to work in the best interests of the company.

### **Article 13 (Prohibition of conflict of interests)**

Company employees are prohibited from naming themselves or by using another person's name to engage in financial loans, significant financial transactions, provide guarantees, or other transactions that would present a conflict with company interests.

### **Article 14 (Preventing conflict of interests)**

Board members should operate with a high level of self-regulation. If they deem that any proposal presented by the board of directors or affiliates of the institutions they represent may harm the company, they should refuse involvement in such proposals. When a board member deems it impossible to act objectively or in the best interest of the company, or when a related transaction or relationship presents a conflict of interest, they should proactively report it, and use the proper legal procedures to handle or avoid the situation.

When a company director or employee, because of their position and the authority that comes with their position, if they themselves, a spouse, direct relative or extended relative has business dealings, either personally or on behalf of another organization, the situation should be reported, and the proper legal procedures be used to handle or avoid the situation.

### **Article 15 (Fair transactions and treatment)**

Company employees should fairly treat all customers, and exhibit no unfair or unethical behavior, including:

1. Improper mutually beneficial gain.
2. Spread rumors about customers, business partners, competitors and employees.
3. Intentionally declare fraudulent information about the quality or contents of the company's products or service.

4. Other manipulation, hiding, or abuse of information obtained in one's position, making a fraudulent claim on a significant matter, or transaction to unfairly gain. When company employees have dealings with related persons or enterprises, they should uphold a principle of fair treatment, adhere to all laws, regulations and these company's related guidelines, in order to ensure no situation of preferential treatment occurs.

**Article 16 (Prohibition of gifts, bribes and unjust benefits)**

Company employees, in carrying out their duties, are not allowed to personally, on behalf of the company or third parties' benefit, to request, periodically arrange, make payment or receive any form of gift, entertainment, rebate, bribe, or derive any other improper benefits. However, this guideline does not apply to commonly accepted social customs.

**Article 17 (Obligation to report transaction authenticity)**

Company employees who carry out transactions with other parties are to operate with honesty and integrity, correctly reporting the content of the transaction, and not hide or make a false report, hurting the company's interests.

**Article 18 (Respect of intellectual property)**

Company employees, in their work functions, are to respect and legally adhere to other person's intellectual property rights.

**Article 19 (Limitations on engaging in political party activities)**

Company employees, in their place of work or during work hours, are not to engage in any type of political party activity, and may not use company resources for such activities. Public relations personnel designated PR activities are not subject to this limitation.

**Article 20 (Prohibition of influencing other person's political activities)**

Company board members and managers, in their place of work or during work hours, are not allowed to influence company employees in their contribution to, or support of any political candidate, or participate in other political party activities.

**Article 21 (Compliance with laws and regulations)**

Company employees should comply with all laws and regulations, including the Securities and Exchange Act, Anti-Money Laundering Law and Fair Trade Act, among others.

### **Article 22 (Obligation to report investigations)**

Company board members and managers should at all times promote ethical practices and guide employees, encouraging them to immediately report any behavior they discover or have reasonable misgivings about a situation that is counter to laws and regulations or these guidelines. However, this should not be carried out with wrong intent.

Employees who report suspicious activity are not in any way to show retaliatory or threatening behavior. If one is subjected to this type of behavior, it should be reported to upper management, internal auditing management or other appropriate personnel, and the company should handle it in an appropriate and expeditious manner.

### **Article 23 (Procedures for penalizing and pardoning)**

Company employees who are in significant violation of relevant laws, are to be investigated by the company to determine their responsibility under civil and criminal law, and ensure that the company and shareholders' rights are not infringed upon. Appropriate disciplinary action is to be taken against those company employees who are in violation, after the management of related company departments or divisions are aware of the relevant facts.

For those employees in violation of these guidelines, the responsible division is to take disciplinary action based on procedures. When this is necessary, those persons are to show evidence to present their case, and the company will use this information to take appropriate action.

Board members and managers in violation of these regulations and have been sentenced by a court of law, or have received a ruling for disciplinary action from the board of directors, the company is to immediately disclose the information publicly on a website, including the person's position, name, date of violation, origin of the incident, rule violated and the action taken to handle it.

### **Article 24 (Procedures for immunity)**

If any board member or manager is to be exempted from adhering to these guidelines, it should be approved by a board of directors meeting in which at least two-thirds of board members are present and three-fourths of those members agree.

If the situation mentioned above occurs, the company is to immediately disclose the

information publicly on a website and include the exempted person's position, name, date of the decision to grant immunity to the person, length of the immunity period, reason and guideline information.

**Article 25 (Methods of disclosure)**

These guidelines shall be disclosed in the annual report, company prospectus and a public website, including any amendments.

**Article 26 (Practical implementation of these guidelines)**

The company shall disclose these principles and related guidelines. The company's subsidiary companies are to refer to this Code and related regulations in establishing by themselves a code of ethics with which to comply. If any employee of a subsidiary company is in violation of its guidelines, it should be immediately reported to the company and handled accordingly.

**Article 27 (Promulgation and implementation of these guidelines)**

These guidelines are to be implemented upon approval by the board of directors. The same procedure applies for any amendments.