

**Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and reasons for such departures in 2020**

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
<p>1. Equity structure and shareholders' rights of financial holding company</p> <p>(1)Whether the financial holding company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?</p> <p>(2)Whether the Company controls the name lists of the financial holding Company's major shareholders and their ultimate owners?</p>	V		<p>(1)The Company has disclosed the ways to communicate with the Company in the "Contact Us" and Contact Person identified in the "Service" under the "Investor Relations" Section of its website. The shareholders' suggestions, questions, disputes, and legal actions will be judged by the processing unit personnel based on the contents to determine whether the same shall be processed by themselves, or transferred to the shareholders service agent or responsible unit. Then, the relevant unit will verify the root cause, take appropriate responsive actions and provide feedback as soon as possible.</p> <p>(2)According to Article 11 of the "Regulations Governing Approvals of the Same Person's or Same Related Parties' Applications to Own More Than a Certain Percentage of the Issued Voting Shares of a Financial Holding Company", the Company will, on a monthly basis, disclose the information about any change in the major shareholders' equity on MOPS, and check the consistency with the roster of shareholders whenever the transfer registration is suspended, in order to control the information about major shareholdings. Meanwhile, the Company sets up the "Shareholder Structure" section under the "Investor Information" of</p>	There was no departure in this respect.

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			the “Investor Relations” on the Company’s website that provides relevant forms for download.	
(3)Whether the financial holding company establishes and implements some risk control and firewall mechanisms between the Company and its affiliates?	V		(3)A. The company has established a “Risk Management Department” being responsible for supervising and implementing risk management measures. Each subsidiary has an independent risk management unit in place, depending on their business sizes and risk attributes, to monitor the various risks involved. B.The Company has complied with Articles 44 and 45 of the Financial Holding Company Act, regarding credit and non-credit transactions with related parties. C.The Company has established the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies,” “Rules Governing Transactions with Related Parties,” “SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between Yuanta FHC and Stakeholders Defined in Article 45 of the Financial Holding Company Act,” “Rules Governing the Transactions Between Yuanta FHC and Self-Disciplined Counterparts” and “Regulations Governing Confidentiality and Prevention of Conflict of Interest With Respect to Information Provided by or Database Established by Subsidiaries” for the fulfillment of risk control and firewall mechanism.	
(4)Whether the Company’s internal rules are	V		(4)A.Requirements and Announcements: Article 15 of the	

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adopted and disclosed on the Company's official website, which prohibit the insiders, such as the Company's directors or employees, from seeking profit based on the information unavailable on the market?			<p>Company's "Procedures for Ethical Management and Guidelines for Conduct" expressly provides that insider trading is strictly prohibited, which is also disclosed on the Company's official website: Investor Relations&gt;Corporate Governance&gt;「Other Committees / Corporate Sustainability Committee」 (at: <a href="https://www.yuanta.com/Files/4.2.2386c8c7e67518765en/Procedures%20for%20Integrity%20Management%20and%20Guidelines%20for%20Conduct.pdf">https://www.yuanta.com/Files/4.2.2386c8c7e67518765en/Procedures%20for%20Integrity%20Management%20and%20Guidelines%20for%20Conduct.pdf</a>).</p> <p>In order to enable all staffs of the Company and its subsidiaries to have the correct knowledge and basic judgment towards relevant laws and ethical conduct, the Company organizes the "Ethical Management &amp; Compliance Promotion" training program periodically each year. The courses cover the issues related to financial consumers' data protection, related party transactions, insider trading regulations, disclosure of M&amp;A information, financial personnel's integrity, ethics and legal responsibilities, compliance resources and the whistle-blowing system. All staffs are required to attend the courses and pass relevant tests. The courses were attended by a total of 10,561 trainees in 2020, and all of the trainees passed the tests. There were 10,156 training hours in total. In order to implement continuing education for directors, the directors attended two corporate governance seminars, "AML Trend and Policy Development</p>	

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			<p>After APG Third Round Mutual Evaluation Procedures for AML/CFT” on July 7, 2020 and “Financial Consumer Protection Act and Fair Dealing” on September 1, 2020.</p> <p>B. According to the Codes of Ethical Conduct and Implementation Guidelines for Compliance System, the Company organized the “Ethical Management &amp; Compliance Promotion” training program for the managers and all employees in November 2020. The courses covered the ethical management best-practice principles, insider trading, and promotion of the regulations and guiding cases about compliance. The employees were required to take the relevant test in order to enhance the employees’ awareness toward the important rules of laws, including the Codes of Ethical Conduct, non-disclosure obligation, and prohibition of insider trading, form correct awareness and behavior, and report the status thereof to the Board of Directors periodically each year.</p>	
<p>2. Composition and responsibilities of board of directors</p> <p>(1) Has the financial holding company established diversified policies about the members of the Board of Directors and discloses the fulfillment of such diversified policies at the Company’s website?</p>	V		<p>(1) The Company has established the “Procedure for Election of Directors”, in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an</p>	There was no departure in this respect.

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			<p>appropriate policy on diversity based on the Company's business operation, business type, and development needs. It is advisable that the policy shall include, without being limited to, the following two (2) general standards:</p> <p>A. Basic requirements and values: Gender, age, nationality, and culture, et al.</p> <p>B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.</p> <p>Each board member shall have the necessary knowledge, skills, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:</p> <p>A. Ability to make judgments about operations</p> <p>B. Accounting and financial analysis ability</p> <p>C. Business management ability (including ability to manage subsidiaries)</p> <p>D. Crisis management ability</p> <p>E. Knowledge of the industry</p> <p>F. An international market perspective</p> <p>G. Leadership ability</p> <p>H. Decision-making ability</p> <p>I. Risk management knowledge and ability</p> <p>The information about diversified policies on the Board of Directors is disclosed in the "Board of Directors" in the section "Investor relations" &gt; "Corporate Governance" on the Company's website at</p>	

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(2)Is the financial holding company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?	V		<p>Website:  <a href="https://www.yuanta.com/EN/IR/Governance/Board">https://www.yuanta.com/EN/IR/Governance/Board</a></p> <p>(2)The Company has established the Remuneration Committee and Audit Committee pursuant to laws. In order to fulfill the promotion of corporate governance, strengthen the Board of Directors' governance of ethical corporate management, and fulfill the corporate social responsibility, the Company's Board of Directors passed the motion for expansion of the Ethical Management Committee to include the corporate social responsibility affairs and reformation to the Corporate Sustainability Committee subordinated to the Board of Directors on November 28, 2018.</p> <p>The "Corporate Sustainability Committee" governs the "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center" responsible for promoting and coordinating the relevant routine affairs, and report work plans and execution results to the Committee and Board of Directors periodically.</p> <p>In order to solidify the functions of the Board of Directors and strengthen the management mechanism, the Company passed the motion for establishment of the "Nomination Committee" on January 23, 2019. Meanwhile, the nomination and election of the directors/independent directors of the 8th term have been completed in June 2019.</p>	
(3)Has the financial holding Company's board of	V		(3)According to Article 46 of the Company's "Corporate	

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<p>directors assessed the independence of the external auditor periodically (at least once per year), and also disclosed the assessment procedure honestly?</p> <p>(4)Have the regulations or procedures governing appraisal on performance of the Board of Directors established by the financial holding company is approved by the Board of Directors: A. Is the self-assessment conducted at least once per year and the performance appraisal</p>	V		<p>Governance Best Practice Principles,” it is necessary to assess the independence and competence of the independent auditor periodically (at least once per year). The assessment procedures consist of assessing whether the independence satisfies the Statement on Auditing Procedure No. 46 and on the competence indicators, such as ethical conduct, professional ability and quality of audit service. Said assessment report, together with the “Statement of Independent Audit” issued by the independent auditor, will be submitted to the Audit Committee and Board of Directors. Then, the motion for employment will be subject to a resolution made by the Board of Directors.</p> <p>In 2021, the Company assessed that Chou Chien-Hung, Lo Chiao-Sen and Chen Li-Yuan, CPAs of PricewaterhouseCoopers Certified Public Accountants met the Company’s independence assessment criteria, and acquired the Statement of Independent Audit. The most recent assessment was discussed and approved by the 23rd meeting held by the Audit Committee of 8th term on January 19, 2021 and was submitted to the 24th meeting of the Board of Directors of 8th term on January 27, 2021 and approval.</p> <p>(4)The Company has enacted the “Regulations Governing Performance Appraisal on the Board of Directors and Functional Committee.” The amendments to the same have been resolved and approved at the 18th meeting of the Board of Directors of 8th term on July 29, 2020.</p> <p>A. The Board of Directors and functional committees</p>	<p>(4)A. No difference from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies.</p>

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<p>result disclosed at the Company’s website as the reference for remuneration to individual directors and nomination, and is the assessment result disclosed on the Company’s website? (Note 2)</p> <p>B. Is it expressly stated that the external appraisal should be conducted at least once per three (3) years and within the time limit defined in the relevant regulations, and the implementation and appraisal results should be disclosed at the Company’s website?</p>			<p>conduct the performance appraisal on the Board of Directors and functional committees pursuant to the appraisal procedure and indicators referred to in Article 6 and Article 8, and record the assessment report based on the scores per the assessment indicators referred to in Article 8, and submit the report to the Nomination Committee and then to the Board of Directors for discussion and improvement.</p> <p>The self-assessment result on the performance of the Board of Directors and functional committee and the Board members (self or peer) 2020 has been reported at 6th meeting of the Nomination Committee of 8th term on December 10, 2020 and 23rd of the Board of Directors of 8th term on December 23, 2020. The directors (including independent directors) commented based on the self-assessment results that all committees operated well and exercised their functions satisfactorily.</p> <p>B. Paragraph 2, Article 3 of the Company’s Regulations Governing Performance Appraisal on Board of Directors and Functional Committees (formerly Paragraph 3, Article 5 of the “Regulations Governing Appraisal on Performance of the Board of Directors (Functional Committee)”): The assessment on the performance of the Company’s Board of Directors shall be contracted to an external professional and</p>	



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			<p>independent organization, or external experts/scholars for once per three (3) years.</p> <p>The Company has appointed “Taiwan Corporate Governance Association” at the end of 2018 to appraise the performance of the Board of Directors from November 1, 2017 to October 31, 2018. The Association delegated three experts to appraise the Board of Directors’ performance, in the form of questionnaire and on-site survey, in terms of 8 elements subject to 38 indicators, including 1. Composition and Board of Directors, 2. Direction by Board of Directors, 3. Authorization by Board of Directors, 4. Supervision by Board of Directors, 5. Communication with Board of Directors, 6. Internal Control and Risk Management, 7. Self-Discipline of Board of Directors, and 8. Others, Such as the Board of Directors’ meetings and supporting systems. The Association and experts had no business transactions with the Company and, therefore, acted independently. The appraisal report was provided on January 16, 2019. The Company reported the appraisal results at 37th meeting of the 7th term Board of Directors on March 6, 2019, and continued to improve the Board of Directors’ functions based on the appraisal results. The general comments and recommendations provided by the Association, and the corrective actions taken by the Company are stated as follows:</p>	

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			<p>(A)General comments:</p> <ol style="list-style-type: none"> <li>1. You (namely, Yuanta FHC), upgraded the “Ethical Management Committee” to the “Corporate Sustainability Committee” in November 2018. This demonstrates your commitment and undertaking to the corporate social responsibility and sustainability-related issues.</li> <li>2. You acknowledge the independent directors’ value and respect the constructive opinion given by the independent directors. The following cases reflect the Company’s positive response to individual independent directors’ opinion: <ul style="list-style-type: none"> <li>● Ethical Management Committee upgraded to Corporate Sustainability Committee</li> <li>● Changes of the suggestion about appointment of any important subsidiary’s internal audit officers</li> </ul> </li> <li>3. You establishes the Board of Directors’ performance assessment system, conducts the assessment each year, and appoints an independent third party to help the assessment once per three years. This reflects the Board’s accountability cultures for the stakeholders, and shall be identified as the model of the management department.</li> <li>4. You value introduction of professional directors and provide considerable supports, and encourage and assist the professional directors to</li> </ol>	

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			<p>make contributions with their expertise.”</p> <p>(B) Recommendations:</p> <ol style="list-style-type: none"> <li>1. The Company’s current Board of Directors (elected in 2016) consists of 13 directors, including 4 independent directors and 9 juristic person directors’ representatives. Suggested that the Company should consider cutting the number of juristic person directors’ representatives and addition to the number of general directors or independent directors to further enhance the Board of Directors’ independence.</li> <li>2. The Company has established the Board of Directors’ performance appraisal system, and conducted the appraisal periodically. Suggested that the Company should review and update the scope of appraisal periodically, and consider that the appraisal results should be able to clearly demonstrate the variance and change in quality and quantity to help comparison, review and improvement.</li> </ol> <p>(C) Corrective action:</p> <ol style="list-style-type: none"> <li>1. The Company’s general shareholders’ meeting elected the directors of the 8th term on June 14, 2019, and 9 directors were elected (including 4 independent directors). Among the other things, 6 directors were elected in the capacity of natural-person, i.e. 67% of the total directors, and 4 independent directors for 44% of the total</li> </ol>	

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			<p>directors.</p> <p>2. In October 2019, subject to the reference templates provided by TWSE and the Company's practices, the Company had the Remuneration Committee and Board of Directors review and amend the Company's Regulations Governing Performance Appraisal on Board of Directors and Functional Committees, covering the individual directors and various functional committees. Meanwhile, the scale for the assessment items was amended from "Yes/No" to 5 options. The assessment results have clearly demonstrated the difference and change in quality and quantity, thereby helping improve the Board of Directors' performance and upgrade the corporate governance level.</p> <p>The information about the regulations or procedures governing appraisal on performance of the Board of Directors is disclosed in the "Major Internal Policies" in the section of "Corporate Social Responsibility" on the Company's website at Website:  <a href="https://www.yuanta.com/EN/IR/Governance/Internal-Policies">https://www.yuanta.com/EN/IR/Governance/Internal-Policies</a></p> <p>The information about the self-appraisal result on performance of the Board of Directors (functional committee) and the board members (self or peer) is disclosed in the "Board of Directors" in the section of "Investor relations" &gt; "Corporate Governance" on the</p>	

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(5)Has the financial holding company disclosed the connection between the performance appraisal on and remuneration to directors and managers?	V		<p>Company's official website at Website:  <a href="https://www.yuanta.com/EN/IR/Governance/Board">https://www.yuanta.com/EN/IR/Governance/Board</a></p> <p>(5)Except for independent directors, the Company shall allocate remuneration to directors in accordance with the Articles of Incorporation. The allocation of remuneration to directors shall be subject to the overall operating performance for the year, and follow the typical pay levels adopted by peer companies and consider the reasonableness of the correlation with future risk exposure. The actual allocation shall be based on the self-appraisal result on the Board of Directors members, hours of directors' attendance at meetings and continuing education, and negative qualifications, and calculated on a pro-rata basis subject to the session of the Board of Directors, the number of directors seats (exclusive of independent directors) and the number of days for which the directors hold the position in the year when the earnings to be allocated as remuneration to directors were sought.</p> <p>The Board of Directors is authorized to resolve the remuneration to the Company's independent directors based on the typical pay levels adopted by peer companies. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company's allocation of remuneration to directors.</p> <p>The Company's managers set their personal operating objectives (including the operating development</p>	

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(6)Has the financial holding Company disclosed the information about independent communication between independent directors and related units (or executive officers) and CPAs (e.g. means, items discussed and results of communication on the Company’s financial report and business overview, et al.) on the	V		<p>strategies, annual key works, operations and human resource management, group resource integration and supporting, internal controls and compliance) based on the Company’s business strategies and sustainable development objectives. According to the Company’s Performance Management Regulations, the Company must conduct the mid-term and final performance appraisals each year to rate the managers’ performance, subject to the physical execution result of the operating objectives set by them. Upon weighted summing up of all objectives, the Chairman reported the results to help the Chairman conduct the performance appraisal on the managers. The Company has set forth relevant incentive compensation rules, whereby it may provide performance bonus subject to the Company’s operating performance and earnings each year, which is decided by the Remuneration Committee and Board of Directors based on their personal performance, company operation performance, and reasonableness of the correlation with future risk exposure, as well as the typical pay levels adopted by peer companies.</p> <p>(6)The Company has disclosed about communication means, discussed items, resolutions and related information among Independent Directors , Risk Management Departments, Chief Internal Audit Officers and CPAs, at the its own official website which are in “Committees&gt;Audit Committee” under the section of “Investor Relations section&gt;Corporate</p>	

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Company's website?			Governance". The website address is: <a href="https://www.yuanta.com/EN/IR/Governance/Committees">https://www.yuanta.com/EN/IR/Governance/Committees</a>	
3. Whether the Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors with the information needed to perform their duties, helping directors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.), and disclosed the scope of authority, annual business focus and status of continuing education on the Company's website and in the annual report?	V		<p>3. The Company has delegated the unit and personnel dedicated to (concurrently in charge of) corporate governance:</p> <p>(1) The Company's Secretariat Office would be responsible for handling the affairs related to meetings held by the Board of Directors and Audit Committee, and designating the personnel dedicated to communicating and providing the relevant information required by directors for carrying out business and helping independent directors and the general directors draft their annual continuing education plans and arrange courses.</p> <p>(2) The Company's Administration Department would be responsible for the convention of shareholders' meetings and registration of incorporation and changes .</p> <p>(3) In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, according to the competent authority's policy planning about the new corporate governance roadmap, the Company's Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and served by the secretary-general of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the "Chief Corporate</p>	There was no departure in this respect.

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			<p>Governance Officer.” who shall have the professional qualifications for serving as the management dedicated to legal affairs, finance, shareholders service and parliamentary management, as well as corporate governance affairs, in financial institutions and public companies for more than three years. The chief corporate governance officer of Yuanta FHC is primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors’ meetings and shareholders’ meetings pursuant to laws to protect shareholders’ equity and enhance the Board of Directors’ functions.</p> <p>(4)The Company’s chief corporate governance officers processed the affairs related to board meetings and shareholders’ meetings, and also helped the Board of Directors solidify the various commissions’ mechanism pursuant to laws, and provide the directors with information required by them to perform their duties in 2020. The annual business was executed in the following manners:</p> <p>A.Research and draft various regulations to help the Board of Directors and committees build adequate operating procedures and make arrangements in advance in response to laws and “Corporate Governance 3.0 - Corporate Sustainability Roadmap.”</p> <p>B.Process the affairs related to 2020 shareholders’</p>	



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			<p>meetings:</p> <p>(A) Coordinate various units to process the parliamentary operations about shareholders' meetings according to the Articles of Incorporation and Article 57-2 of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies.</p> <p>(B) Help shareholders' meetings solidify related operations and boost the parliamentary procedures successfully.</p> <p>(C) Help shareholders understand the Company's corporate governance practices, and update data on webpages timely, to ensure the shareholders' equity.</p> <p>C. Supervise the research, amendment and adjustment of the Company's important regulations, including amendments to the Company's articles of incorporation, articles of association, and corporate governance best-practice principles, etc..</p> <p>D. Process the parliamentary operations related to the Board of Directors and related committees to strengthen the parliamentary procedure compliance and avoidance of conflict of interest.</p> <p>E. Provide the relevant information required by directors for performance of job duties, and remind directors of the related laws and regulations to be followed when performing job duties or at the time of/after resolution made by the Board of Directors.</p>	

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			<p>F. Process the continuing education courses to be attended by directors to help directors practice the continuing education mechanism.</p> <p>G. Conduct the assessment on performance of the Board of Directors and functional committees.</p> <p>H. Help conduct evaluation under the CG6012 (2019) corporate governance system.</p> <p>(5) The Company's Board of Directors Chief Secretary, Lawrence Lee, has held the position as Chief Corporate Governance Officer since November 28, 2018, and completed the continuing professional education for at least 17.5 hours in 2020. (Note 3)</p> <p>(6) The information about the chief corporate governance officers is disclosed in the "Board of Directors" &gt; "Chief Corporate Governance Officer" in the section of "Investor relations" &gt; "Corporate Governance" on the Company's website at Website:</p> <p>(7) <a href="https://www.yuanta.com/EN/IR/Governance/Board">https://www.yuanta.com/EN/IR/Governance/Board</a></p>	
4. Whether the financial holding company establishes communication channels with stakeholders (including but not limited to, shareholders, employees, and customers, et al.) , and sets up a section for stakeholders at the official website of the Company with the proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		<p>The Company establishes the well-founded spokesperson system pursuant to the "Uniform Spokesman Procedure", and appoints the spokesperson and deputy spokesperson to release any public information, policy or other related information to the public on behalf of the Company officially.</p> <p>The Company and all of its subsidiaries use their best efforts to provide adequate information to stakeholders such as customers, correspondent banks, vendors, employees, and shareholders, and has established the "CSR" &gt; in the section of "Stakeholders Engagement" on</p>	There was no departure in this respect.

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			<p>its website to disclose the identification of major concerns about stakeholders, channels of communication with the stakeholders and investigation on certain concerns. Meanwhile, the Company attaches great importance to the rights and interests of stakeholders and to maintain fair channels of communication with them via mailbox or phone. The Company's Legal Affairs Department assists with and handles possible legal disputes. Where the opinion fed back by any stakeholder is considered material, the responsible unit must report the same to the Audit Committee and Board of Directors under the Company's internal control system. Website: <a href="https://www.yuanta.com/EN/CSR/Stakeholder-Engagement">https://www.yuanta.com/EN/CSR/Stakeholder - Engagement</a></p> <p>The Company's website also set up the "Investor Relations" section where the information about the Group's operating performance and credit rating, and other financial information are available. (Website: <a href="https://www.yuanta.com/EN/IR">https://www.yuanta.com/EN/IR</a>) Meanwhile, the exclusive email address/department is set up to maintain effective communication with investors. (Website: <a href="https://www.yuanta.com/EN/IR/Service/Contact-Us">https://www.yuanta.com/EN/IR/Service/Contact-Us</a>)</p> <p>In order to establish the ethical and transparent enterprise culture, promote the sound management and encourage whistle-blowing against misconduct in the Company, the Company set up the "Whistle-Blowing System" in the section of "Investor relations" &gt; "Corporate Governance" on the Company's official website to disclose the requirements about the whistle-blowing system, whistle-</p>	

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			blowing hotline and email box . Website: <a href="https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism">https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism</a> .	
<p>5. Information Disclosure</p> <p>(1) Establishment of a corporate website to disclose information concerning financial affairs and corporate governance?</p>	V		<p>(1) On the home page of the Company’s website, the “About Us” section discloses corporate strategy, organizational charts and other related information. The “Corporate Social Responsibility” section discloses information related to the operations of corporate governance by the Company. The “Group” section describes the business carried out by each of the Group’s subsidiaries. The “Investor Relations” section provides financial information and announcements related to shareholders and public information. The “Corporate Governance” in the section of “Investor relations” discloses the members, functions, operations and related regulations of the Board of Directors and other committees (e.g., Audit Committee, Remuneration Committee, Sustainability Committee and Nomination Committee, etc.), the risk management policies and organizational framework, information security management framework, policies and management programs, intellectual property management plans, and practices and results thereof, and internal audit system, summary of whistle-blowing system, and information to be reported and disclosed under Article 46 of the Financial Holding Company Act. Meanwhile, according to the “TWSE Rules Governing Information Filing by Companies</p>	There was no departure in this respect.

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<p>(2) Other information disclosure channels (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)?</p> <p>(3) Whether the Company announces and reports the annual financial report within the time limit prescribed by the Financial Holding Company Act and Securities and Exchange Act at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?</p> <p>(4) Whether the Company establishes any information security risk management structure, information security policy and concrete management program, and discloses the same on the Company's website?</p>	V		<p>with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds” and “TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”, the Company discloses the public information about the Company's and its subsidiaries' finance, business and corporate governance.</p> <p>(2) The Company has set up an English website, established a spokesperson and deputy spokesperson system, and delegated the personnel dedicated to collecting and disclosing the Company's important information, and releasing the information about investors' profiles and financial position in the “Investor Relations” section on the Company's website. Website: <a href="https://www.yuanta.com/EN/IR">https://www.yuanta.com/EN/IR</a></p> <p>(3) The Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2020 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2020 and the annual financial report were already announced and reported on May 22, 2020, August 21, 2020, November 20, 2020, and March 23, 2021 .</p> <p>(4) A. Information security risk management structure: The Company implemented ISO 27001:2005 ISMS and also passed the certification by BSI in 2011. Thereafter, the Company would complete the continuing review once per year and the re-examination once per three years. Meanwhile, the</p>	

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			<p>Company also completed the ISO 27001:2013 revision to keep strengthening the information security management and control via the PDCA cycle.</p> <p>B. Concrete management program:</p> <p>(A) In order to improve Yuanta FHC’ strength in making decisions against information security issues, enhance the information security supervision, and consolidate information security policies to boost coordination and allocation of resources, Yuanta FHC Board of Directors passed the articles of association in December 2020, in order to establish the independent and dedicated information security unit, “Information Security Dept.,” and “CISO,” responsible for regulating, planning and supervising the information security throughout the Company and boosting the implementation of information security management operations, and reporting the information security practices to the Board of Directors periodically.</p> <p>(B) The Company expressly states the information security objectives and information security responsibilities in its information security policy and establishes the multi-departmental information security taskforce, which coordinate and research the handling and review on the information security policy, plan, allocation of resources, implementation, and crisis</p>	

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			<p>management through the taskforce’s meetings and the information security management review meeting to be held at least once per year, and also to enhance the information security management system.</p> <p>C. In order to control the information security management system effectively, the Company establishes the relevant policy, regulations (guidelines and enforcement rules, et al.), procedures (guidebook on the information security business) and QR/FM (Quality Records/Form) to be followed by the entire information business operation, management and control.</p> <p>The related information is disclosed on the Company’s website “Investors Relations” &gt; “Corporate Governance” &gt; “Information Security”, at <a href="https://www.yuanta.com/EN/IR/Governance/Information-Security">https://www.yuanta.com/EN/IR/Governance/Information-Security</a></p>	
6. Other important information enabling a better understanding of the Company’s corporate governance (including but not limited to employee rights and interests, employee care, investor relations, stakeholders’ rights and interests, continuing education of directors and supervisors, implementation of risk management policies and procedures, disclosure of risk management scope, organization framework and operations thereof, implementation of customer policy, purchase of liability insurance by the Company for directors	V		<p>(1)Employee rights and interests: The Company’s human resources management mechanisms all comply with labor laws and regulations and internal control requirements, safeguarded employees’ legitimate rights and interests. The Company will call a labor and employer meeting periodically to urge the sufficient communication between both parties and gather the common consensus between both parties to make the relations between both parties more harmonious.</p> <p>(2)Employee care:</p>	There was no departure in this respect.

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and supervisors, and donations to political parties, interested parties and public welfare groups)?			<p>The Company cares about the physical and mental health of its employees and undertakes education and training, group insurance, employee shareholding trusts, and health checkups, and employee assistance programs, etc.. Meanwhile, it encourages employees to cultivate diversified hobbies, participate in various social clubs, and get used to having fun when working. The Company also strives to realize employees' potential, and trains and rewards excellent talents so as to enhance employees' on-the-job competitiveness and market value and create a diversified and friendly working environment by encouraging a positive attitude toward corporate sustainability.</p> <p>(3)Investor relations and stakeholders interests:  In its "Corporate Governance Best-Practice Principles," the company has defined the contents of investor relations and stakeholders' interests. These principles are implemented in the Company's day to day business and focus on the following aspects:  A. The company maintains open channels of communication with investors, and respects and protects their legal rights.  B. Taking advantage of the convenience of the Internet, the Company has established a website, which carries information on financial affairs and corporate governance for the reference of shareholders and stakeholders. The Company also set up the English version of the official website to provide the information in Chinese and English</p>	



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			<p>languages at the same time and make the real-time information about the Company available to foreign investors, including the corporate governance practices, financial information, credit rating, activities and public notice, etc..</p> <p>(4)Continuing education of directors:  In order to practice the continuing education mechanism for directors, the Company organized the four directors' internal training programs in 2020, including the "Talk About Financial Industry's Risk Management Mechanism from Loss in Securities House's Issuance of Warrants" dated June 2, "AML Trend and Policy Development After APG Third Round Mutual Evaluation Procedures for AML/CFT" dated July 7, "Financial Consumer Protection Act and Fair Dealing" dated September 1, and "Innovation, Virtuality and Openness - FinTech Legal System Reform" dated November 3. The courses cover risk management, money laundering laws &amp; regulations, interpretation about insider trading cases, fair dealing, and digital financial development issues, et al.. As to the external training programs, the Company would help directors apply for enrollment into the related programs organized by TWSE or Taiwan Corporate Governance Association to help the directors improve their expertise and understand the laws and regulations, for the duly fulfillment of the corporate governance system.</p> <p>(5)Risk management policies and procedures disclosing</p>	

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			<p>risk management scope, organization framework and operations thereof:</p> <p>A. In order to establish the Company's risk management standards and ensure the completeness, validity and reasonableness of the risk management, the Company has had the Board of Directors approve the "Risk Management Policy" and various risk management criteria.</p> <p>B. The risk management policy refers to the Company's ultimate guidelines governing risk management. The risks which the Company are facing can be categorized into three major risks, namely "business risk," "compliance &amp; legal risk" and "environmental risk." The "business risk" consists of market risk, credit risk, market liquidity risk, asset-liability matching risk, large risk exposure, insurance risk, operational risk, information security risk, human resource risk, and new risk. The "compliance &amp; legal risk" consists of compliance risk, legal risk, ML/TF risk, and ethical management risk. The "environmental risk." consists of responding to issues related to climate change and natural disasters. Various risk management systems shall be defined based on the policy, attributes of various risks, and effects imposed by the risks to the Company's operating stability and capital safety.</p>	

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			<p>C.Subsidiaries shall establish the “risk management systems” that meet their business portfolio, business scale and capital scale, according to the Company’s risk management policy, to measure and manage effectively the various risks to be borne by them.</p> <p>D.Yuanta FHC’ entire risk management structure covers the Board of Directors, Audit Committee, Risk Management Committee, management, Risk Management Dept., Compliance Dept., Legal Dept., IT Dept., and other business departments. The Company has disclosed its risk management policies in the “Corporate Social Responsibility” &gt; ”Internal Rules and Regulations” on its official website, to expressly define the Company’s risk management scope, primary responsible units and responsibilities for risk management, risk management procedures and disclosure of information.</p> <p>E.The company regularly reports to the board of directors on the operation of the risk management system, including:</p> <p>(A)The Risk Management Committee convenes a meeting per quarter. The resolutions made at the meeting would be reported to the Audit Committee and Board of Directors.</p> <p>(B)The Risk Management Dept. submitted the risk management system’s evaluation report 2020</p>	

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			<p>to the 22th meeting of the 8th term Audit Committee. The Audit Committee chairperson reported the the risk management system’s evaluation results 2020 to the 23th meeting of the 8th term Board of Directors.</p> <p>(C)The Risk Management Dept. submitted the Internal and external business risk assessment report 2021 to the 22th meeting of the 8th term Audit Committee. The Audit Committee chairperson reported the Internal and external business risk assessment results 2021 to the 23th meeting of the 8th term Board of Directors.</p> <p>The operations of the Risk Management Committee are disclosed in the “Corporate Social Responsibility” &gt; “Other Committees” &gt; “Risk Management Committee” on its official website.</p> <p>(6)Implementation of customer policy: The company protects customer privacy based on “Confidentiality Measures on Customer Information for Yuanta FHC and Its Subsidiaries”, “Personal Data Protection Policy of Yuanta FHC” and “Personal Data Management Rules of Yuanta FHC”. The company uses customer information in accordance with the forgoing measures and within the scope of the law so as to fulfill its obligations in maintaining the confidentiality of customer information and protect customer privacy.</p> <p>(7)Purchase of liability insurance by the Company for</p>	

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			<p>directors and managers:  The Company continues to purchase the directors/supervisors and managers liability insurance for its directors (including independent directors) and managers, in order to pass on the Company's business risk and help establishment of a well-founded corporate governance mechanism.</p> <p>(8)Donations to political parties, interested parties, and non-profit organizations:  A. Handled in accordance with the Company's guidelines governing public donations. Public donations mean those donations which comply with the following laws and regulations:  (A)Donations to political parties, political groups and political candidates in accordance with Political Donations Act.  (B)Donations to the public welfare groups and syndicates defined in the General Provisions of the Civil Code, or any other educational, cultural, public welfare or charity agencies or groups which are registered with the competent authorities or incorporated validly in accordance with other relevant laws and regulations.</p> <p>B. Where the donated subject is a related party, the donations shall be reported to the Board of Directors for resolution, regardless of the amount of the donations, and material information shall be announced in accordance with Paragraph 1.43 of</p>	

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			Article 4 of the “Taiwan Stock Exchange Corporation’s (TWSE) Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”.	
<p>7. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.</p> <p>(1) Yuanta FHC ranked among the top 6%~20% of listed company groups in the “Corporate Governance Evaluation Operation” of 7th term held by TWSE in 2020.</p> <p>(2) With respect to the indicators in the “Corporate Governance Evaluation Indicators” of the 7th term in 2020, the Company shall take corrective actions against the deficiencies in Indicator 2.27, “Whether the company has set the IP management plan structured with the business objectives, and disclosed the status in implementation of the plan on the company’s website or in the annual report, and reported the same to the board of directors at least for once per year?” and Indicator 3.20 “Whether the company is invited to convene (or convenes voluntarily) at least two institutional investor conferences, and the interval between the two institutional investor conferences convened at the beginning and end of the evaluated year is more than three months?” To this end, the Company will plan to pass the certification in 2021 by the Taiwan Intellectual Property Management System (TIPS) or any similar intellectual property management system, and be invited to convene one institutional investor conference.</p>				

Note 1: Regardless of “Yes” or “No”, the status shall be stated in the “Summary” section.

Note 2: Describe the deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof.

Note 3: The continuing education attended by the Company’s Corporate Governance Officer in 2020 is stated as follows:

Course Date		Course name	Organizing agency	Course hours (hrs)	Total continuing education hours in then year
From	To				
2020.01.16	2020.01.16	Corporate Governance Framework Well-founded by Intellectual Property Management - Promotional Campaign for TWSE/TPEX-Listed Company Board’s Obligation to Manage Intellectual Property	Institute for Information Industry	2.5	17.5
2020.06.02	2020.06.02	Talk About Financial Industry’s Risk Management Mechanism from Loss in Securities House’s Issuance of Warrants	Taiwan Securities Association	3	
2020.07.07	2020.07.07	AML Trend and Policy Development After APG Third Round Mutual Evaluation Procedures for AML/CFT	Taiwan Securities Association	3	
2020.09.01	2020.09.01	Financial Consumer Protection Act and Fair Dealing	Taiwan Securities Association	3	
2020.09.21	2020.09.21	TWSE-Listed Company Corporate Governance 3.0 - Corporate Sustainability Roadmap Summit Forum	Taiwan Stock Exchange Corporation (TWSE)	3	
2020.11.03	2020.11.03	Innovation, Virtuality and Openness FinTech Legal System Reform	Taiwan Securities Association	3	