

Yuanta Financial Holding Company
Corporate Social Responsibility Guidelines

Approved by the Board of Directors on October 26, 2010 (5th meeting of the 5th board)

Amendments approved on October 25, 2011 (20th meeting of the 5th board)

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Section One: General Provisions

Article 1

The company seeks to carry out its corporate social responsibility (hereafter “CSR”), and promote sustainable growth that balances economic, social and environmental factors. These guidelines follow the TSE/TPEX Listed Companies Corporate Social Responsibility Guidelines in managing the company’s risk and impact on the environment and society.

Article 2

These guidelines are intended for this company and the company’s subsidiaries and apply to all operational activities. In its operations, the company is to actively practice its CSR, in line with global trends that balance environmental, social and corporate governance factors. By being a responsible corporate citizen and adhering to international developmental trends, the company increases its contribution to the domestic economy, workforce, society, and the standard of living.

Article 3

The company shall carry out its CSR, valuing social moral principles and pay heed to the rights and interests of affiliated parties. In pursuing sustainable operations and profitability, it will place importance on environmental, social and corporate governance, and include these elements into its management and operations.

Article 4

The company shall abide by the following principles in carrying out its CSR:

1. Implement and promote corporate governance.
2. Expand in an environmentally sustainable way.
3. Uphold and preserve the social welfare.
4. Strengthen transparency of CSR information.

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Article 5

The company shall abide by the laws and regulations in its Articles of Incorporation, and any signed contracts between itself and the Taiwan Stock Exchange or Taipei Exchange, as well as any related rules. The company will take into consideration domestic and overseas CSR trends, and both the company and its subsidiaries will establish CSR policies, system and related management systems, which should be passed by one-half of the Sustainability Committee members and approved by the Board.

Section Two: Implementation of Corporate Governance

Article 6

The company has adhered to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies for reference in establishing an effective corporate governance framework and related ethical standards, in order to implement strong governance standards for the company.

Article 7

The company's board of directors will ensure that management fulfills its duties in urging the company to carry out its CSR, while simultaneously critiquing its effectiveness and continually improving to ensure that CSR policy is carried out. In fulfilling the company's corporate social responsibility, the board of directors shall give consideration to the rights and interests of the company's stakeholders, including the following:

1. Articulate a CSR mission and vision for the company; set CSR policies, systems, and related management initiatives.
2. Include CSR in the company's business activities and developmental direction, and set concrete plans to facilitate CSR implementation.
3. Ensure CSR-related information is both timely and transparent.

The board of directors shall authorize the company's top management to handle economic, environmental, and social issues which arise as a result of the company's business activities; these issues and their status shall be reported from the Sustainability Committee to the board of directors, and the company shall clearly define the operational procedures and responsible units for handling such issues.

Article 8

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The company shall periodically hold CSR education and training programs, including guidance relating to Point 2 of the previous article.

Article 9

In order to establish stable CSR management, there will be a division within the company to establish and promote CSR that is responsible for raising and implementing CSR policy and systems, relevant management initiatives and action plans, as well as periodically reporting from the Sustainability Committee to the board of directors.

The company shall set in place reasonable remuneration policies, in order to ensure that its remuneration plans meet the company's strategic goals, as well as the rights and interests of the company's stakeholders.

The system for conducting employee performance reviews shall be integrated into the company's CSR framework, and shall set a clear and effective system of incentives and discipline.

Article 10

In the interests of its stakeholders, the company shall identify its stakeholders, and establish a designated stakeholders section on its company website; the company shall also use appropriate communication channels to understand stakeholders' reasonable expectations and demands, and shall properly respond to CSR issues of concern to its stakeholders.

Section Three: Environmentally Sustainable Development

Article 11

The company shall adhere to all environmental-related regulations and global standards, and appropriately protect the environment and when carrying out its business operations and internal management, striving for goals that are environmentally sustainable.

Article 12

The company shall strive to use each type of resource more efficiently and reduce its environmental impact on renewable resources, thereby utilizing natural resources in a sustainable way.

Article 13

The company shall establish an environmental management system that is

appropriate for its business. The company's system shall include the following items:

1. Gather and evaluate substantial and real-time data on the environmental impact of its business activities.
2. Establish measurable environmental sustainability goals and periodically evaluate their development to determine their continuity and relevance.
3. Establish a detailed plan or action plans and other implementation measures, and periodically evaluate them to ensure that they are being executed effectively.

Article 14

The company shall establish a dedicated division or person to set, promote, and maintain its environmental management system and action plans, and shall periodically hold courses to educate top management and employees in the company's environmental protection system.

Article 15

The company shall consider its impact on eco-efficiency, educate clients on and promote sustainable consumption concepts, and, in order to reduce its environmental impact, be engaged in operational activities following these principles:

1. Reduce the amount of natural resources used in the operation of financial products and services.
2. Proper handling of waste material.
3. Adopt the usage of eco-friendly (green) products.
4. Maximize use of renewable resources by reusing and recycling.
5. Increase efficiency of financial products and services.

Article 16

In order to increase water usage efficiency, the company shall use water in the best and most sustainable way with relevant management measures in place. The company shall build and strengthen its environmental protection management facilities, so as to prevent the pollution or contamination of water, air, or land, and shall make the strongest effort possible to reduce any negative impacts on human health and the environment, taking the best actable path to prevent pollution and implement necessary controls.

Article 17

The company shall adopt domestic and internationally applicable standards and guidelines to conduct corporate greenhouse gas (GHG) inventory and disclosure

procedures, and shall include:

1. Direct GHG emissions: greenhouse gas emissions from sources owned or controlled by the company.
2. Indirect GHG emissions: emissions from the consumption of purchased electricity, steam, or other sources of energy (e.g. chilled water) generated upstream from the company.

The company shall pay close attention to the effect of climate change on its business activities, and shall, based on its operational status and the results of its GHG emissions inventory, set in place policies to save energy and reduce carbon and GHG emissions, and shall set the acquisition of carbon credit in the company's carbon reduction policies and plans, and use the above to reduce the overall impact that the company's business activities have on climate change.

Section Four: Maintaining Social Welfare

Article 18

The company shall follow all relevant labor laws, and shall adhere to the International Bill of Human Rights, gender equality, and the right to work, and shall prohibit discrimination.

In order to fulfill the company's responsibility to protect human rights, it shall set in place relevant management policies and procedures, including:

1. Provide a corporate human rights policy or statement.
2. Evaluate the human rights impact of the company's business activities and internal management, and set in place procedures to respond to said impact.
3. Periodically review the effectiveness of the corporate human rights policy or statement.
4. In instances where human rights violations have occurred, the company shall disclose said violations and remedial procedures to relevant company stakeholders.

The company shall respect generally accepted global labor practices, including the freedom of association, caring for disadvantaged groups, the banning of child labor, the elimination of all forms of forced labor, and the elimination of discrimination in hiring and employment, and shall guarantee that the company's human resources policies prohibit differential treatment on the basis of gender, race, social class, age, marital or family status, so as to achieve a workplace that is fair and equal in terms of employment opportunities, employment conditions, remuneration, benefits, training, performance reviews and promotion opportunities.

With regards to potential violations of labor rights and interests, the company shall

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provide an effective and appropriate grievance mechanism, and guarantee equality and transparency within the grievance process. The grievance channel(s) shall be concise, convenient, and smooth, and the company shall provide an appropriate response to the employee who submitted the grievance.

Article 19

The company shall provide employees with information allowing them to understand labor laws and enjoy their benefits in the country where the business is domiciled.

Article 20

The company shall provide employees with a safe and healthy work environment, including providing the necessary health and emergency rescue equipment, and seek to mitigate any factors that would endanger employees' health or safety, thereby preventing a workplace disaster. The company shall periodically hold health and safety training courses.

Article 21

The company shall create a good environment for employees' career development, and establish an effective training plan to help employees in their career skills development.

Article 22

The company shall set up a channel of communication for employees by which they may obtain information and express opinions in matters regarding business operations and strategy.

The company shall respect the right of employee representatives to engage in negotiations regarding the terms of their employment, and shall provide employees with necessary information and facilities to promote consultation and cooperation between the company and the employees and their representatives.

The company shall use reasonable means to inform employees of any operational changes that could have a major effect on them.

The company shall use reasonable means to inform employees of anything which may cause significant changes in the company's operations.

Article 23

The company shall supervise its subsidiaries to treat customers and consumers of its products and services fairly and reasonably, including: contract fairness and honesty, attention and adherence to duties and responsibilities, truthfulness in marketing and

advertising, suitability of products and services, notifications and disclosures, balanced remuneration structures, grievance or complaint mechanisms, and the professionalism of the company's salespeople, as well as the setting of implementation policies and procedures to realize these principles.

Article 24

The company shall supervise its subsidiaries to be responsible for and shall place a strong emphasis on the ethics of its marketing for company products and services. In all research and development, purchasing, production, and operational and service procedures relating to its products and services, the company shall ensure information transparency and security, and shall set in place and publicize policies protecting customers' rights and interests, and implement them in the company's business activities to ensure that its products and services do not harm the interests, health or safety of its customers.

Article 25

The company shall supervise its subsidiaries to ensure financial product and service quality, in accordance with government regulations and relevant industry standards. When in its sales and advertising for financial products or services, the company shall abide by government regulations and relevant global standards, not engaging in any behavior such as cheating, misleading, fraudulent or any other action that damages customers' trust or hurts customers' interests.

Article 26

The company shall evaluate and manage all manner of risks which have the potential to cause interruptions to company operations, and decrease any potential impacts they might have on consumers or society.

The company shall supervise its subsidiaries to provide transparent and effective procedures for customers to file a complaint regarding financial products or services. This system is to be fair and able to handle information immediately, and should follow relevant regulations to safeguard customers' rights of privacy and protect the personal information they provide.

Article 27

The company shall evaluate the impact its purchasing activities have on the environment and surrounding communities of its supply sources. And, together with supplier companies, raise the level of its mutual corporate social responsibility. The company shall, in the course of its business relations, evaluate whether its

suppliers have a record of impacting society or the environment, so as to ensure that doing business with the respective suppliers does not contradict the company's CSR policies in any way.

When the company signs procurement contracts with its major suppliers, it shall include provisions guaranteeing adherence to the CSR policies of both parties; if the supplier is found to be in violation of these policies, or if the supplier is found to be having significant impact upon its local society or environment, the company shall terminate or dissolve the relevant sections of the contract.

Article 28

The company shall evaluate and manage the impact that the company's operations have on its surrounding communities, the hiring of appropriate on-site personnel and provision of working space, in order to gain approval within the community.

The company shall invest resources through business modeled solutions for social or environmental organizations, such as equity investment, business activities, corporate volunteering services, or other professional charitable services; or, the company shall help foster community development through financial donations, corporate volunteer services or other free professional services, participation in community development and the educational programs provided by public organizations, or activities arranged by charitable organizations and local government organizations.

Section Five: Strengthening Transparency of CSR Information

Article 29

The company shall make information public, in accordance with relevant regulations and the TSE/TPEX Listed Companies Corporate Social Responsibility Guidelines, and fully disclose CSR information that is relevant and reliable, and thereby raise the level of transparency. Relevant CSR information to be disclosed includes the following:

1. CSR policies, systems, management measures and action plans approved by the board of directors.
2. Any risk or impact on company operations and financial status from the implementation of corporate governance, environmentally sustainable development and social welfare.
3. Any proposed CSR goals or measures that the company drafts, as well as the effectiveness of their implementation.
4. Major stakeholders and their issues of concern.
5. Management and performance information and disclosures relating to important

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social and environmental issues of major suppliers.
6. Other CSR-related information.

Article 30

The company shall publish a CSR report that adopts internationally-recognized standards or guidelines, and disclose the status of its CSR, and shall receive a third-party verification or guarantee in order to increase information reliability. The content of the CSR report shall include the following:

1. Implementation of CSR policies, systems, management initiatives and plans.
2. Major stakeholders and their issues of concern.
3. Performance evaluation and review of the implementation of the company's actions in regards to corporate governance, environmentally sustainable development, upholding social welfare, and facilitating economic development.
4. Future direction for improvement and goals.

Section Six: Appendix

Article 31

The company shall pay heed to the development of domestic and international CSR standards and the changes in corporate culture, and improve its established CSR system based on its review, in order to raise the effectiveness of its CSR.

Article 32

These Guidelines shall take effect, along with any subsequent amendments, upon receiving approval from the Company's board of directors.