

2021 Fulfillment of Integrity Management

1. In principle, the Company's Integrity Management Promotion Center holds semi-annual meetings and reports the results of its annual work plan to the Sustainability Committee and the Board of Directors in order.
2. The first half-year meeting of the Company's Integrity Management Promotion Center for 2021 was held on January 26.

2020 Fulfillment of Integrity Management

The Company's fulfillment of integrity management in the year 2020 was reported to the Sustainability Committee on February 23, 2021 and approved by the Board of Directors on March 23 of the same year.

Assessment Items	Operating Status (Note 1)			Discrepancies from <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and reasons
	Yes	No	Summary	
1. Establishing integrity management policies and programs (1) Has the Company established an integrity management policy approved by the Board of Directors, and have the policy and practice of integrity management been stated in the bylaws and external documents, and have the Board of Directors and senior management actively implemented the commitments of the management policy, and disclosed them on the Company website?	V		(1) A. On October 25 and December 27, 2011, the Board of Directors passed the creation of "Yuanta Financial Holding Co. Ltd. Integrity Management Guidelines" (hereinafter referred to as "Integrity Management Guidelines") and "Yuanta Financial Holding Co. Ltd. Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Guidelines for Conduct"), respectively, based on the Financial Supervisory Commission's (FSC) policies, and the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> and <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct</i> Published by the Taiwan Stock Exchange Corporation.	There was no discrepancy in this matter.

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			<p>These rules are applicable to all subsidiaries, all foundations to which the Company has directly/indirectly donated more than 50% of operating funds, and other institutions or organizations in which the Company exercises controlling interests. Starting from 2019, the Company has encouraged its directors of the board and senior management to sign the “Declaration of Integrity” and commit to abide by the Company’s rules and regulations related to integrity management in the course of performing their duties, and to assist the Company in promoting policies based on “integrity” with a clean, transparent, and responsible management philosophy.</p> <p>B. In order to implement integrity management and strengthen corporate governance, the Company established the Sustainability Committee under the Board of Directors in 2018, and set up the Integrity Management Promotion Center (IMPC) and the Center for the Promotion of Corporate Social Responsibility (CFPCSR) under it. The IMPC is responsible for promoting and coordinating matters related to integrity management and reporting work plans and implementation results to the Committee on a regular basis. The rules and regulations related to the integrity of management and the commitment to implement the management policy are disclosed on the Company’s website.</p>	

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(2) Has the Company established the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopted the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies</i> ?	V		<p>The Company will also continue to promote policies based on “integrity” and establish good corporate governance and risk control mechanisms in order to create a sustainable business environment based on its philosophy of clean, transparent, and responsible management.</p> <p>The relevant rules and regulations of integrity management are disclosed on the following website: https://www.yuanta.com/TW/IR/Governance/Internal-Policies</p> <p>The commitment to fulfill the management policy is disclosed on the following website: https://www.yuanta.com/TW/IR/Governance/Committees</p> <p>(2) The Company has specified in its Guidelines for Conduct and Professional Code of Ethics the relevant regulations to prevent the occurrence of unethical conduct and regularly reviews the content of the regulations for compliance with internal and external laws and regulations and internal practices. The Company periodically analyzes the business activities within its business scope that have a higher risk of unethical conduct in accordance with the regulations, performs risk assessment accordingly, and reviews the appropriateness and effectiveness of the preventive measures, covering at least the preventive measures for each conduct in the subparagraphs of Article 7, Paragraph 2 of the</p>	

<p>(3) Does the Company specify the operating procedures, conduct guidelines, disciplinary and grievance systems for non-compliance in its unethical conduct prevention program, implement them, review and revise the aforementioned program regularly, and disclose them on the Company's website?</p>	<p>V</p>	<p><i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i>, and provides the assessment results to the auditing unit for inclusion in the annual audit plan.</p> <p>(3)A. The Company's Integrity Management Guidelines and Guidelines for Conduct clearly prohibit unethical conduct and benefits, and prohibit bribery, accepting bribes, making illegal political contributions, improper charitable donations or sponsorships, and offering unreasonable gifts, hospitality or other improper benefits, and implement regular reviews of the appropriateness and effectiveness of prevention programs.</p> <p>B. If the Company's personnel are involved in unethical conduct, after being found to be true, they shall be punished in accordance with the relevant laws and regulations or the Company's rules and regulations, and the Company shall seek damages through legal proceedings if necessary, in order to protect the Company's reputation and rights. If a disciplined employee disagrees, he or she may submit a request for reconsideration in accordance with the grievance system. The rules and regulations related to the integrity management procedures are disclosed on the following website: https://www.yuanta.com/TW/IR/Governance/Committees</p>	
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<p>2. Implementation of integrity management</p> <p>(1) Does the Company evaluate the integrity record of its counterparties and specify the integrity terms in the contracts it signs with them?</p>	V		<p>(1) In accordance with the relevant provisions of Guidelines for Conduct, the Company has established a “Procurement Contract Signing Process Checklist” and proposed contractual integrity clauses to facilitate the evaluation of procurement contracts with external suppliers involving purchase and sale of ownership. The “Declaration of Integrity” attached to the checklist is for external suppliers to sign as a document to support the checklist. In addition, the Company takes into consideration the compliance with the terms and conditions of integrity management and Article 20 of the Guidelines for Conduct when entering into purchase contracts with external suppliers.</p>	<p>There was no discrepancy in this matter.</p>

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(2) Does the Company have a dedicated unit under the Board of Directors to promote corporate integrity management, which is responsible for formulating and supervising the implementation of its integrity management policies and prevention programs, and reporting regularly (at least once a year) to the Board of Directors on its integrity management policies and programs for preventing unethical conduct and supervising their implementation, as well as describing the operation and implementation and disclosing them on the Company's website?	V		<p>(2)A. In November 2018, the Company established the Sustainability Committee under the Board of Directors as a dedicated unit to promote corporate integrity management. The IMPC under the Committee is responsible for the promotion and coordination of daily related matters, including the formulation and supervision of the implementation of integrity management policies and preventive programs, and regularly reports to the Sustainability Committee on work plans and implementation results to strengthen the Board of Directors' management of integrity management. On March 23 and September 23, 2020, the Sustainability Committee reported to the Board of Directors the results of the implementation of the IMPC in the first and second half of the year, the implementation of the reporting system in the first and second half of the year, and the implementation of the integrity management in 2019. The operations and performance of the Committee are published on the Company's website and in the annual report.</p> <p>B. A summary of operations and performance for the year 2020 is described below: (A) Education and training: In the fourth quarter of 2020, the Company held a training course on "Integrity Management and Compliance</p>	

<p>(3) Does the Company have a conflict of interest prevention policy, provide appropriate channels of representation, and implement it?</p>	<p>V</p>	<p>Promotion” for all employees and managers. A total of 10,561 people in the Yuanta Group attended the course and passed the test, with a total of 10,156 training hours.</p> <p>(B) Whistleblowing system: In 2020, a total of one (1) reported case was accepted, and there was no case involving unethical conduct. Related information is available on the following website: https://www.yuanta.com/TW/IR/Governance/Committees</p> <p>(3) A. The Company’s conflict of interest prevention policy is set out in the Integrity Management Guidelines, Guidelines for Conduct, Rules and Procedures of Board Meetings, Scope of Duties for Director, and Professional Code of Ethics. Whenever a proposal listed in the Board of Directors’ meeting has an interest in the director himself/herself or the legal entity he/she represents, or when the transaction or relationship may give rise to a conflict of interest, he/she should take the initiative to state it and deal with it in a lawful and appropriate manner or recuse himself/herself from it.</p> <p>B. The Company’s personnel shall not engage in any lending of funds, significant asset transactions, provision of guarantees, or other transactions in their own name or in the name of others that may conflict with the Company’s interests. In the performance of their duties, the Company’s personnel shall abide by the provisions of the rules in the preceding paragraph.</p>	
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(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the assessment of the risk of unethical conduct, and checked the compliance of the unethical conduct prevention plan accordingly, or appointed an certified public accountant (CPA) to perform the audit?	V		<p>(4) A. Under the Integrity Management Guidelines, the Company closely links with other related internal control regulations to facilitate the compliance of internal control and operational procedures by all departments to avoid unethical conduct of personnel, such as the Professional Code of Ethics, Rules and Procedures of Board Meetings, Audit Committee Charter and External Donation Practice Guidelines, etc. The Internal Auditing Department has included “implementation of integrity management” and “risk assessment of unethical conduct” in the audit of the Company’s business, and no significant deficiencies were found in the audit results.</p> <p>B. The Company’s accounting system was established in accordance with the International Financial Reporting Standards (IFRSs) and <i>Regulations Governing the Preparation of Financial Reports by Financial Holding Companies</i>. Unless otherwise provided in laws and regulations, the Company’s related accounting affairs are all processed in accordance with the Company’s accounting system. The quarterly financial statements are audited (reviewed) by PricewaterhouseCooper Certified Public Accountants and submitted to the Audit Committee and the Board of Directors, and are subject to internal audits, external audits</p>	

<p>(5) Has the Company organized internal/external education training program for integrity management periodically?</p>	<p>V</p>	<p>by the Financial Examination Bureau of the FSC, and the CPAs to ensure that the Company's accounting system is designed and implemented in an effective manner.</p> <p>(5)A. The Company regularly conducts training courses on “Integrity Management and Compliance Promotion” every year. The course content includes customer and financial consumer data protection, stakeholder transactions, regulation of insider trading practices, merger and acquisition information disclosure, integrity of financial practitioners, ethics and legal responsibility, legal compliance resources and whistleblowing system, and other issues related to integrity management. All employees and managers are required to attend courses and pass tests to continuously educate them to possess proper knowledge and judgment of relevant laws and regulations and ethical practices to ensure the implementation of integrity management policies.</p> <p>B. A total of 10,561 participants passed the test for the Yuanta Group’s 2020 “Integrity Management and Compliance” course, with a total of 10,156 training hours.</p>	
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<p>3. Operation of the Company whistleblowing system</p> <p>(1) Does the Company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?</p>	V		(1) The Company's Board of Directors has approved the "Whistleblowing System and Implementation Measures" and has set up a telephone hotline and an email address to facilitate the reporting process, and has designated an independent unit with the authority to receive and investigate whistleblowing cases. If an employee's report is substantiated, the relevant unit of the Company will report it to the supervisor and give the whistleblower an award in accordance with the provisions of the Company's employee reward and punishment management guidelines.	There was no discrepancy in this matter.
<p>(2) Does the Company have standard operating procedures for investigation of whistleblowing matters, follow-up measures to be taken after the completion of the investigation, and the related confidentiality mechanism?</p>	V		(2) The Company's "Whistleblowing System and Implementation Measures" have defined the process of investigating and cooperating with the investigation of whistleblowing cases and the standard operating procedures for follow-up handling. The officer handling the report case should make a written statement to keep the identity of the informant and the contents of the report confidential. The Internal Auditing Department has included the "operation of the whistleblowing system" in the audit of the Company's business, and the audit results have been implemented in accordance with the regulations.	

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	Yes	No	Summary	
(3) Does the Company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	V		(3) In accordance with the “Whistleblowing System and Implementation Measures,” the Company shall take protective measures for whistleblowers, including: keeping the identity of the whistleblower confidential; not disclosing information that identifies the whistleblower; not firing, dismissing from the position, demoting, reducing the salary of the whistleblower, prejudicing the rights and interests of the whistleblower under the law, contract or custom, or taking other adverse actions against the whistleblower as a result of the case reported.	
4. Enhancing information disclosure Does the Company disclose the content and results of promotion of its Integrity Management Guidelines on its website and on the Market Observation Post System (MOPS)?	V		The Company’s Integrity Management Guidelines and Guidelines for Conduct, the operation of integrity management and the results of promotion are disclosed immediately in the Corporate Governance section of the Corporate Social Responsibility (CSR) website, and the related results of promotion are stated in the annual report and the 2020 CSR Report. In addition, the aforementioned two regulations are also disclosed in the MOPS.	There was no discrepancy in this matter.
If the Company has its own integrity management guidelines in accordance with the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> , please describe the discrepancies between its operation and the guidelines: None.				
Other important information that helps to understand the Company’s integrity management operations: (e.g., the Company reviews and amends its Integrity Management Guidelines, etc.)				
(1) The Company amended the Company’s Guidelines for Conduct with reference to the Taiwan Stock Exchange’s Letter No. 1090002299 dated February 13, 2020, and the amendment was approved by the Board of Directors in September 2020 and will be presented to the 110th Annual General Meeting of Shareholders.				

(2) The Company has established a “Procurement Contract Signing Process Checklist” and requires the supplier to issue a “Declaration of Integrity” in all cases of procurement and contracting for the sale and purchase of goods, and checks on the website of Taiwan’s Judicial Yuan to see if the supplier has any public records of unethical conduct such as bribery or illegal political contributions. In addition, the contract includes compliance with the terms and conditions of integrity management and related matters.

Note 1: The operating status should be described in the summary description field regardless of whether “Yes” or “No” is checked.