

(VI) Corporate sustainability practices, and deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Summary	
1. Whether Yuanta FHC establishes the governance framework dedicated to promoting the sustainability and delegates the full-time (part-time) functional units dedicated to promoting the corporate sustainability; has the Board of Directors authorized the senior management to deal with it; and how the Board of Directors supervise it?	✓		<p>1.</p> <p>(1) In November 2018, Yuanta FHC established the “Corporate Sustainability Committee”^{note} subordinated to the Board of Directors per the resolution of the Board of Directors, as the unit dedicated to promoting ethical corporate management and sustainable development practices. According to Article 2 of the Articles of Association for Corporate Sustainability Committee, the Committee must consist of 3–7 members, who must be served by Yuanta FHC’s directors, and at least a majority of the members must be served by independent directors. Yuanta FHC’s “Nominating Committee” will review their qualifications and potential conflict of interest. Then the members are appointed upon approval of the Board of Directors, one of whom shall be elected as the convener. The current Sustainable Development Committee consists of the Chairman of Yuanta FHC and four(4) independent directors. The Chairman also serves as the convener of the Committee, and the proportion of independent directors accounts for 80%. In order to practice ethical management and promote corporate sustainability, Yuanta FHC has established the “Ethical Corporate Management Promotion Center” and “Corporate Social Responsibility Promotion Center” subordinated to the Corporate Sustainability Committee.</p> <p>Note: The motion to rename the “Corporate Sustainability Committee” into the “Sustainable Development</p>	There was no departure in this respect.

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			<p>Committee” was passed at the 39th meeting of the 8th Board of Directors” on March 15, 2022, whereby the two promotion centers subordinated to the Committee were renamed as the “Integrity Management Office” and “Corporate Sustainability Office.”</p> <p>(2) In order to plan the Group’s sustainability strategic development and practice the result of execution, in 2011, Yuanta FHC established the “Corporate Social Responsibility Promotion Center,” which was renamed as the “Corporate Sustainability Office” in 2022, and also seven major functional teams, subject to the nature of the mission, comprising “Corporate Governance,” “Sustainable Finance,” “Customer Care,” “Employee Care,” “Environmental Sustainability,” “Social Participation” and “General Affairs Promotion” consisting of the members served by the cross-department staff from Yuanta FHC and its subsidiaries. A total of four meetings were convened by the Office to communicate and follow up on the progress of various projects in 2022. The Corporate Sustainability Office would report to the Committee the work plans and execution results thereof on a semi-annual basis, in order to strengthen the Board of Directors’ regulations about ethical management and sustainability. Meanwhile, it would amend and review related policies to ensure the validity thereof, on a rolling basis.</p> <p>(3) The Sustainable Development Committee held 5 meetings in 2022, and reported the implementation results of sustainable development and future work plans</p>	

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			<p>to the Board of Directors. The Board of Directors regularly listens to the report of the management team every year. The management shall propose strategies to the Board of Directors. The Board of Directors shall judge the possibility of success in the strategies, review the progress of the strategies, and urge the management to make adjustment if necessary. The motions include the implementation results of the implementation status of the promotion of sustainable development and execution of ethical management; Corporate Sustainability Office and Integrity Management Office in 1H of the year; the Group’s green product implementation results and progress in 1H of the year; the communication of issues concerned by stakeholders; Yuanta FHC’s 2021 Sustainability Report; GHG accounting and verification, and the operation and implementation of the committee will be published on Yuanta FHC’s website and in Yuanta FHC’s annual report.</p> <p>(4) Yuanta FHC’s medium and long-term business strategy includes two aspects: business model and sustainable development. The board of directors regularly listens to the report of the management team every year, reviews the implementation of the current year, and conducts strategic review and proposes optimization based on the impact of the current year's environment. practice. The supervision on sustainability is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p>	
2. Whether Yuanta FHC conducts the risk assessment on the environment, society and corporate governance	✓		<p>2. (1) Yuanta FHC values the stakeholders’ opinions, and</p>	There was no departure in this respect.

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issues related to Yuanta FHC’s operation and adopts related risk management policies or strategies, and disclose the same on Yuanta FHC’s website?			<p>uses the best effort to communicate with the stakeholders via various channels to verify and identity the issues concerned by them. Yuanta FHC analyzes how stakeholders’ concern about environmental, social and corporate governance issues and the impact posed to the principal business by the senior management’s review on various issues, in order to prepare the matrix chart for major topics. In reference to the SDGs and the Group’s development orientation, Yuanta FHC identified 17 major issues for Yuanta FHC in 2021, and set the short-term, mid-term and long-term targets of the “2021–2025 Group Corporate Sustainability Strategic Roadmap” therefor. Yuanta FHC would also follow up the achievement of targets each year to practice the sustainability management.</p> <p>(2) Yuanta FHC has included climate change in its corporate governance and business strategies as an important part. Meanwhile, pursuant to the materiality principle, Yuanta FHC conducted the related risk assessment on major issues and adopted the related risk management policies or strategies based on the assessed risks, disclosed on the following website: https://www.yuanta.com/EN/ESG/Stakeholder-Engagement/Material-Aspects</p>	
<p>3. Environmental issues</p> <p>(1) Has Yuanta FHC established environmental policies suitable for Yuanta FHC’s industrial characteristics?</p>	✓		<p>3.</p> <p>(1) The Group has set forth the “Environment & Energy and Climate Change Management Policy.” In order to improve the environmental sustainability management, the “Environmental Sustainability Group” of the</p>	There was no departure in this respect.

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			<p>Corporate Sustainability Office continues to promote various policies to mitigate the environmental impact and use the best effort to build the enterprise’s green culture, hoping to mitigate the impact posed by the operating process to the environment, by managing the internal energy consumption and GHG emission, continuing to improve the energy utilization efficiency, and proactively procuring the renewal energy.</p> <p>A. The management departments of Yuanta FHC and its subsidiaries have formed the “Environmental Sustainability Group” since 2011, which is responsible for establishing the environmental management system, implementing various environment and energy ISO management systems voluntarily, and conducting GHG inspection, promoting energy conservation and carbon reduction proactively, managing energy/resources, water resources and waste with care, and also practicing the green procurement and supply chain management.</p> <p>B. The “Environment Policy” established by Yuanta FHC in 2016 was approved by the Board of Directors, and consolidated as the “Energy and Climate Change Management Policy” in 2022, and changed as the “Environment & Energy and Climate Change Management Policy.” With the standard and systematic management, Yuanta FHC exerted the power of integration, set the short-term, mid-term and long-term goals under various environmental sustainability indicators, and executed and followed up the same. The</p>	

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(2) Does Yuanta FHC endeavor to upgrade the efficient use of available energy, and use environmentally friendly materials?			<p>“Environmental Sustainability Group” reported the execution result to the Corporate Sustainability Office periodically on a quarterly basis. Then, the Corporate Sustainability Office would report the same to the Sustainable Development Committee, in order to continue mitigating the impact posed by the environment in the process of operation and demonstrate Yuanta FHC’s positive attitude toward environmental sustainability in line with the international trend.</p> <p>C. Yuanta FHC established the environmental management system exclusively applicable to the financial business based on ISO 14001 environment management standard systems, and passed the external certification. Meanwhile, Yuanta FHC also delivered the ISO 14064-1 Greenhouse Gas Investigation System and ISO 14046 Water Footprint Investigation System into its eight subsidiaries extensively in three steps. In terms of the Group’s 321 business locations throughout Taiwan, the coverage rate of such inspection attained 100%. All of the buildings owned by the Group have implemented the ISO 50001 energy management system, respectively, and also passed the external certification.</p> <p>(2) Yuanta FHC is used to making every endeavor to promote energy conservation and carbon reduction, managing energy/resource, water resource and waste with care, and also practices green procurement and supply chain management. The specific management practices are stated as follows:</p>	

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			<p>A. Environmental policies were drafted or amended per Yuanta FHC’s operating policies, assessment result considered in terms of important environment or the management review resolution.</p> <p>B. Fulfill the “Corporate Sustainability,” and establish the Energy and Climate Transformation Management Policy in response to such issues including shortage of international energy and climate transformation, and include corporate sustainability into Yuanta FHC’s management and operations.</p> <p>C. Yuanta FHC set internal management rules for indoor air conditioning temperature in office that follow Taipei City Government’s Self-Government Regulations Governing Energy Saving and Carbon Reduction of Industrial and Commercial Business.</p> <p>D. Review the result about consumption of such energy as water and electricity, on a year basis, in order to realize water conservation, energy conservation, and carbon and greenhouse gas reduction.</p> <p>E. Draft the environmental objective and action plans, set the manners in which various departments should set the objectives, and establish the plan to achieve the environmental objectives.</p> <p>F. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control.</p>	

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			<p>G. The headquarters building’s management committee functions as a dedicated environmental management unit to maintain the environment.</p> <p>(A) Global warming results in increasing frequencies of extreme weather events and thereby creates a threat to the infrastructure of the financial market. Yuanta FHC not only pays close attention to the effect caused by changes of climate to operating activities, but also applies multiple tangible safety prevention measures to protect against risks of such changes of climate, including maintenance of fire insurance and additional insurance against Yuanta FHC’s own assets and electronic insurance against information equipment, installation of watertight gates, and periodic maintenance of fire protection, monitoring and back-up supporting equipment, in order to control contingent climate risk and reduce the loss of Yuanta FHC’s operation and equipment.</p> <p>(B) Yuanta FHC is a financial service business, instead of a manufacturer who is used to discharging massive quantities of greenhouse gas. The primary sources of Yuanta FHC’s emission of greenhouse gas refer to power, water and fuel of transportation means. Yuanta FHC has conducted an investigation into the emission of greenhouse gases by said energies, and has had the emission of greenhouse gases certified by some external organization since 2015.</p>	

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			<p>(C) Yuanta FHC promotes environmental protection and fulfills the energy saving/carbon reduction measures as its strategies to manage greenhouse gas:</p> <ol style="list-style-type: none"> a. Promote recycling and adopt green procurement. b. Permanently encourage staff to move by stairs instead of elevators if the length of distance is no more than two floors to save power and encourage the partaking of exercise. Elevators are categorized into those exclusive for floors of odd and even numbers separately, so that the energy used by the elevators to stop and open/close the doors may be saved. c. Require that the room temperature at the office premises shall be set as no less than 26°C. d. The areas of sun exposure shall be equipped with window shades to reduce radiant heat. e. Promote that the plugs of OA equipment shall be pulled out, if the equipment will remain inactive permanently, and staff shall turn off the lights immediately before leaving the office. f. Set the PCs in the manner that the screensavers will be activated automatically once the PCs are inactive. g. Reduce water yield of faucets comprehensively, and persuade colleagues to 	

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			<p>confirm that the faucet is turned off tightly after use.</p> <p>h. Promote videoconferencing to save the staff from consuming the energy used in commuting.</p> <p>i. Plan to replace traditional lighting with LED to save power.</p> <p>j. The communication of official letters, internal and external, has been replaced by an online approval system to save consumption of paper and carbon powder.</p> <p>H. Yuanta FHC’s measures to raise resource utilization efficiency and its use of renewable materials are explained below:</p> <p>(A) We recycle and reuse energy-intensive articles. This includes advocating as well as promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as reporting on execution status.</p> <p>(B) We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome.</p> <p>(C) Yuanta FHC adopts low-consumption and green OA appliances and devices and procures the products with eco-friendly, energy-conservation and water-conservation logos as the first priority. The office renovation work is primarily required to satisfy the criteria for green construction</p>	

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(3) Whether Yuanta FHC assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to these issues?			<p>materials.</p> <p>(D) In response to the policy for “Prohibition of Disposable and Melamine Tableware,” employees are encouraged to prepare their own tableware and eco-friendly cups. No disposable cups, such as paper cups, would be provided at any of Yuanta FHC’s meetings.</p> <p>(E) Yuanta FHC has been honored by Environmental Protection Administration, Executive Yuan, as the excellent green procurement benchmarking entity for ten consecutive years.</p> <p>(F) Yuanta FHC has been honored as the excellent green procurement benchmarking entity. (Honored by the Taipei City Government for 12 consecutive years and by the Environmental Protection Administration, Executive Yuan for 11 consecutive years)</p> <p>(3)</p> <p>A. Yuanta FHC supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively. As promoted by the “Sustainable Development Committee,” Yuanta FHC has established the “Energy and Climate Change Management Policy of Yuanta FHC and its Subsidiaries” and conducted the review periodically subject to their business characteristics each year. Meanwhile, Yuanta FHC issued the “Yuanta FHC 2021 TCFD Report” independently in July 2022, in order to improve the completeness and transparency of the Group’s climate-related information disclosure, respond to</p>	

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			<p>the stakeholders’ expectation, and demonstrate the risks and opportunities brought in by the Group’s proactive response to the climate change.</p> <p>B. Yuanta FHC discloses the work progress and results by the four major aspects, including governance, strategy, risk management, and indicator & objective, and also enacts and implements countermeasures in order to have Yuanta FHC’s internal responsive strategies and mitigation measures with respect to various climate risks become more flexible and resilient. Meanwhile, Yuanta FHC also encourages customers to transform themselves toward the low-carbon industry and utilize their capital to help the global green economic development in order to demonstrate Yuanta FHC’s determination to boost corporate sustainability.</p> <p>C. The risk management units and sales units of Yuanta FHC and its subsidiaries would identify and assess the climate-related risks and opportunities subject to their company size, business characteristics and business strategies, and assess the importance of effect, time period, territory, value chain location and financial effect based on various risks and opportunities, and also draft responsive strategies and mitigation measures therefor.</p> <p>Said detailed information is disclosed in Yuanta FHC Sustainability Report Chapter “Climate Change-Related Risks and Opportunities” and TCFD Report at the URL: https://www.yuanta.com/EN/ESG/ESG-Report</p>	

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(4) Whether Yuanta FHC gathers the statistics about the annual GHG emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods, including reduction target, promotional policy and status of achievement?			<p>(4)</p> <p>A. The Group uses the best effort to achieve the various environmental sustainability targets, and set the following quantitative indicators:</p> <table border="1"> <thead> <tr> <th></th> <th>Short-term Goals</th> <th>Mid-term Goals</th> <th>Long-term Goals</th> </tr> </thead> <tbody> <tr> <td>Category 1 and Category 2 Carbon Reduction Targets (2017 as the base year)</td> <td>1. The carbon emission reduced by 4% per unit of operating revenue in 2021 from the base year. 2. The energy consumption reduced by 3% in 2021 from the base year.</td> <td>1. The carbon emission reduced by 6% per unit of operating revenue in 2023 from the base year. 2. The energy consumption reduced by 5% in 2023 from the base year.</td> <td>1. The carbon emission reduced by 8% per unit of operating revenue in 2025 from the base year. 2. The energy consumption reduced by 7% in 2025 from the base year.</td> </tr> <tr> <td>Waste Reduction Target (2019 as the base year)</td> <td>The quantity per capita reduced by 1% in 2021 from the base year.</td> <td>The quantity per capita reduced by 2% in 2023 from the base year.</td> <td>The quantity per capita reduced by 3% in 2025 from the base year.</td> </tr> <tr> <td>Water Consumption Reduction (2019 as the base year)</td> <td>The water consumption per square meter reduced by 1% in 2021 from the base year.</td> <td>The water consumption per square meter reduced by 2.5% in 2023 from the base year.</td> <td>The water consumption per square meter reduced by 4% in 2025 from the base year.</td> </tr> <tr> <td>In response to the renewable energy consumption</td> <td>1. Two business locations consumed 100% green power in 2021.</td> <td>1. At least four business locations consumed 100% green power in 2023.</td> <td>The green power consumption attains 2.7 million kWh cumulatively, i.e. 2% of the</td> </tr> </tbody> </table>		Short-term Goals	Mid-term Goals	Long-term Goals	Category 1 and Category 2 Carbon Reduction Targets (2017 as the base year)	1. The carbon emission reduced by 4% per unit of operating revenue in 2021 from the base year. 2. The energy consumption reduced by 3% in 2021 from the base year.	1. The carbon emission reduced by 6% per unit of operating revenue in 2023 from the base year. 2. The energy consumption reduced by 5% in 2023 from the base year.	1. The carbon emission reduced by 8% per unit of operating revenue in 2025 from the base year. 2. The energy consumption reduced by 7% in 2025 from the base year.	Waste Reduction Target (2019 as the base year)	The quantity per capita reduced by 1% in 2021 from the base year.	The quantity per capita reduced by 2% in 2023 from the base year.	The quantity per capita reduced by 3% in 2025 from the base year.	Water Consumption Reduction (2019 as the base year)	The water consumption per square meter reduced by 1% in 2021 from the base year.	The water consumption per square meter reduced by 2.5% in 2023 from the base year.	The water consumption per square meter reduced by 4% in 2025 from the base year.	In response to the renewable energy consumption	1. Two business locations consumed 100% green power in 2021.	1. At least four business locations consumed 100% green power in 2023.	The green power consumption attains 2.7 million kWh cumulatively, i.e. 2% of the	
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			<p>respectively, equivalent to the green power of 500,000 kWh. In 2020, it increased the subscription for renewal energy certificate by 2%, namely 510 pcs. The green power and renewal energy certificate procured by it in the past years generated the green power of 2.51 million kWh, corresponding to the absorption of CO₂ of 3.4 Daan Forest Parks each year.</p> <p>In June 2021, Yuanta FHC started the green power supply. The five branches of Yuanta FHC’s subsidiaries including Yuanta Securities, Yuanta Bank and Yuanta Futures were the first to adopt 100% green power in the financial industry. The green power consumed totaled 975,900 kWh and carbon reduction performance totaled 10.13% in 2022.</p> <p>The Group’s new own building construction projects all aim to obtain the green building mark (including Yuanta Bank’s new building on Renai Rd., Taipei City and urban renewal project on Nanjing Fuxing, and Yuanta Life’s new building on Songjiang Rd., Taipei City).</p> <p>The Group takes carbon reduction issues very seriously. Since 2016, it has become a member of the Carbon Disclosure Project (CDP). In 2018 and 2019, it was rated by the CDP as A- for “Leadership,” and as A for three consecutive years from 2020 to 2022, ranking the leading position for five consecutive years, as the highest rating in the CDP and also ranking the best among peer companies domestically.</p>	

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			<p>In addition to dealing with the governmental energy saving/carbon reduction policies and promoting multiple related measures, Yuanta FHC also defines the goal for energy saving of Yuanta FHC buildings in accordance with the “Regulations Governing Energy Subscribers’ Identification of Goals for Energy Saving and Implementation Plan” promulgated by Ministry of Economic Affairs, in order to achieve the power saving rate of more than 1% each year from 2015 to 2020 and also to achieve the average power saving rate of more than 1% for the five years.</p> <p>The Group continues to invest in energy-conservation lamps and equipment replacement to practice the energy-conservation and carbon-reduction target. In 2020, it has saved power of about 716,000 kWh and, therefore, saved expenses of about NT\$2.43 million through equipment replacement. In 2021, it saved power of about 461,000kWh and, therefore, saved expenses of NT\$1.61million. Accordingly, the overall power conservation rate was about 6.73% in 2021. In 2022, the electricity saving was about 262,000 kWh, and the cost saving was about NT\$0.75 million. The accumulated carbon reduction volume satisfied the Group’s carbon reduction target.</p> <p>Yuanta FHC established the “Environmental Policy” dedicated to fulfilling environmental protection, environmental management and</p>	

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			energy saving in 2016. Meanwhile, in order to deal with the issues, such as shortage of international energy and climate change, in 2017, Yuanta FHC established the “Energy and Climate Change Management Policy,” which was consolidated as the “Environment & Energy and Climate Change Management Policy” to respond to the energy saving and carbon reduction trend actively in 2022, and also defined the energy saving objectives and programs to include the corporate sustainability into Yuanta FHC’s management and operation.	
<p>4. Social issues</p> <p>(1) Has Yuanta FHC established any related management policies and procedures in accordance with the relevant laws and international human rights conventions?</p>	✓		<p>4.</p> <p>(1)</p> <p>A. In order to maintain and protect the human rights, Yuanta FHC establishes the “Human Rights Policy” in accordance with the human rights protection spirit and basic principles disclosed in the Universal Declaration of Human Rights, United Nations Global Compact and International Labour Conventions, in order to regulate the protection of human rights in workplaces, supply of healthy and safe workplaces and propagation of human rights policies, and fulfill the responsibility for respecting and protecting human rights. Meanwhile, Yuanta FHC’s President signed the “Statement of Human Rights” to undertake inclusion of the human rights protection principles and spirit into the enterprise’s value and culture.</p> <p>B. Meanwhile, in order to practice the “Human</p>	There was no departure in this respect.

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			<p>Rights Policy,” Yuanta FHC conducts the risk assessment with respect to the potential human rights risk issues to be dealt with by the employees each year, sets forth and adjusts the following management, mitigation, compensation and correction policies based on the assessment results, and discloses Yuanta FHC’s human rights risk assessment control list, in order to control and mitigate the risk and solidify Yuanta FHC’s human rights protection policies.</p> <p>C. Yuanta FHC organizes the “Peaceful Workplace: Human Rights, Laborers’ Interests and Rights, Gender Equality and Prevention of Sexual Harassment” training courses each year, in order to promote to and train all employees about the human rights concept, and the human rights knowledge including the contents of Yuanta FHC’s human rights policy, statutory laborers’ interests and rights and Yuanta FHC’s work rules, gender equality, prevention of sexual harassment and grievance channels, in order to raise all employees’ awareness toward human rights protection and work with them to build a peaceful workplace jointly.</p> <p>D. In order to improve the performance and social influence of the Group’s social welfare activities, Yuanta FHC establishes the “Directions for Management of Social Public Welfare Activities in reference to the Sustainable Development Goals (SDGs)” and Yuanta FHC’s “Sustainable Development Best-Practice Principles.”</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
(2) Whether Yuanta FHC adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately, and disclose the same on Yuanta FHC’s website?			<p>E. Among the other things, the “Community Common Good” out of the three major public welfare strategies expressly states that cooperation with strategic partners shall be considered as the priority, in order to integrate the human rights protection principles and spirit into the community partners. Strategic partners refer to the civil organizations, charity and public welfare organizations and government agencies that are dedicated to improving human right risk in the community, and the groups that might have to deal with community human right risk, including but not limited to, children, indigenous people, women, disabled persons, and vulnerable groups.</p> <p>F. The Directions require follow-up with various companies each year, and respond to the social issues concerned by the three major strategies, such as rural education, human trafficking, forced labor, child labor, freedom of association, collective bargaining rights, equal pay for equal work, and discrimination, in response to the human right protection principles under the “Community Common Good” strategy.</p> <p>(2)</p> <p>A. Yuanta FHC offers a competitive remuneration system, and pays remuneration under multiple packages, including basic pay, allowances, bonuses, festival bonus, employee compensation, and shareholding trust. In order to encourage colleagues to work harder and practice their work performance, Yuanta FHC may provide a group</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>performance bonus subject to the operation performance and earnings achieved by Yuanta FHC, and pay other benefits based on personal performance rating and work performance each year. According to the Articles of Incorporation, if Yuanta FHC has profited at the year’s final accounting, the remuneration to employees shall be 0.01%–0.5% of the remainder, if any, after the profitless accumulated loss.</p> <p>Since 2015, Yuanta FHC has been selected by “Taiwan HC 100 Index of TWSE” for eight consecutive years. Apparently, Yuanta FHC’s efforts to pay reasonable remuneration and feedback of profit to employees are recognized. In the future, Yuanta FHC will continue to fulfill its corporate social responsibility, value and promote employees’ well-being, and facilitate a win-win situation between the labor and management.</p> <p>B. The starting salary offered to Yuanta FHC’s new employees is higher than the statutory base pay. The salary is authorized per the personnel’s expertise, job responsibilities and functions. The salary will not vary depending on gender. Yuanta FHC uses its best efforts to build a working environment upholding equal pay for equal work, so as to practice the philosophy of gender equality in employment. Yuanta FHC’s female employees account for 49.7%. Among the other things, the female senior management accounts for 28.6%.</p> <p>C. For the employees’ days off, the Labor Standards Act, Act of Gender Equality in Employment, and</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>Regulations of Leave-Taking of Workers, etc., in addition to the Regulations of Leave-Taking of Workers, shall apply. Meanwhile, Yuanta FHC offers the paid maternity leave for miscarriage more favorable than that prescribed by laws. Specifically, in the case of miscarriage after pregnancy for more than two months but less than three months, the maternity leave for 9 days is made available. In the case of miscarriage after pregnancy for less than two months, the maternity leave for 7 days is made available, in addition to the pregnancy checkup leave more favorable than that prescribed by laws for 8 days.</p> <p>D. Yuanta FHC provides employee benefit measures, including the bonus for three major festivals, birthday gift money, marriage subsidies, maternity subsidies, hospitalization and medical treatment subsidies, funeral subsidies, emergent relief, employee assistance programs (EAPs), scholarship for workers’ children, and social activities, etc.. In order to mitigate the employees’ burden to help them build a sweet home, Yuanta FHC offers the preferential loan interest rate, all-risk group insurance and group annuity policy to the employees in an effort to enable the employees to achieve a perfect balance between their work and life. Further, Yuanta FHC established an employee shareholders’ association in August 2003. When employees set aside a certain amount of money each month for stock purchases, Yuanta FHC will match the</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
(3) Whether Yuanta FHC provides the existence of a safe and healthy work environment protection measures, conducts regular health and safety training for employees, and discloses the same on Yuanta FHC’s website?			<p>employees’ contributions, encouraging employees to be Yuanta FHC’s shareholders.</p> <p>E. In order to take care of the workers’ retirement life, Yuanta FHC has set forth the Pension Management Guidelines pursuant to laws and made monthly contribution equivalent to 2% of the total employees’ salary as the pension fund saved in the exclusive account maintained with the Bank of Taiwan. Meanwhile, Yuanta FHC established the Pension Fund Supervisory Committee responsible for auditing the contribution, deposit and expenditure of the pension fund and payment of pension in order to protect the workers’ interests and rights. Following the Labor Pension Act promulgation on July 1, 2005, Yuanta FHC has made monthly payments, equivalent to 6% of the insured value maintained by the individual employee into the employee’s personal labor pension account.</p> <p>F. The related employee benefit measures are disclosed on Yuanta FHC’s website. (Website: https://www.yuanta.com/EN/ESG/Employees/Benefits).</p> <p>(3)</p> <p>A. In order to provide employees and customers with a safe and healthy environment, we continue to promote the workplace environment safety protection, and adopts the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the “Occupational Safety and Health Act” and related sub laws.</p> <p>B. Organize the online training courses and disaster prevention drill for the occupational safety and health training and four major programs for occupational safety and health, with respect to new and current employees, pursuant to laws each year. A total of 43 courses were organized in 2022, attended by a total of 11,518 trainees. The total training hours were 15,036 hours.</p> <p>C. Organize the occupational safety management training, fireproof management personnel training, first-aid personnel training, and disaster and earthquake prevention drill with respect to the occupational safety and health affair managers, fireproof management personnel, security personnel and first-aid personnel, each year in order to mitigate the risk derived from occupational disasters and provide employees with a safety, healthy and sanitary occupational environment. There were a total of 383 trainees in 2022 The total training hours were 3,152 hours.</p> <p>D. Yuanta FHC and its subsidiaries all provide the specialist’s on-site occupational health service, hire specialty occupational safety and health management personnel, dedicated registered nurse and occupational specialist by contract to provide employees with the medical treatment</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>and healthcare information, as well as the health consulting and health promotion services pursuant to laws, and also screen and identify the employees’ occupational health risks which are more likely to derive and plan the occupational disease prevention program based on the indicators including job type, operating environment, age & gender, and health risks each year.</p> <p>E. In order to take care of employees’ and customers’ health, various units all practice the requirements about “installation of prominent non-smoking label at all entrances.” and test the carbon dioxide concentration and lightness at the office premises semi-annually in accordance with the occupational safety and health laws and regulations, and also obtain the “Air Quality Self-Management Certification”. (Website: https://www.yuanta.com/EN/ESG/Employees/Health-and-Safety).</p> <p>F. Yuanta FHC and its five subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures) have passed the certification and renewal by ISO 45001 Occupational Safety and Health Management System, respectively, in 2021. Additionally, the Group continues to maintain the operating environment for employees and protect their personal safety via the cyclical quality management (Plan-Do-Check-Action), in order to improve occupational safety and health in the</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Summary	
(4) Has Yuanta FHC established some effective career development training plan for employees?			<p>workplace.</p> <p>Said six companies of the Group all received the renewed certification in 2022.</p> <p>On November 9, 2022, Yuanta FHC and Yuanta Futures were conferred the Excellent Enterprise Award of “Corporate Sustainability Report for Disclosure of Occupational Safety and Health Indicators” for TWSE/TPEX listed companies by the Occupational Safety and Health Administration, Ministry of Labor. The award stands for recognition of the Group’s action dedicated to building a safe and healthy workplace culture.</p> <p>G. Yuanta FHC values the safety protection in the workplace and the traffic safety during commute, and organizes occupational safety and health education and training courses periodically each year, in order to strengthen colleagues’ occupational safety and health awareness. There were no occupational accidents arising in 2022.</p> <p>(4) The career development training plan for Yuanta FHC’s employees consists of the following elements:</p> <p>A. Training and development system for diversified talents holding management function and professional function</p> <p>Yuanta FHC’s management find and reserve the management and professional talents needed by the financial industry and the Group’s development through talent identification, and train talents through orientation training, management and diversified functional courses,</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>assignment of missions, participation in projects, participation in meeting and job rotation. Meanwhile, Yuanta FHC also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help Yuanta FHC and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time. The training plan in 2022 was primarily based on Yuanta FHC’s business development strategy in order to promote the transformation and diversified competence training programs for the Group’s personnel, including financial product training, insurance and product sales training, accounting for 74.9% of the total training fees. The senior, middle and junior management’s training accounted for 18.5% of the total training expenses, and 6.5% of the total training expenses for the orientation training.</p> <p>Yuanta FHC encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. Yuanta FHC will cover the full expenses for courses that are attended upon assignment or approval by Yuanta FHC. Moreover, Yuanta FHC encourages employees to attend international financial professional course certification and English proficiency certification by offering incentive bonus.</p> <p>B. Share the digital training platform and promote</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>self-learning</p> <p>Yuanta FHC communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, “Yuanta e-Learning.” The digital learning courses added on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, new knowledge and application of management, and strengths in workplaces, as the important knowledge treasury for the Group’s employees to engage in self-learning and develop diversified competencies.</p> <p>Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group's business focus, Yuanta FHC releases “Yuanta e-Learning/Learning Weekly” to train employees to maintain their learning motives and habits, urge employees to engage in self-learning “anytime, anywhere, on-demand.” to continue enhancing the employees’ professional ability and reserve their competitiveness for their future careers.</p> <p>C. Provide the chance for post transfer in the Group and encourage cross-functional transfer for development</p> <p>Yuanta FHC makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal post transfer, so as</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
(5) Whether Yuanta FHC complies with the related laws and international practices with respect to customers’ health and safety, customers’ privacy, marketing and labeling for its products and services, and adopts related consumers or customers protection policy and complaining			<p>to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and spread efficiency.</p> <p>D. Fulfillment of Yuanta FHC’s internal knowledge management and experience transmission Meanwhile, in order to enable employee training to meet the Group’s enterprise culture and practical management needs and to signify senior employees’ professional value and contribution, the Group has engaged in promoting the in-house trainer system based on the plentiful experience of in-house staff permanently, so as to fulfill Yuanta FHC’s internal knowledge management and experience transmission. It is also done to help enhance colleagues’ professional competency in the area of finance.</p> <p>E. The Group’s employee training program 2022 offered a total of 3,639 courses, attended by a total of 392,557 trainees. The total training hours were 651,622 hours. The total employee training budget was NT\$43.54 million. Averagely, each employee accepted the training for 57.9 hours and attended the training for 34.9 counts, and was allocated the training budget, NT\$3,869.</p> <p>(5)</p> <p>A. Yuanta FHC upholds the ethical and honest enterprise culture and, based on the “Fair Dealing Principles,” strengthens the mechanism of communication with customers, perfects the product and service information disclosure, and</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
procedures?			<p>cares about consumers’ interests and rights. The five major subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures) all establish dedicated units under the Fair Dealing Principles, which shall report the implementation of related policies to the Board of Directors periodically. Yuanta Futures was appraised by the Financial Supervisory Commission as Top 25% for the Fair Dealing Policy in 2022.</p> <p>B. The “Yuanta FHC and Subsidiaries Customer Information Confidentiality Measures” are established in accordance with the “Personal Data Protection Act,” “Cyber Security Management Act,” “Financial Holding Company Act” and “Regulations Governing Cross-selling Among Subsidiaries of Yuanta Financial Holding Co., Ltd.” Meanwhile, in response to the “Guidelines for Information Sharing Among Financial Institutions” Q&A updated by the Financial Supervisory Commission on September 5, 2022, Yuanta FHC amended related regulations (e.g. expressly stipulating the domestic subsidiaries’ related procedures for acceptance of customer complaints and dispute settlement in the AML and CFT Policy), in order to practice the customer data protection mechanism.</p> <p>C. The five major subsidiaries also established the units in charge of the information security, which shall be responsible for planning, supervising and executing the information security management</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>operations, and reporting the execution of the information security to the Board of Directors to improve the information security regulation and practice the high-standard information security protection, acquire ISO 27001 Information Security Management System (ISMS) or BS 10012 International Personal Data Privacy Protection Certification, and ISO 22301 Business Continuity Management System. Meanwhile, they keep improving the information security operating procedures strictly to manage and protect users’ personal data and privacy, and provide safe services.</p> <p>D. Yuanta FHC’s subsidiaries value the customers’ interest and right very much, and sufficiently disclose the information to customers and competent authorities honestly per the competent authorities’ requirements whenever any financial instrument hit the market, including the terms and conditions of the instrument, characteristics of the instrument, DM, and various documents to be disclosed per the competent authorities’ requirements. Further, Yuanta FHC establishes the internal control system and related guidelines with respect to the product design and sale, and helps customers understand the products rapidly in the form of service attendants’ detailed explanation, financial courses organized by various subsidiaries from time to time, and disclosure of the product details and simplified Q&A on the official website and self-media, in</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
<p>(6) Whether Yuanta FHC adopts any specific suppliers’ management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors’ human rights, and how the policy is implemented?</p>			<p>order to upgrade the customers’ knowledge about financial instruments.</p> <p>E. Yuanta FHC has set up various public channels, such as the official website, customer service hotline, webpage, and e-mail. The customers may call the phone number, request in person, or in writing or via fax or email, or file a complaint against the consumption dispute with the competent authority or via any other channels. The consulting service is also available to customers at any time to reflect customers’ need. Yuanta FHC also sets forth the internal control system, customer complaint processing procedure and instructions to telephone recording system management, in order to follow up and solve problems effectively, provide customers with the best services and protect customers’ rights.</p> <p>(6)</p> <p>A. According to the “Yuanta FHC Ethical Management Best-Practice Principles,” “Yuanta FHC Procedures for Integrity Management and Guidelines for Conduct” and “Yuanta FHC’s Supplier Sustainable Procurement Guidelines,” Yuanta FHC asks the suppliers to verify Yuanta FHC’s ethical management principles, environmental sustainability strategies and practices, and also to include supplier’s sustainable procurement clauses and ethical management clauses into the contract executed with Yuanta FHC, and also expressly states various labor conditions, occupational safety and</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>health, environmental protection and labor human rights laws and regulations to be performed and followed by the suppliers. The contract shall also include the clauses providing that the a supplier who violates laws may have their contract terminated directly, in order to jointly practice sustainable development. In order to establish a more sound “Sustainable Procurement Procedure,” Yuanta FHC took the initiative to implement the ISO 20400 Sustainable Procurement Guideline Standards in 2019 and Yuanta FHC passed the third party’s certification in 2020 as the first one to practice the concept about sustainability into the procurement department step by step, affect up-stream suppliers’ practices and practice the commitment for corporate sustainability. Meanwhile, in 2020, the ISO 20400 Sustainable Procurement Guideline Standards were extensively implemented in all of Yuanta FHC’s subsidiaries. In 2021, Yuanta FHC and all of the subsidiaries passed the third party’s certification. In 2022, various subsidiaries continued to implement the ISO 20400 Sustainable Procurement Guidelines and received the relevant certification. Yuanta FHC practiced the sustainability concept in the subsidiaries’ procurement procedures comprehensively via the systematic management of the sustainable procurement procedure, in order to work with the suppliers to practice the sustainability.</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>B. Yuanta FHC has strengthened the risk assessment on suppliers and also practiced the suppliers’ evaluation in two dimensions since 2021, in order to improve the suppliers’ management procedure. Among other things, in order to identify the suppliers’ sustainability risk, Yuanta FHC distributed the risk self-assessment questionnaire to key suppliers this year. The questionnaire comprehensively covered the three major dimensions, including Environment (E), labor practices and human rights (S) and Corporate Governance (G), in order to precisely control the suppliers’ performance in sustainability. Yuanta FHC analyzed the self-assessment questionnaire results returned by the suppliers to identify the suppliers with high, middle and low risk, and then conducted the random check in writing and on-site audit on the suppliers with high risk. After that, Yuanta FHC would provide the suggestions about risk mitigation and remedy measures, and keep following up the improvement made by the suppliers to its risk and misconduct and the results, in order to 100% follow up and confirm its risk mitigation and remedies. In the meantime, in order to verify the suppliers’ overall performance, Yuanta FHC would conduct the evaluation on key suppliers. Through the annual evaluation, Yuanta FHC distinguished the suppliers into excellent, qualified and observable ones, and adopted the management policy varying based on the suppliers, in order to continue</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>improving the procurement results and grow with the suppliers, our partners.</p> <p>C. In an effort to make some contribution to environmental sustainability, Yuanta FHC procures green products as the first priority, primarily the three types of environmental protection product which renders less impact to the environment, namely, “the product which acquires the green mark granted by Environmental Protection Administration, Executive Yuan,” “the product which meets the requirements about recycling materials, low pollution, recycling and energy-saving” and “the other product with an identical or similar performance which may increase the social interest or reduce the social cost.” Since 2011, the green procurement has been awarded a certificate of gratitude by the Environmental Protection Administration, Executive Yuan for eleven consecutive years and Taipei City Government for twelve consecutive years.</p> <p>D. Meanwhile, in order to improve the suppliers’ management responsibilities more in line with the occupational safety and health laws and regulations, Yuanta FHC amended the “Supplier’s Letter of Undertaking for Safety and Health” in Chinese and English in July 2022. (Website: https://www.yuanta.com/Res/Doc/Policies/ES/Letter_of_Undertaking_for_Safety_and_Health_by_Supplier.pdf).</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
5. Whether Yuanta FHC prepares the report disclosing Yuanta FHC’s non-financial information, such as the sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third-party certification unit?	✓		Yuanta FHC releases the non-financial information report periodically each year. In June 2022, Yuanta FHC released the “Yuanta FHC 2021 Sustainability Report” (hereinafter referred to as the Report), and the relevant public notice was posted in the “Sustainability” section on Yuanta FHC’ website, in Chinese and English languages. It covers the Group’s performance in economy, society and environment in 2021 (from January 1, 2021 to December 31, 2021), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta FHC and its eight subsidiaries. The scope of disclosure focused on the operating activities in Taiwan. The Report was prepared primarily based on the “core” requirements under the GRI, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, International Integrated Reporting Framework and SDGs, and also added the SASB-Investment Banking & Brokerage Guidelines, commercial bank guidelines, and TCFD. The financial data were prepared based on International Financial Reporting Standards and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. In respect of environment, the ISO 14001, ISO 14046, ISO 14064-1, ISO 20400 and ISO 50001 were followed. In respect of society, ISO 45001, ISO 26000, ISO 27001 and ISO 45005 were followed. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS v3 and GRI. Upon investigation, the Report was held satisfying the “core” requirements under GRI and AA1000 Type II	There was no departure in this respect.

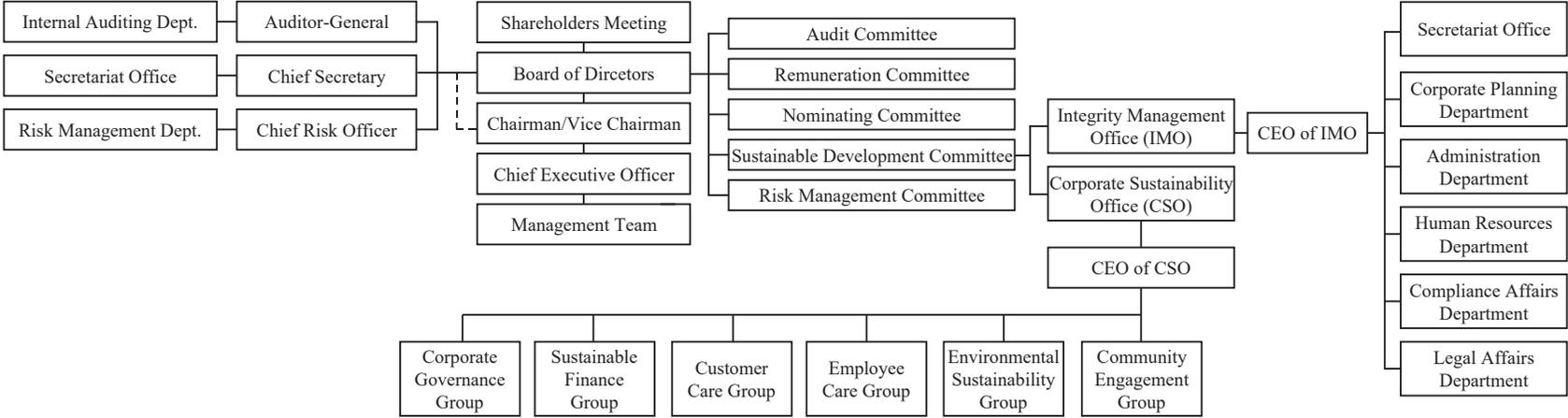
Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	Summary	
			guarantee. Meanwhile, subject to the indicators under the SASB-Investment Banking & Brokerage Guidelines, PwC Taiwan provided the limited assurance on the specific SASB key performance information in accordance with the Statement of Taiwan Standards on Assurance Engagements (TWSAE) No. 1, “Other Than Audit & Reviews.”	
6. If Yuanta FHC has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation:				
7. Other information material to the understanding of the corporate social responsibility: Please view the “Sustainability” section on the home page of Yuanta FHC’s website (https://www.yuanta.com/EN/ESG).				

Note 1 : Pursuant to the materiality principle, the Company conducted the related risk assessment on major issues, and adopted the related risk management policies or strategies as following, based on the assessed risks:

Major Issue	Scope of Risk Assessment	Risk Management Policies or Strategies
Environment	Environment Governance (Including Climate Risk Management) and Sustainability Issue	According to the warning by the Adaptation Gap Report 2016, until 2030 or 2050, the increase in the global climate adjustment cost might be far beyond the current expectation and, therefore, enterprises need to take responsive actions earlier. Yuanta FHC continues to promote and practice the related environmental protection policies, and implements the ISO international certification. Yuanta FHC has established the climate VaR measurement model, and established the “Investment and Financing Climate Change Risk Management Regulations” (approved by the Board of Directors on December 28, 2022) according to the “Risk Management Policy,” in order to strengthen the measurement and management of climate change risk.
Society	Digital Finance and Information Security Issue	The cyber security threats and cyber criminal attacks have posed threats to the global finance. According to the FCA’s latest report, the cases about hackers’ invasion fed back by the finance industry in the United Kingdom have increased by 5 times significantly in 2017. This reflected that the financial industry has become a primary target of hackers, who might cause material financial loss, impairment on Yuanta FHC’s goodwill and penalty by the competent authority. Yuanta FHC practiced the information management system, implemented ISO 27001 information security management system (ISMS), and passed the certification by BSI, in order to enhance the monitoring and management of information security. By upgrading the employees’ awareness toward information security and organizing various prevention and backup exercises to enhance the ability to respond to any contingent information security incidents.

Major Issue	Scope of Risk Assessment	Risk Management Policies or Strategies
		Meanwhile, Yuanta FHC also enhanced the defensive framework, installed the network firewall, implemented the functions including block of malware, invasion detection, anti-spam and malicious email APT to prevent external intrusion, and enhanced the control over sent mails and transmission of data with the email audit system, Internet DLP and mobile node equipment DLP mechanism.
Governance	Compliance and Regulation Issue	Considering that the violations of anti-money laundering requirements, disclosure or unfair use of personal information, and theft of customers' trading information might cause material financial loss, infringement upon customers' privacy, impairment on Yuanta FHC's goodwill and penalty by the competent authority, Yuanta FHC adopted the AML/CTF mechanism and managed compliance with other related laws and regulations, including the management mechanism dedicated to identification, measurement and monitoring of ML/TF risk, implementation of the international standard certification of personal information protection including PIMS BS10012, and enhancement of the control over sent emails.
	Economic and Financial Risk	With an upward trend in instability, potential volatility or enterprises' default rate in the financial market resulting from the changes in the global economic environment is likely to cause the increase in the loss of financial asset transactions, loans or default rate for financing, or adverse impact on Yuanta FHC's capital or solvency. To deal with the situation, Yuanta FHC has strengthened the potential risk assessment and analysis such as the impact posed by core business lines to the capital adequacy ratio, as well as measurement of various potential or expected losses.

Note 2 : The Corporate Sustainability Office is identified as Yuanta FHC's unit dedicated to promoting the sustainable development, which governs six functional teams. The organizational structure is stated as following:



(VI-1) Climate information about TWSE/TPEX listed companies

1. Climate information implementation status

Item	Implementation status
<p>1. Expressly state the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>1. The Board of Directors is the highest governance unit of climate-related issues. The Board members have the climate-related professional knowledge, responsible for supervising and managing climate-related risks and opportunities, and also promoting the Group's entire climate strategies and policies. The Board of Directors incorporates climate issues into the important considerations of corporate governance and business strategy, including the commitment to fight climate change, links the ESG performance and remuneration mechanism, includes climate risk management into the organizational culture, discusses the climate risk issues from time to time, and evaluates and continues to supervise the execution of various risk management mechanisms, in order to ensure the Group's stable business. The "Sustainable Development Committee" and "Risk Management Committee" are subordinated to the Board of Directors. The Chairman of Board of Yuanta FHC serves as the convener of both Committees.</p> <p>2. The "Corporate Sustainability Office" is responsible for promoting execution of related policies and programs, researching and preparing adequate strategies and action programs, and reporting the execution result to the Sustainable Development Committee. In order to establish the sound climate governance framework, Yuanta FHC delegated the TCFD Taskforce which consists of the Risk Management Dept in 2021. as the core member and cross-functional departments, led by Yuanta FHC's Chief Risk Officer, to help manage the climate issues and impacts posed by them comprehensively. The Taskforce assesses and evaluates the analysis and control over related risks and opportunities, and reports to the Risk Management Committee the important information related to the climate risk.</p> <p>3. Executive compensation, including CEOs and department heads, has incorporated the outcome of climate governance. The ESG indicators are designed for appraise the performance of senior management. Meanwhile, the performance appraisal of the task force is also linked with the environmental indicators.</p>
<p>2. Expressly state how the identified climate risks and opportunities affect the enterprise's business, strategies and finance (short-term, mid-term and long-term)</p>	<p>1. Since 2018, Yuanta FHC has disclosed the climate management results in Yuanta FHC's Sustainability Report and on Yuanta FHC's official website according to the framework under the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, the company proactively issued the "TCFD Report" to meet investors' expectations.</p> <p>2. Yuanta FHC identifies climate risk and opportunities for different business characteristics each year. First, Yuanta FHC conducts the comprehensive analysis on various industries' climate risk levels and the positions of investment and financing. Second, prepares climate risk matrix and identifies industries with high climate risk. In 2019, it chose the steel industry with the highest risk in its scenario analysis on loans. In 2020, under the assumption that climate changes might cause physical hazard to real estate, it conducted the scenario analysis on the collateral for real estate and business locations throughout Taiwan, and prepared the corresponding risk management practices based on the quantitative results.</p> <p>3. In 2021, seven risks and seven opportunities were identified by Yuanta FHC. Responsive measures and strategies, based on their duration and scale of impact, were prepared and specified as below:</p>

Item	Implementation status			
	Duration	Opportunity	Effects	Responsive measures
	Mid-term	Business locations' practices to improve the energy utilization efficiency	Adopt green buildings, renewable energy, energy conservation equipment, and implement energy management system to improve the energy utilization efficiency and cut operating costs relatively.	Implement ISO 50001 energy management system, purchase renewal energy certificate, procure renewable energy (green power supply) directly, strive for green building certificates for own real estate proactively, and adopt energy conservation lamp and water conservation equipment instead.
	Mid-term	Green procurement and supplier management	Adopt the green procurement and supplier management to support enterprises engaged in supplying low carbon and sustainable products, and cut operating costs relatively.	Yuanta FHC has established the "Declaration of Sustainable Procurement," "Ethical Management Best-Practice Principles," "Procedures for Integrity Management and Guidelines for Conduct," "Supplier Sustainable Procurement Guidelines" and "Supplier Management Directions." Meanwhile, the contract executed with suppliers shall still include the "Written Undertaking for Ethical Management" and "Supplier's Sustainable Procurement Clauses" to regulate suppliers. The "green procurement clauses" are also set forth in the procurement regulations.
	Long-term	Develop and promote low-carbon products and services	Develop and promote low-carbon products and services to satisfy investors' needs and increase operating revenue.	Implement the sustainability concept with respect to the existing financial products, conduct carbon footprint verification operations, promote sustainable financial products with investors, and expand the sustainable assets under management. In response to the offering of innovative products, launch the sustainable index investment securities products, stock warrants linked with green energy industry to satisfy customers' investment needs and make the capital flow into the sustainable and green energy enterprises.
	Long-term	Agree with customers on the concepts toward sustainability and green consumption	Make good use of financial product and service platforms, and agree with customers on the concepts toward sustainability and green consumption in a diversified manner to increase the operating revenue.	Encourage customers to respond to the energy conservation and carbon reduction or make green investment via the multiple channels, such as official website and APP. Agree with institutional investors on adoption of active ESG practices, verbally or in writing.
	Long-term	Sustainable Financial Market	Make the capital flow into sustainable enterprises proactively through related action programs and regulations adopted by loan and investment operations.	Make the investment and loan decisions in accordance with the "Sustainable Finance Guidelines" and "Industry Environment and Social Risk Management Rules." The Bank shall comply with the "Directions for Management of Project Financing under the Equator Principles," in order to ensure that loan cases satisfy the Equator Principles. Various subsidiaries' investment units also adopt related regulations and indicators to implement the ESG concept into the investment procedure.
	Long-term	Green Bond Market	Issue green bonds and facilitate underwriting of green bonds to revitalize the green bond market and increase operating revenue.	Issue green bonds and utilize funds to construct green buildings, and issue sustainable development bonds in 2022 to support sustainability-related credit extensions. Underwriting green bonds to help enterprises issue green bonds.

Item	Implementation status											
	Duration	Opportunity	Effects	Responsive measures								
	Long-term	Natural Disaster Crisis Management and Early Warning Practices	Establish relevant measures and ensure the effectiveness of adequate measures, provide stable services for all business lines, improve customer trust, and reduce operating losses.	Equipped with uninterrupted power supply, backup servers and remote backup mechanisms, conduct emergency response drills against disaster periodically to ensure that the equipment and mechanism may keep functioning normally in the case of any crisis. Meanwhile, plan to implement ISO 22301 business continuity management system, and establish SOPs to mitigate the risk over business interruption to ensure recovery.								
3. Expressly state the impact to be posed by extreme climate incidents and transformation actions to finance	<p>1. For the impact posed to the finance by extreme climate factors (extreme climate causes the financing recipient's operation to be interrupted, or causes flood to the business locations and loss of collaterals) and transformation actions (carbon reduction policy and regulatory response costs, industrial green energy and environmental protection transformation costs, investors' withdrawal of capital from high-pollution industries, and investment in high-pollution industries causes negative impact to Yuanta FHC's goodwill), please refer to said Item 2.</p> <p>2. The Group will continue to mitigate the impact posed by climate risk factors to the value of financial products by diversifying the investment portfolio. Meanwhile, based on the scenario analysis results, refigure self-risk tolerance and asset risk pricing, and set the climate VaR to monitor indicators based on the estimated loss on the investment portfolio, in order to prevent the loss on value caused by the extreme climate risks. In order to manage the risks associated with extreme climate incidents and low-carbon economic transformation, the risk over climate change has been incorporated into the business decision-making, in order to identify and manage risks; meanwhile, confront the crisis from global warming and depletion of resources, use the best effort to respond to the trend of energy conservation and carbon reduction, and adopt relevant mitigation and adaption measures.</p>											
4. Expressly state how to integrate the climate risk identification, assessment and management procedures into the entire risk management system	<p>1. Yuanta FHC has set up three lines of defense and the Enterprise Risk Management (ERM) mechanism to manage risks. Each line of defense has clear organization, responsibilities and functions.</p> <p>2. There are four steps to deal with the Group's climate risks and opportunities, which are stated as below:</p> <table border="1" data-bbox="603 900 1787 1229"> <thead> <tr> <th data-bbox="603 900 825 934">Management procedure</th> <th data-bbox="825 900 1787 934">Contents</th> </tr> </thead> <tbody> <tr> <td data-bbox="603 934 825 1009">1. Risk and opportunity identification</td> <td data-bbox="825 934 1787 1009">(1) Each subsidiary identifies the climate risk and opportunity subject to its business characteristics each year. (2) Risk Management Dept. carries out the integration of risk and opportunity identification. (3) Take into account the climate risk report presented by international institutions.</td> </tr> <tr> <td data-bbox="603 1009 825 1153">2. Risk and opportunity measurement</td> <td data-bbox="825 1009 1787 1153">(1) Each subsidiary measures the impact and effect posed by various risks and opportunities subject to its business characteristics each year. (2) The scope of measurement covers impact path, impact time and geographical scope, location of impact value chain, and financial impact. (3) Risk Management Dept. establishes the climate VaR measurement model to improve the quantitative management of climate risk.</td> </tr> <tr> <td data-bbox="603 1153 825 1229">3. Risk and opportunity monitoring</td> <td data-bbox="825 1153 1787 1229">(1) Include various industries' environmental and social risk factors into the industry risk level assessment mechanism. (2) Set climate risk quantitative indicators and limits, and analyze, monitor and report on a monthly basis.</td> </tr> </tbody> </table>				Management procedure	Contents	1. Risk and opportunity identification	(1) Each subsidiary identifies the climate risk and opportunity subject to its business characteristics each year. (2) Risk Management Dept. carries out the integration of risk and opportunity identification. (3) Take into account the climate risk report presented by international institutions.	2. Risk and opportunity measurement	(1) Each subsidiary measures the impact and effect posed by various risks and opportunities subject to its business characteristics each year. (2) The scope of measurement covers impact path, impact time and geographical scope, location of impact value chain, and financial impact. (3) Risk Management Dept. establishes the climate VaR measurement model to improve the quantitative management of climate risk.	3. Risk and opportunity monitoring	(1) Include various industries' environmental and social risk factors into the industry risk level assessment mechanism. (2) Set climate risk quantitative indicators and limits, and analyze, monitor and report on a monthly basis.
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Item	Implementation status				
4. Risk and opportunity reporting	Management procedure	Contents			
		(1) Research and prepare response strategies against various risks and opportunities, and report the same to the Sustainable Development Committee and Board of Directors. (2) Report the use of various risk indicators or limits to the Risk Management Committee and Board of Directors periodically. (3) Report the climate risk information to the Risk Management Committee and Board of Directors from time to time.			
<p>5. If the scenario analysis is applied to assess Yuanta FHC's resilience to deal with climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts applied should be explained.</p>	<p>1. The Group follows the TCFD's guidance on quantitative scenario analysis. In 2019, it analyzed the impact posed by the transformation and tangible risks to tangible counterparts in the steel industry. In 2020, under the assumption that climate changes might cause physical hazard to real estate, it conducted the scenario analysis on the collateral for real estate and business locations throughout Taiwan, and prepared the corresponding risk management practices based on the quantitative results. In 2021, in reference to the industrial risk assessment and economic condition analysis reports issued by well-known domestic and foreign institutions, various environmental and social risk factors of each industry were taken into account on risk level for each industry for 2022.</p> <p>2. The Group expects to analyze climate-related financial impacts at different times and under different scenarios from the diversified points of view, through the scenario analysis on overall investment positions (Top Down) and individual company scale scenario analysis (Bottom Up).</p>				
Scenario analysis on overall investment positions (Top Down)	Investment positions not for trading of the subsidiaries in the Group	Climate VaR assessment method	IPCC 6th climate change assessment report and four climate scenarios	Most of the Group's investment positions are concentrated in Taiwan, the United States and Australia, with a low proportion invested in high GHG industries. Among the Group's equity investments, positions in Taiwan, Hong Kong and Korea are significantly affected by climate risk factors, especially for the industries with high GHG emissions. The bonds issuers classified as high GHG emissions industries with poor ratings would be significantly affected by climate risk factors.	
Transformation risk scenario analysis: Quantitative assessment on the impact posed by carbon fees to corporate banking positions	The Group's six major high climate risk industry corporate banking accounts at home and abroad	Expected credit loss model	Implement the asset positions of individual companies in the six major industry corporate banking accounts into the credit loss model to calculate the expected loss resulting from carbon fees under the two	Among the corporate banking positions, the aviation, steel and marine industries have suffered more changeable impacts and have more significant changes in the degree of impact over the years. Among the other things, the changes in the impact level under the 1.5°C scenario is more significant than that under the <2°C scenario. Meanwhile, from 2040 to 2045, the impact level curve of the aviation industry under the 1.5°C scenario has grown exponentially. Based on the detailed analysis, the main cause is that the changes in the financial factors	

Item	Implementation status				
	Contents of assessment	Assessed counterpart	Assessment method	Assessed climate scenario	Assessment results
				scenarios (1.5°C/<2°C).	arising from the carbon tax pressure of the enterprises with higher carbon emissions have exceeded the default risk level acceptable by the credit risk PD model. Therefore, the overall curve appears to increase significantly, while it does not under the <2° scenario. The difference in the impact level curves of individual industries under the two scenarios may be observed based on the following two indicators: One refers to the observation on the specific industries in 2040 and 2045. Taking the air transport industry as an example, the difference in the impact level curves of individual industries under the two scenarios in 2040 is 0.73%, while the difference increases significantly as 10.99% in 2045, showing the drastic increase in the credit risk PD model. The other refers to the overall observation on six major industries from 2025 to 2050, showing that the difference in impact level curves of individual industries under the two scenarios keeps expanding as time goes on. This means that the impact to borrowers varies significantly depending on the intensity of control over market heatup, and so does the impact to the Group posed by the default risk.
	Transformation risk scenario analysis: Quantitative assessment on the impact posed by carbon fees to equity investment.	The Group holds the issuers of equity investment positions in industries with high climate risk at home and abroad.	Stock valuation model	Implement the asset positions of the six major industries in the equity investment positions into the stock valuation model to calculate the expected loss resulting from carbon fees under the two scenarios (1.5°C/<2°C).	Among the equity investment positions, the aviation, steel and cement industries have suffered more changeable impacts and have more significant changes in the degree of impact over the years. Among the other things, the changes in the impact level under the 1.5°C scenario is more significant than that under the <2°C scenario. The impact level curves of any of the six major industries show the trend to increase year by year, under the 1.5°C scenario or the <2°C scenario, and the trend in the three major industries, aviation, steel and cement, becomes more obvious. According to the analysis on all investees of the aviation industry, except that its lower forecast net worth causes higher loss rate of net worth due to the higher extra costs, it expected loss appears to increase year by year as through multiplication. Further, according to the analysis on

Item	Implementation status				
	Contents of assessment	Assessed counterpart	Assessment method	Assessed climate scenario	Assessment results
					the investees of the cement and steel industries, as the asset scale of the two industries is concentrated on certain investees with higher loss rate of net worth, the expected loss is particularly obvious no matter whether under the 1.5°C scenario or <2°C scenario.
	Tangible risk scenario analysis: Quantitative assessment on the impact posed by flood to loan positions Tangible risk scenario	The Group's domestic steel industry corporate banking accounts	Disaster risk model	-	The climate change will intensify the disaster hazard and thereby cause impairment on the asset value of the steel industry, or cause long-term water shortage and thereby affect production operations, resulting in the decrease in operating revenue. As far as Yuanta Group is concerned, the average default rate of the borrowers from the steel industry suffering impacts posed by tangible risk grows, and the expected loss rate increases by 0.01% relatively.
	analysis: Quantitative assessment on the impact posed by flood suffered by collateral for real estate and business locations throughout Taiwan.	The Group's collateral for real estate, and territories where the business locations of Yuanta FHC and its subsidiaries throughout Taiwan	Disaster risk model	-	As far as the collateral for real estate is concerned, about 10.8% of the collateral is located in the districts with high flood risk at the end of this century, i.e. 6.5% of the total loans. 9.49% of the business locations are located in the districts with high flood risk at the end of this century, primarily in Central Taiwan and South Taiwan.
	Opportunity scenario analysis: Quantitative assessment on the financing needs of renewal energy equipment.	The Group assesses the steel companies that might be controlled under laws and regulations in Taiwan.	Market valuation method	-	It's estimated that the market value of demand for renewable energy equipment created by Taiwan's steel industry in 2025 may amount to NT\$6.75 billion. Upon analysis on the market share that the Group might secure, such opportunity is estimated to derive the interest revenue, NT\$2.73 million, for the Group.
6.If any transformation plan in response to the climate risk management is in place,	The Group has set short-term/mid-term/long-term/SBT targets for low-carbon business management indicators and targets, subject to the GHG emission reduction (category 1 and category 2) and the proportion of consumption of				

Item	Implementation status
<p>please describe the contents of the plan, and the indicators and targets used to identify and manage the tangible risk and transformation risk.</p>	<p>renewable energy. Achievement of the targets is specified as following:</p> <ol style="list-style-type: none"> 1. GHG emission (category 1 and category 2) <ol style="list-style-type: none"> (1) The carbon emission reduced by 10.13 in 2022 from the previous year to help Yuanta FHC continue moving toward the SBT target for carbon reduction by 34% in 2030. (2) The emissions under various categories declined in 2022. According to the analysis the main causes include the relocation to a new building resulting in better utilization efficiency of energy and the application of green power supply at the business locations resulting in the carbon emission therefrom lower than that from the general power supply. The Group will continue to monitor the emission. 2. Renewable energy consumption <ol style="list-style-type: none"> (1) In 2022, five business locations used 100% green power based on the renewable power purchase agreement (PPA) and, therefore, achieved the mid-term target earlier. (2) The utilization of green power increased by 78.37% in 2022, about 25% of the business locations were arranged to use the green power. <p>Meanwhile, with respect to the low-carbon transformation management indicators and targets, the Group set 2019 as the base year, and started the calculation of carbon emissions and carbon emission intensity of the Group's long-term loans and long-term stock and bond investment portfolios, according to the suggested approaches, such as PCAF and TCFD. The Group performed the independent GHG emission analysis on investment and financing of 11 industries with high carbon emissions. Meanwhile, based on the analysis results, the Group reviewed the counterparts contributing to the high and moderate carbon emissions in the investment and financing portfolio, continued to enhance the negotiation with them for cooperation, and also planned to include the GHG emission intensity factor to the reference factors for future investment and financing decision making.</p>
<p>7.If the internal carbon pricing is applied as a planning tool, please specify the pricing basis.</p>	<ol style="list-style-type: none"> 1. In line with the international trend for carbon reduction and in response to the concept about "Science Based Targets and Value of Carbon Credit," Yuanta FHC activated the "Internal Carbon Pricing (ICP)" in 2020, as the first financial business implementing the carbon reduction management system domestically. Yuanta FHC's Internal Carbon Pricing (ICP) was based on the carbon price range disclosed by about 2,600 enterprises all over the world in the most authoritative climate change questionnaire, "CDP Carbon Disclosure Project," in 2019 primarily, and the Group's internal historical carbon reduction results and future potential carbon reduction costs secondarily, e.g. replacement with energy-conservation equipment and purchase of renewable energy certificates, etc., and included the input and output of each energy-conservation improvement action plan to the carbon price parameters for calculation. 2. In order to enable the Internal Carbon Pricing to exercise substantial influence, in 2022, Yuanta FHC and financial, accounting, HR and management departments formed the Internal Carbon Pricing Committee, confronted the rationality of carbon pricing, fairness of internal carbon right distribution, accuracy of carbon reduction target and effectiveness of carbon reduction programs, performed the cross-departmental assessment and planning, and also report the operational management results to Corporate Sustainability Office and Sustainable Development

Item	Implementation status
	<p>Committee via the Internal Carbon Pricing Committee, in order to practice the environmental sustainability belief for carbon reduction in each colleague's routine operations, through the sound operations of independent directors and various subsidiaries' senior management. In the future, the Group will establish the adjustment mechanism in response to the carbon reduction trend at home and abroad and the Group's carbon reduction targets. In the future, the Group will continue to adjust the internal carbon pricing on a rolling basis, subject to the SBT and international carbon pricing trend. Meanwhile, the Group will link the operating strategies step by step to expand the scope of application and integrate with the international sustainability context stably.</p>
<p>8.If any climate-related target is set, please specify the activities, scope of GHG emissions, planning schedule and annual achievement progress covered by the target. If carbon offsets or renewable energy certificates (RECs) are used to achieve related goals, please specify the source and quantity of offset carbon reduction limit, or quantity of RECs.</p>	<p>Yuanta FHC set the GHG emission reduction target (hereinafter referred to as the carbon reduction target), and received the target approval notice from the Science-based targets initiative (SBTi) in July 2022, as the second finance business in Taiwan and the fourth financial business in Asia to complete the review, and, therefore, was considered satisfying the carbon reduction path for control over heatup by 1.5°C. The Group also set short-term, mid-term and long-term targets, each of which lasts five years. According to the milestones as scheduled, it should be reduction by 4% in 2021, 6% in 2023 and 8% in 2025. The Category 1 and Category carbon reduction targets covered the business locations' business activities including consumption of electricity. By applying the energy-conservation equipment and consumption of renewable energy (hereinafter referred to as "green power"), the Group consumed the green power totaling 910,409 kWh physically in 2022. Meanwhile, through the third party assurance carbon emission satisfying the ISO 14064 GHG accounting standards each year, the carbon reduction attained 6.8% in 2022.</p>
<p>9.GHG accounting and assurance status</p>	<p>to be specified in 1-1 separately</p>

1-1GHG accounting and assurance status

Scope 1	Total emissions (Metric tons of CO ₂ e)	Intensity (Metric tons of CO ₂ e/NT\$ Million)	Assurance Institution	Descriptions about the assurance
Yuanta Financial Holding Co., Ltd.	69.63	0.0032	BSI	The scope of Yuanta FHC's 2022 GHG accounting and assurance covers: 1. Business locations of Yuanta FHC and its subsidiaries 2. Domestic subsidiaries of the subsidiaries included into the consolidated financial statements (1) Yuanta Securities Co., Ltd. including Yuanta Securities Finance Co., Ltd. and Yuanta International Insurance Brokers Co., Ltd. (2) Yuanta Venture Capital Co., Ltd. including Yuanta I Venture Capital Co., Ltd. (3) Yuanta Futures Co., Ltd. including SYF Information Co., Ltd. Note: The net income of Yuanta Venture Capital Co., Ltd. was NT\$197.272 million in 2022. Considering that the intensity stood for the GHG generated by the operating revenue per one million NT dollars, the sum of positive number was adopted.
Yuanta Securities Co., Ltd.	652.95	0.0542		
Yuanta Commercial Bank Co., Ltd.	547.93	0.0752		
Yuanta Life Insurance Co., Ltd.	43.00	0.0312		
Yuanta Securities Investment Trust Co., Ltd.	19.48	0.0107		
Yuanta Futures Co., Ltd.	73.37	0.0641		
Yuanta Venture Capital Co., Ltd.	12.86	(0.0652)		
Yuanta Asset Management Co., Ltd.	7.67	0.0607		
Yuanta Securities Investment Consulting Co., Ltd.	10.09	0.9300		
Total	1,436.98	1.2945		
Scope 2	Total emissions (Metric tons of CO ₂ e)	Intensity (Metric tons of CO ₂ e/NT\$ Million)	Assurance Institution	Descriptions about the assurance
Yuanta Financial Holding Co., Ltd.	346.59	0.0162	BSI	The scope of Yuanta FHC's 2022 GHG accounting and assurance covers: 1. Business locations of Yuanta FHC and its subsidiaries 2. Domestic subsidiaries of the subsidiaries included into the consolidated financial statements (1) Yuanta Securities Co., Ltd. including Yuanta Securities Finance Co., Ltd. and Yuanta International Insurance Brokers Co., Ltd. (2) Yuanta Venture Capital Co., Ltd. including Yuanta I Venture Capital Co., Ltd. (3) Yuanta Futures Co., Ltd. including SYF Information Co., Ltd.
Yuanta Securities Co., Ltd.	7,747.20	0.6428		
Yuanta Commercial Bank Co., Ltd.	8,697.46	1.1933		
Yuanta Life Insurance Co., Ltd.	757.71	0.5505		
Yuanta Securities Investment Trust Co., Ltd.	280.49	0.1541		
Yuanta Futures Co., Ltd.	594.90	0.5194		
Yuanta Venture Capital Co., Ltd.	18.00	(0.0912)		
Yuanta Asset Management Co., Ltd.	24.87	0.1968		
Yuanta Securities Investment Consulting Co., Ltd.	95.69	8.8194		
Total	18,562.91	12.1837		

Remarks: Please refer to pages 658 to 684 for YFH and its subsidiaries' annual "Greenhouse Gas Emissions Verification Opinion Statement".