

### (III) Status of corporate governance

1. Status of corporate governance, any non-compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such

Baseline date: Jan. 31, 2022

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
I. Has the Company established and also disclosed its corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”?	✓		1. The Company's corporate governance best practice principles were established based on the “Corporate Governance Best Practice Principles for TWSE/GTSM Companies” and “Corporate Governance Best Practice Principles for Securities Firms”. The Company also operated its corporate governance in accordance with these Principles. 2. The Company's corporate governance best practice principles are disclosed on the Company's website, <a href="http://www.yuanta.com.tw">www.yuanta.com.tw</a> , as required.	Full compliance
II. Shareholding structure and shareholder rights				Full compliance
(I) Has the Company defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	✓		(I) This item is not applicable, since 100% shares of Yuanta Securities are owned by Yuanta Financial Holdings.	
(II) Whether the company has a roster of its major, actually controlling shareholders as well as controllers?	✓		(II) Same as above.	
(III) Has the Company established or implemented the risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) Summary: A. Yuanta Securities and its affiliates independently conduct their finances and operations. B. Yuanta Securities conducts all transactions with its affiliates in line with the “Rules Governing Transactions with Interested Parties,” “the General Authorization Rules Governing Transactions Other than Credit Extension with Interested Parties as Listed in Article 45 of the Financial Holdings Company Act,” and “Regulations for Financial Transactions between Related Enterprises.”	
(IV) Has the Company established the internal regulations to prohibit insiders from applying information undisclosed to the market in securities trading?	✓		(IV) The Company's internal control system “CM-15100 Undisclosed Internal Information Control System” has expressly defined the approaches to separate business information and the restrictions on communication of undisclosed information in securities trading.	

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<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Has the board of directors defined the diversified policies toward composition of the board members and implemented the policies?</p> <p>(II) Is the Company, in addition to establishing the remuneration committee and audit committee pursuant to laws, also willing to establish any other functional committees voluntarily?</p> <p>(III) Has the Company established a set of policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?</p> <p>(IV) Whether the Company has regular evaluation of independence of Certified Public Accountants?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company's board members are appointed by Yuanta Financial Holdings. Yuanta Financial Holdings would consider academic level, work experience, and expertise of directors, and then appoint competent ones to assume the board members. Therefore, the composition of the board members is considered diversified.</p> <p>(II) The committees established by the Company include Audit Committee and Remuneration Committee.</p> <p>(III) The Company adopted the regulations governing self-assessment on the Audit Committee in August 2007, and adopted the Regulations Governing Self-Assessment on Directors and Board of Directors in August 2011. The Company assesses the performance of the Board of Directors precisely on a yearly basis. In response to the overall planning by Yuanta Financial Holdings, in November 2016, the Company adopted the Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees. The Company conducts the internal performance assessment on the Board of Directors, directors and functional committees on a yearly basis, and the external performance assessment on the Board of Directors per three years. The relevant assessment results will be reported to the Board of Directors. The salary and remuneration to the Company's independent directors is paid in accordance with Article 18 of the Company's "Articles of Incorporation. The directors' transportation allowance and conference attendance fees are paid in accordance with Article 22 of the Company's "Articles of Incorporation," and "Regulations Governing Payment of Directors' Transportation Allowance and Conference Attendance Fees." Further, as the Company is a company limited by shares organized by a single institutional shareholder, the provisions about shareholders' meeting shall not apply to the Company. The Company's directors and independent directors should be appointed by Yuanta Financial Holdings pursuant to laws.</p> <p>(IV) A. At least once each year the company's Internal Audit Department reviews the independent nature of accountants in accordance with Gazette 10 of the Code of Ethics for Certified Public Accountants. Together with related</p>	Full compliance

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			statements from the accountants, the review is submitted to the Audit Committee and the board of directors for evaluation. B. Yuanta Securities further determined the Communication Procedures for Audit Committee and Certified Public Accountants to serve as a basis for assessing interaction, communication, and evaluation between the Audit Committee and Certified Public Accountants.	
IV. Whether the Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, et al.)?	✓		1. The Company's Chief Corporate Governance Officer: Executive Vice President Ya-bin (Lawrence) Lee. Article 8 of the Company's Articles of Association expressly defines the functions of various departments (offices) and branches. Among the other things, Corporate Planning Department is responsible for promoting the corporate governance operations. Secretariat of the Board of Directors is responsible for processing the affairs related to the Board of Directors, Audit Committee, and other functional committees subordinated to the Board of Directors. 2. The Company refers to a company limited by shares organized by one corporate shareholder. According to the Company Law and Financial Holdings Company Act, functions of the Company's shareholders' meeting shall be exercised by the board of directors instead. Therefore, the relevant rules about shareholders' meetings shall not apply to the Company.	Full compliance
V. Has the Company established communication channels with stakeholders (including but not limited to, shareholders, employees, customers and suppliers, et al.) and set up the stakeholder area on the Company's website, and also respond to the important corporate social responsibility issue concerned by stakeholders in a timely manner?	✓		1. The company's communication with interested parties shall consist of direct contact conducted by personnel from the Corporate Planning Department, Financial Department, Channel Business Department, and other relevant units in accordance with the attributes of the matters concerning the interested party in question; the Legal Department shall assist in resolving any legal disputes that may arise. 2. On Aug. 21, 2007, Yuanta Securities has determined Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee, and has established E-mail addresses on Yuanta Securities' internal and external web sites to serve as means by which interested parties can communicate their opinions and other relevant information to the members of the Audit Committee. 3. In order to strengthen the direct interaction of the Company's employees, investors and other stakeholders with the Audit Committee and to perfect the supervision functions of the Board of Directors and Audit Committee, the Company has re-set the Audit Committee's mailbox on its external network to accept complaints since June 18, 2020.	Full compliance

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			4. After the Audit Committee's mailbox was re-set, the convener of the Committee would receive the mails personally and assign dedicated personnel to process them. Any complaints would be documented and treated confidentially as special projects. They insist on the non-disclosure policy and urge related departments to solve the cases promptly to ensure the protection of whistle-blowers.	
VI. Has the Company appointed a professional stock transfer agent to process the affairs related to shareholders' meetings?	✓		Not applicable, because the Company is a subsidiary wholly owned by Yuanta Financial Holdings and the board of directors is in lieu of shareholders' meeting.	Full compliance
VII. Information disclosure				
(I) Whether the corporate website has been established for disclosing information on the company's finances, business, and corporate governance status?	✓		(I) The "About Us" section on the company web site: <a href="http://www.yuanta.com.tw">www.yuanta.com.tw</a> provides information concerning company finances, business, corporate governance, and other major relevant matters.	There was no departure in this respect in (I) and (II).
(II) Whether the Company has adopted the other forms of information disclosure (such as English website, designating professionals to collect and disclose information, establishing a spokesperson system, posting investor conference proceedings on the company website)?	✓		(II) A. Relevant units of Yuanta Securities have completed all information reporting and disclosure work within the prescribed periods as required by relevant regulations and the competent authority. B. Yuanta Financial Holdings established an English section of the company web site ( <a href="http://www.yuanta.com/english/">http://www.yuanta.com/english/</a> ) to enable foreign investors and institutional customers to access information concerning Yuanta Securities. C. Yuanta Securities has established spokespersons: The chief and deputy spokespersons are Vice President Wen-ching Hsu and Senior Assistant Vice President Shi-zhen Huang, respectively. The spokespersons are responsible for announcing information externally in accordance with Yuanta Securities' policies and needs. D. Placement of investor conference proceedings on the corporate website: not applicable.	
(III) Whether the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?	✓	✓	(III) The Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2021 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2021 and the annual financial report were already announced and reported on May 17, 2021, August 20, 2021, November 15, 2021, and March 15, 2022.	(III) The Company's operations are held satisfying the existing laws and regulations.
VIII. Whether the Company has other important information facilitating understanding of the functioning of corporate governance	✓		1. Yuanta Securities has included a dedicated section "Respect for Investors and Interested Parties" in its rules of corporate governance practice to guide day-to-day operations.	Full compliance

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(including but not limited to the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the company for directors and supervisors)?			<p>2. Yuanta Securities had established the "Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee" and has set up e-mail addresses on Yuanta Securities' internal and external web sites to enable interested parties to express their opinions to the Audit Committee and provide channels for communicating information.</p> <p>3. Continuing education of directors and supervisors: Please see the attached table in the annual report.</p> <p>4. Implementation of risk management policy and risk assessment criteria Motion:</p> <p>(1) Yuanta Securities has established a Risk Management Department, directly subordinate to the board of directors and acting under the supervision of the Audit Committee.</p> <p>(2) Addressing different types of risk and operation, Yuanta Securities has determined risk management mechanisms and implementation plans consistent with its operating strategies, capital structure, and market situations. Yuanta Securities has also established a risk management information system facilitating the implementation of overall risk management and effectively controlling risk associated with Yuanta Securities' operations.</p> <p>(3) The Company makes an annual assessment of existing and potential risks as well as the disclosure status of value at risk limits and qualitative information related to risk management; each month an appraisal is made of risk management implementation and a report is filed to serve as reference for risk management and improvement.</p> <p>(4) Yuanta Securities has further established the Communication Procedures for the Audit Committee and Risk Management Department to provide a basis for day-to-day communication, interaction, and evaluation between the Audit Committee and Risk Management Department.</p> <p>5. Customer policy implementation: Yuanta Securities has established the following channels in order to protect investors' rights and interests and prevent illegal circumstances from damaging customers' rights and interests, and Yuanta Securities' corporate image:</p> <p>(1) Yuanta Securities has established a customer service center exclusively responsible for resolving customers' problems. If a customer complaint occurs, the customer service center shall notify the relevant authorized or responsible unit, which shall resolve the problem within a prescribed period of time. To ensure the protection of customers' rights and interests,</p>	

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			<p>customer service results are reviewed at irregular intervals.</p> <p>(2) The parent company and its subsidiaries have all designated audit personnel responsible for constantly monitoring the trading situations of trading personnel in accordance with relevant audit guidelines. To prevent fraud on the part of trading personnel and the occurrence of trading disputes, various measures are in effect, including the recording of telephone communications between trading personnel and customers.</p> <p>(3) On August 21, 2007 the company's Board of Directors approved Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee, and established e-mail addresses on Yuanta Securities' internal and external web sites to serve as means by which clients and investors can communicate their opinions and other relevant information to the members of the Audit Committee.</p> <p>(4) The Company has had the "Fair Dealing Principles Improvement Plan" and "Regulations Governing Promotion and Management of Fair Dealing Principles" passed by the Board of Directors on November 28, 2019. Meanwhile, the Company established the Fair Dealing Principles Promotion Committee to construct the management mechanism for promotion of the fair dealing principles and practice the implementation of the fair dealing principles.</p> <p>6. Purchase of liability insurance by the company for directors and supervisors: The parent financial holding company has purchased insurance policies.</p>	
IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. (Not required, if the Company was not included into the evaluation.) Not applicable, as the Company was not a listed or OTC company and was not included to the evaluation.				