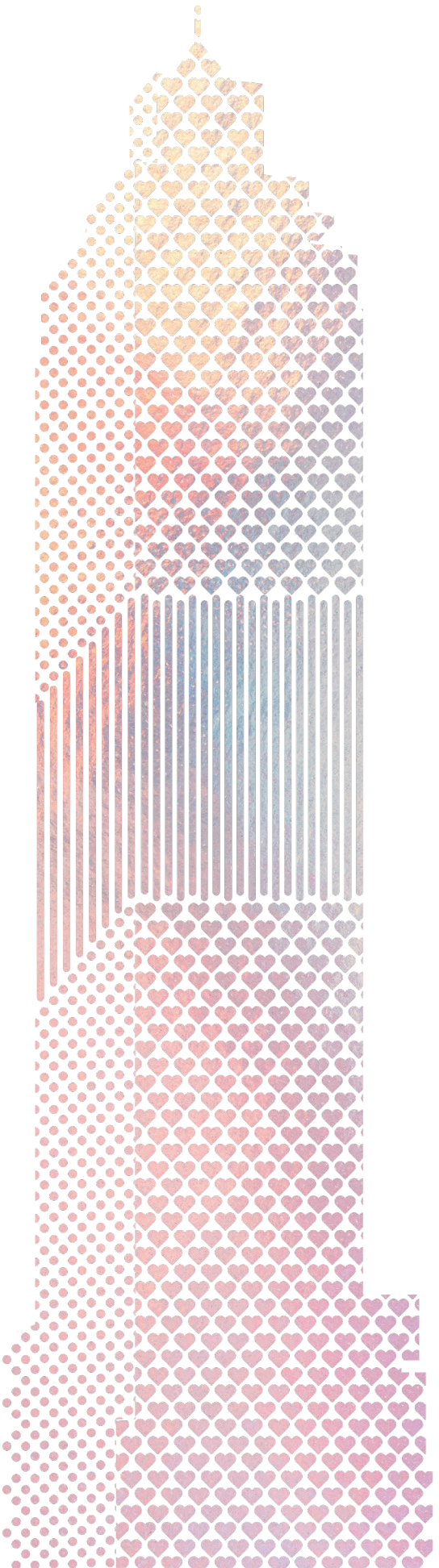


# 2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

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# About This Report

GRI: 102-03, 102-50, 102-51, 102-52, 102-53, 102-54



Shin Kong Financial Holding is committed to prospering with shareholders, employees, the society, and the environment; creating corporate sustainability value; fulfilling social responsibilities; and becoming a benchmark company for sustainable development.

## Boundary and Scope

The specific CSR achievements of Shin Kong Financial Holding Co., Ltd. (hereinafter referred to as "SKFH") in 2019 (January 1 to December 31) are disclosed in this Report. The scope of disclosure in this Report is mainly focused on SKFH's operations in Taiwan. The contents and performance data include information of SKFH and all subsidiary companies (Shin Kong Life Insurance, Shin Kong Bank, Masterlink Securities, Shin Kong Investment Trust, and Shin Kong Property Insurance Agency) and certain performance data incorporate those of Shin Kong Venture Capital.

In terms of the scope of disclosure in the Report, with the exception of environmental data of Masterlink Securities which were expanded to include the entire business locations, the data from elsewhere were not significantly different from data in the previous version. Where the data measurement method differs from that of the previous version, it shall be specified in detail in the paragraph. All statistical data disclosed in the Report have been prepared by SKFH departments and first-level units and processed through document management. In addition, financial performance data was published after the CPA's certification and they are consistent with the data from the Company's Annual Report.

## Reporting Standards and Guidelines

This Report is written in accordance with the Global Reporting Initiative (GRI) Standards and G4 Financial Services Sector Disclosures, Sustainable Development Goals (SDGs) of the United Nations, Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the United Nations Global Compact. It meets most of the demands of external stakeholders in regards to corporate information disclosure.

## Report Certification

To ensure the credibility of the information disclosed in the Report, SGS Taiwan has provided certification and verified that the contents meet AA1000 Assurance Standard type 2 moderate evaluation and requirements in the GRI Standards core options. Its Independent Assurance Opinion Statement has always been included in this Report.

## Release Information

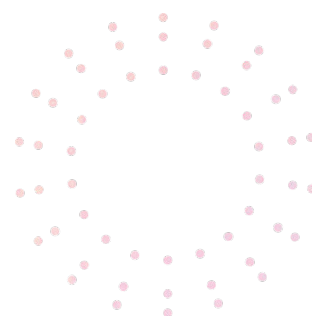
SKFH regularly publishes the "Corporate Social Responsibility Report" each year and provides a digital file of the Report on SKFH's website. To download the report: <https://www.skfh.com.tw/05b85eac15.html>



Current Version: Released in June 2020  
Previous Version: Released in June 2019  
Next Version: To be released in June 2021

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2019  
CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT



THE LIGHT IN YOUR HEART

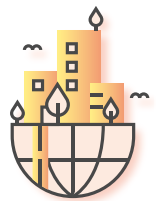
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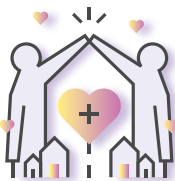
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## From the President

GRI 102-14

SKFH has focused on its development in Taiwan for more than half a century and it has always upheld the ideals of “innovation, service, integrity, and giving back to society”. SKFH carefully listens to the needs of society and gains insights on international development trends as it continues to enhance its performance in sustainable development in hopes of achieving co-prosperity and growth with Taiwan’s society and creating value through environmental, society and governance (ESG) activities.

Looking back on 2019, although the trade war between the United States and China continued to impact global economic development, the expanded monetary easing policies adopted by main Central Banks across the world and the United States’ lowering of interest rates by three quarter points have contributed to spectacular performance in the stock and bond market. SKFH oversees three major sources of profitability including insurance, banking, and securities after incorporating Masterlink Securities into the Group in 2018 and it also achieved great success with the hard work of our own employees. The consolidated net income after tax in 2019 amounted to NT\$16.606 billion and EPS was NT\$1.34. Profitability was the highest since the founding of the Company. Combined total assets reached NT\$3.99 trillion which was a 9.12% growth from the previous year. SKFH is now the fifth largest financial holding company in Taiwan.

SKFH has long been committed to corporate sustainability and it has fulfilled its responsibilities as a corporate citizen. The results have been widely recognized in all sectors. SKFH entered the Taiwan Corporate Sustainability Awards (TCSA) for the first time in 2019 and won the “Taiwan Top 50 Corporate Sustainability Award”, “Corporate Sustainability Report Gold Award”, and “Social Integration Award”. SKFH also led subsidiary companies Shin Kong Life Insurance, Shin Kong Bank, and Masterlink Securities in winning ten awards including the “Outstanding Performance Award for Corporate Sustainability”, “Innovative Communication Award”, and “Innovative Growth Award”. The main sustainability awards received in the same year included: SKFH won the SGS CSR Award for “Sustainability Elite Award of the Year” and the “Corporate Citizen Award” of CommonWealth Magazine; Shin Kong Life Insurance won the SGS CSR Award for “Sustainability Elite Award of the Year”, “Social Welfare Development Award” in the Asia Responsible Enterprise Awards, “Best Social Service Award” and “Best Product Innovation Award” in Taiwan Finance Star, and “Innovative Design Award of the Year” and the “Excellent Customer Satisfaction

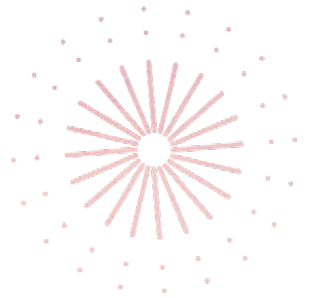
Rate Award” in the “Golden Torch Award”; Shin Kong Bank was rated as the “Best Financial Services Award” in the Excellence Bank Service Evaluation, “Best Wealth Management Team in Wealth Management Category” in Taiwan Finance Star, “Excellence Award of the Year” and “Learning Organization Award of the Year” from the CommonWealth Innovation Academy; Masterlink Securities received the PricewaterhouseCoopers CSR Impact Award, and “Best Digital Platform Experience Award” and “Best Corporate Social Responsibility Award” in the Outstanding Securities Evaluation.

In terms of corporate governance, SKFH has upheld its integrity principles and continued to create and maximize value for shareholders. We also included the corporate governance indicators into the annual key performance indicators (KPIs) of subsidiary companies to ensure the integrity and implementation of operation mechanisms. As a financial holding company, we use our core professional competencies and complied with “responsible finance” principles to support enterprises with outstanding ESG performance through actual investments. The responsible investment of subsidiary companies amounted to NT\$214 billion. Shin Kong Life Insurance, Shin Kong Bank, Masterlink Securities, and Shin Kong Investment Trust have all signed the “Stewardship Principles for Institutional Investors” and Shin Kong Life Insurance also responded to the “Principles for Sustainable Insurance (PSI) and actively promoted personal and group micro insurance. Since its inception, it has provided insurance coverage to more than 79,000 people. It also received recognition for “Third Place in Micro Insurance Contest”. In terms of financing, it also responded to the government’s green finance policies and granted NT\$3.97 billion in loans to enterprises with outstanding CSR performance in 2019 in order to support environmental sustainability through real actions.

In terms of the environment, SKFH responded to the initiatives of the “Task Force on Climate-related Financial Disclosures” (TCFD) and actively focused on and responded to climate change issues. SKFH has promoted the “Light Summer Clothes for Increasing Air-Conditioning by 1°C ” initiative for 13 consecutive years and we have established goals for reducing electricity and water consumption by 1% each year to demonstrate our resolve for implementing water conservation and energy conservation and carbon emissions reduction. SKFH, Shin Kong Life Insurance, Shin Kong Bank, Masterlink Securities, Shin Kong Investment Trust, and Shin Kong Property Insurance Agency have all completed the ISO 14064-1 greenhouse gas inventory for all business locations and activated various measures for reducing greenhouse gas emissions and energy conservation and carbon emissions reduction. In addition, by purchasing environmentally-friendly products to care for the Earth, Shin Kong Life Insurance has received recognition as



Shin Kong Financial Holding Co., Ltd.

Acting President  
Min-Yi Huang

population in Taiwan and promoted the “Community Care Everywhere” events in communities across Taiwan for multiple years. The events included activities led by professional instructors in traditional art and production of small lanterns to accompany the elders to fill them with joy and warmth. SKFH invested a total of NT\$112.79 million in 2019 to care for the elderly, children, juveniles, women groups, the public, disadvantaged groups, groups living in remote areas, and social issues and benefited approximately 1.32 million participants.

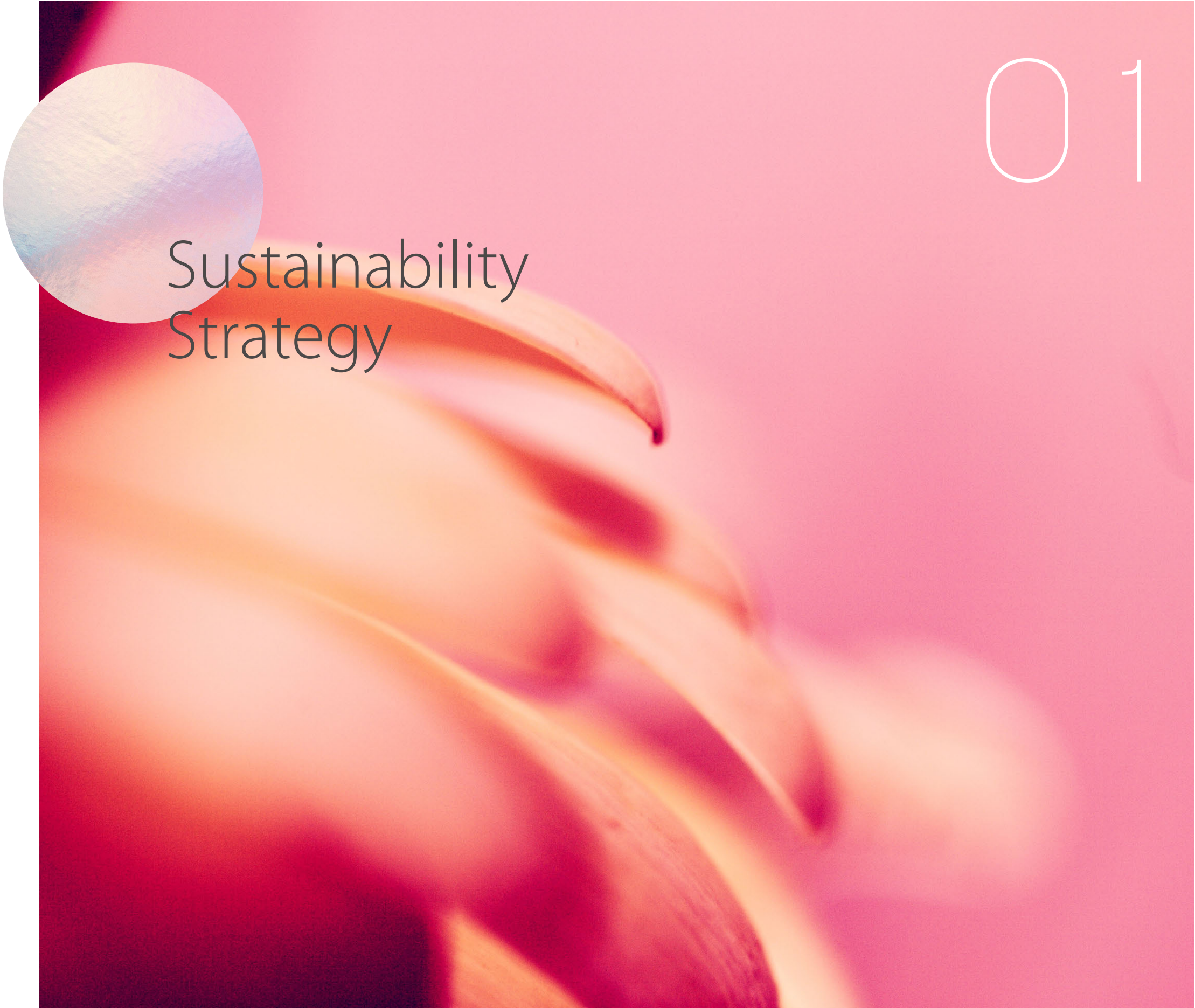
In 2020, SKFC will adopt “Invigorating Shin Kong for Active Aging Future” as its annual strategy in response to the business opportunities for retirement in an aging society and demands for wealth estate management. SKFC will actively develop asset management businesses, continue to develop comprehensive long-term care insurance products, and promote employee retirement insurance programs. SKFC will also make good use of digital technologies and offer core values including speed, security, and convenience to improve operation efficiency and customer experience. SKFH responds to health issues of all ages. The elderly and youth residence “Xinban Jasper Villa”, completed in 2019, is a pioneer in encouraging cohabitation of youths and the elderly for creating a living environment suitable for all ages. It also provides thoughtful AI design for the elderly and people with disabilities to create a successful paradigm for healthy elderly and youth residences in Taiwan.

In the future, SKFH will focus on six main targets in its long-term strategies including “adjust structure to stabilize profitability”, “integrate resources to deepen synergies”, “prioritize e-operations and pioneer mobile services”, “create profit sources and expand markets”, “enhance funds utilization with attention to compliance and risk control”, and “fulfill corporate responsibilities and implement corporate governance”. SKFH will continue to fulfill corporate responsibilities and strengthen the drive for achieving the Sustainable Development Goals (SDGs) in order to fulfill our sustainability spirit and value enshrined in our motto “Ubiquitous light, all-embracing heart. Our light and heart are always with you”.

an enterprise with excellent performance in “Corporate and Organization Promotion of Green Procurement and Green Consumption Plan”. It also received the “2019 Private Enterprise and Organization Green Procurement Award” for using actual consumption to support green suppliers.

In terms of employee care, SKFH focused on talent training and continued to improve employee benefits and work hard to create a happy workplace environment. To strengthen the international competitiveness of the SKFH team, we adopted the “SKFH University” concept in 2016 and initiated a mid to senior level talent cultivation plan with the National University of Singapore. We assigned personnel to take part in the “Open Courses for Middle to Senior-Level Managers” of the University for the first time in September 2019 to improve employees’ skills for global operations and cross-sector capabilities. In terms of social care, SKFH integrated the resources of Shin Kong Life Insurance Charity Foundation and affiliate companies and upheld to ethos for “giving back to the society what one reaps from the society”. SKFH became committed to promoting ecological protection, culture and education, public health and medicine, and women’s health. We used real actions to demonstrate the value of corporate sustainability while promoting positive development of the society. In addition, SKFH has always paid attention to the issue of the aging





# Sustainability Strategy

01



## Sustainability Strategy

- 1.1 Sustainability Strategy and Key Performance Points
- 1.2 Sustainability Governance
- 1.3 Stakeholder Engagement
- 1.4 Materiality Assessment

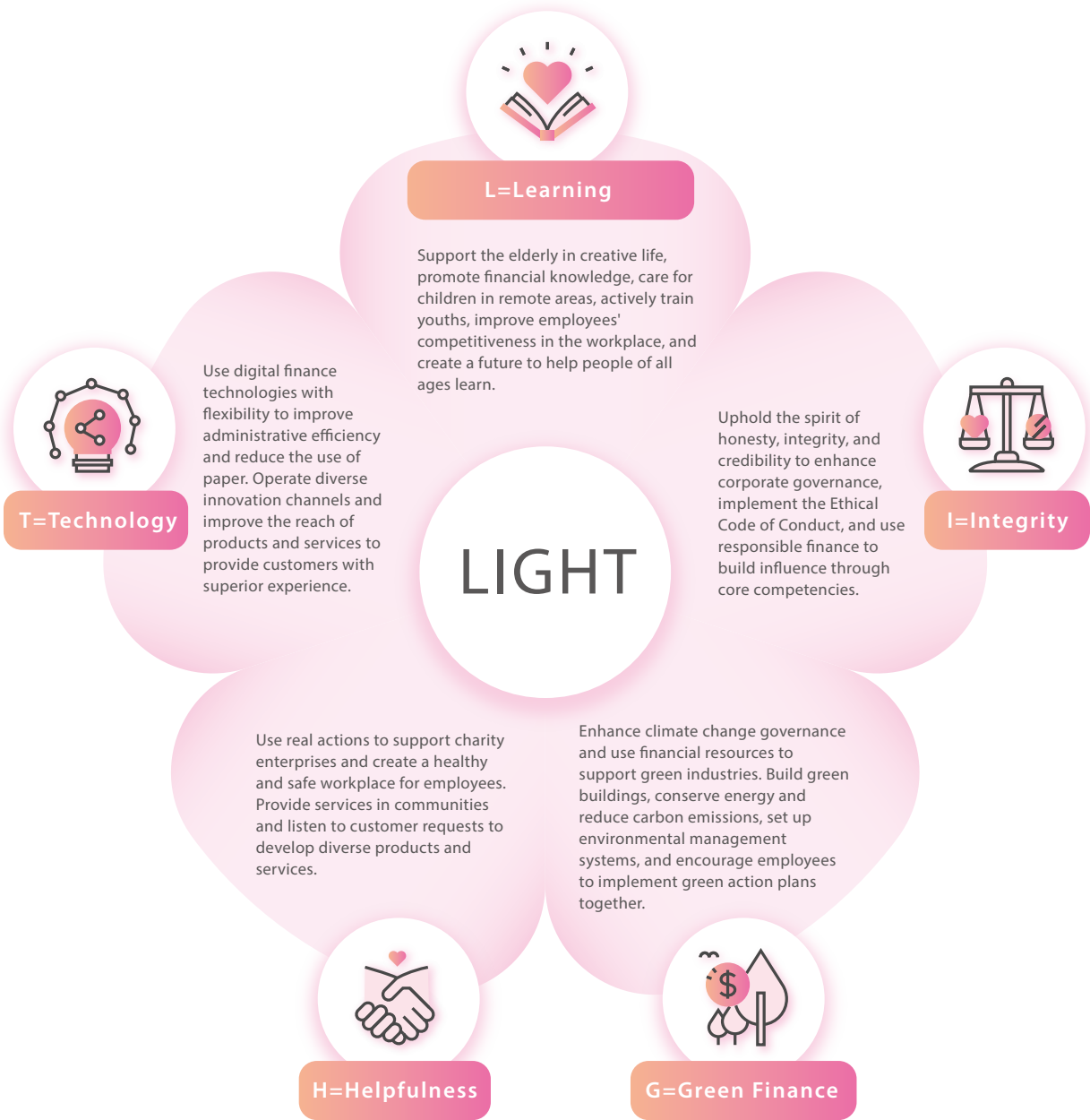
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Sustainability Strategy

1.1 Sustainability Strategy and Key Performance Points

Sustainability Strategy

SKFH planned a group-wide sustainability strategy “LIGHT” with our core value of Integrity, innovation, service, and giving back to society. The strategy focuses on five areas including learning, integrity, green finance, helpfulness, and technology. We aim to use our core competencies to resolve issues of concern to internal and external stakeholders, actively meet international standards, and respond to 10 United Nations Sustainable Development Goals (SDGs). SKFH initiated strategic actions and sets targets to implement sustainable projects and increase corporate influence.



Strategic Actions and Medium and Long-Term Goals

Area 1: Learning



Strategic Actions	2019 Achievements	Medium and long-term goal
Happy News and financial education in remote area	Invested NT\$4.42 million and 1,171 volunteer hours and benefited 34,078 people.	Expand the scope of beneficiaries in education for remote areas and continue to provide financial education.
Free public seminars	5,746 participants attended the Beautiful Life seminars.	Continue to organize the Beautiful Life seminars and create more diverse topics to enrich more people's hearts and minds.
Care for the elderly	Creative-aging programs benefited 13,087 participants.	Continue to promote elderly group art service activities and increase the number of participants.
Youth power cultivation	<ul style="list-style-type: none"><li>• Provided 445 opportunities of industry-academia collaboration and corporate internship.</li><li>• Invested NT\$27.31 million in related youth power cultivation projects with 873 hours of volunteer participation and benefited 63,353 participants.</li><li>• Distributed NT\$11.40 million in scholarships for youth.</li></ul>	Continue to organize youth cultivation activities, scholarships, industry-academia collaboration, and internship opportunities.
Employee cultivation and retention	<ul style="list-style-type: none"><li>• Average training hours per person amounted to 106.4 hours</li><li>• Average training expenses per person amounted to NT\$ 17,490.</li></ul>	Enhance talent cultivation plans to provide comprehensive career development plans to ensure that the talent retention rate for key talents be maintained at above 90%.

Area 2: Integrity \* the top three material issues for 2019



Strategic Actions	2019 Achievements	Medium and long-term goal
*  Strengthen corporate governance	<ul style="list-style-type: none"><li>• Ranked among the top 20% of all listed companies in the Corporate Governance Evaluation.</li><li>• Achieved “outstanding” scores in the Performance Evaluation of the Board of Directors and Functional Committees.</li><li>• Provided internal and external training related to ethic and integrity to 729 participants with training hours totaling 7,311 man-hours.</li></ul>	Establish integrity in corporate management and a top-down compliance culture and continue to implement and enhance legal compliance management.
Promote responsible finance	<ul style="list-style-type: none"><li>• Establish responsible investment policies.</li><li>• Responsible investment amounted to NT\$214 billion.</li><li>• SKL provide financing NT\$3.975 billion to companies that fulfilled CSR sustainability obligations or environmentally-friendly companies.</li></ul>	Effectively operate and implement responsible investment, increase the responsible investment amount and support related regulations and supervisory policies.
*  Risk and crisis managem	<ul style="list-style-type: none"><li>• Convened meetings of the Risk Management Committee every quarter with an attendance rate of 100%.</li><li>• Identified emerging risks and enhanced risk management.</li></ul>	Help implement corporate social responsibility by maintaining adequate corporate capital. Implement and enhance risk control mechanisms, strengthen operational crisis response capabilities. Identify and manage emerging risks.
Supplier sustainability management	<ul style="list-style-type: none"><li>• 100% of new suppliers have contracted the Supplier Commitment Letter.</li><li>• Executed supplier risk assessment and onsite audits.</li></ul>	Continue to implement supplier risk assessment and onsite audits, set up supplier screening indicators, and engage with suppliers.
*  Improve operational performance	<ul style="list-style-type: none"><li>• The consolidated net income after tax in 2019 amounted to NT\$16.630 billion and EPS was NT\$1.34. Profitability was the highest since the founding of the Company.</li></ul>	Actively operate financial products, stabilize investment income, develop diversified financial products and services, provide optimal asset allocation recommendations to customers, and offer comprehensive one-stop financial services to become a leading financial brand for the elderly.

Area 3: Green Finance






Strategic Actions	2019 Achievements	Medium and long-term goal
Green energy investment	<ul style="list-style-type: none"><li>• Invested NT\$107.3 billion and approved NT\$191.9 billion in loans in “5+2” innovative industries.</li><li>• Approved NT\$460 million in the development and construction of new solar power plants; drawdown for new and old cases amounted to NT\$430 million.</li></ul>	Formulate green energy and circular economy investment programs.
Green Actions	<ul style="list-style-type: none"><li>• The paper reduction through digitalization reduced the use of approximately 23.1891 million sheets of paper and reduced carbon emissions by 166.96 tons.</li><li>• Initiated scope 3 greenhouse gas inventory for all business locations of SKFH and subsidiary companies in Taiwan.</li><li>• Recycled 20% of waste.</li><li>• Purchased 17 renewable energy certificates.</li></ul>	Fully implement energy conservation and carbon emissions reduction to reduce water, electricity, and waste by 6% in 2025 from levels in 2019.





Area 4: Helpfulness



Strategic Actions	2019 Achievements	Medium and long-term goal
 Value financial inclusion and digital services	<ul style="list-style-type: none"><li>Micro insurance benefited 25,095 people.</li><li>Small-Amount Whole Life Insurance benefited 2,765 people, and the premium income reached NT\$54.9 million.</li><li>Online insurance purchases amounted to 36,927 cases, and the premium income was approximately NT\$186 million.</li><li>Underwritten a total of 5,274 spillover-effect products, and the premium income reached NT\$91.16 million. The cumulative insured amount was NT\$2.99 billion.</li><li>LIFE Lab. added 7,467 new customers in which new customers accounted for 41%.</li></ul>	<ul style="list-style-type: none"><li>Continue to implemented financial inclusion products and take care of economically disadvantaged groups.</li><li>Continue to develop and design insurance products with spillover-effect to encourage policyholders to take care of their health.</li><li>Create diverse channels to provide a diverse range of financial counseling services.</li></ul>
 Create a healthy and safe workplace	<ul style="list-style-type: none"><li>Female managers account for 55.8% of all managers.</li><li>Employed 1.34 times the mandatory number of indigenous employees and employees with disabilities.</li><li>Planned the human rights due diligence procedure.</li><li>Completed health examinations for employees and implemented investigations on diseases caused by abnormal workload.</li></ul>	<ul style="list-style-type: none"><li>Pay attention to the rights and interests of female employees, provide fair employment opportunities, and work hard to eradicate all forms of discrimination.</li><li>Implement the human rights due diligence procedure.</li><li>Continue to organize health promotion activities and pay attention to employee health. Follow up and assist groups with abnormal workloads or high health risks.</li></ul>
 Charity Activities	<ul style="list-style-type: none"><li>Invested a total of NT\$112.79 million in social participation.</li><li>Social engagement activities benefited 1.32 million participants.</li><li>Company volunteers invested a total of 19,880 hours in volunteer work.</li><li>Assisted smallholder farmers in creating NT\$9.5 million income.</li></ul>	<ul style="list-style-type: none"><li>Continue to organize charity activities with local associations and charity organizations and help provide more resources for the minor and indigenous children.</li><li>Encourage employees to participate in volunteer activities and increase company volunteer time to 60,000 hours by 2025.</li></ul>

Area 5: Technology



Strategic Actions	2019 Achievements	Medium and long-term goal
 Digital finance	<ul style="list-style-type: none"><li>The number of Shin Kong Life Insurance online members reached 510 thousand</li><li>380 thousand people applied for Shin Kong Life Insurance online transaction service</li><li>Shin Kong online banking customers exceeded 810 thousand</li><li>Shin Kong Bank digital and automatic transactions account for 77% of all transactions</li><li>Masterlink Securities added 40 thousand new customers in electronic</li></ul>	Promote digital services and increase the number of digital customers in 2023 by 50% from 2019.
 Personal data security	Established the SKFH Personal Data Management Policy	Implement the Personal Data Protection Policy and improve personal data confidentiality mechanisms to reduce information security risks and prevent personal data leaks.

1.2 Sustainability Governance

1.2.1 CSR Committee GRI 102-18

The Company elevated the “CSR Committee” to a functional committee in 2018 to fulfill corporate social responsibilities. Members of SKFH’s CSR Committee are nominated by the Chairman and approved by a resolution of the Board of Directors. The Committee has at least three board members and more than half of the members are Independent Directors. The Committee shall be convened at least once every year to take charge of supervising CSR plans and implementation. It shall report the CSR implementation status to the Board of Directors to fulfill corporate sustainable management duties and values. The CSR Committee oversees a Management Committee. The President of the Company serves as the convener of the Management Committee and the Presidents of subsidiary companies serve as members of the Management Committee. They are responsible for setting CSR targets and reviewing improvement measures. The Management Committee includes six execution teams which are responsible for developing and executing related projects.

Three meetings of the SKFH CSR Committee were convened in 2019, and the members averaged an attendance in person rate of 100%. The Committee reported the corporate governance and integrity implementation status as well as the CSR performance and future plans to the Board of Directors.

Organizational Chart of SKFH CSR Committee



CSR Education and Training G4 Sector-specific disclosures: FS4

SKFH organizes CSR training and education irregularly each year to inspire employees to pay attention to sustainability topics and integrate sustainability into our corporate culture:



### Human Rights Education and Training

To create a friendly work environment and improve employees’ human rights awareness, SKFH organized the “Human Rights Policy” seminar in August 2019. We invited renowned lawyers to provide explanation for related human rights topics including a healthy workplace, diverse communication, anti-corruption, ethical management, and protection of business secrets. A total of 88 people attended the seminar.



### Corporate Sustainability Education and Training

To effectively grasp sustainable development trends, set forth a solid foundation for new business activities, and actively respond to the government and regulatory authorities’ strong promotion of corporate governance and CSR policies, Shin Kong Bank invited the Taiwan Institute for Sustainable Energy to provide training for the President and senior executives on “Trends in Corporate Sustainability and Sustainable Development Goals” for a total of 30 participants in June 2019.

1.2.2 CSR Policy and Guidelines G4 Sector-specific disclosures: FS4

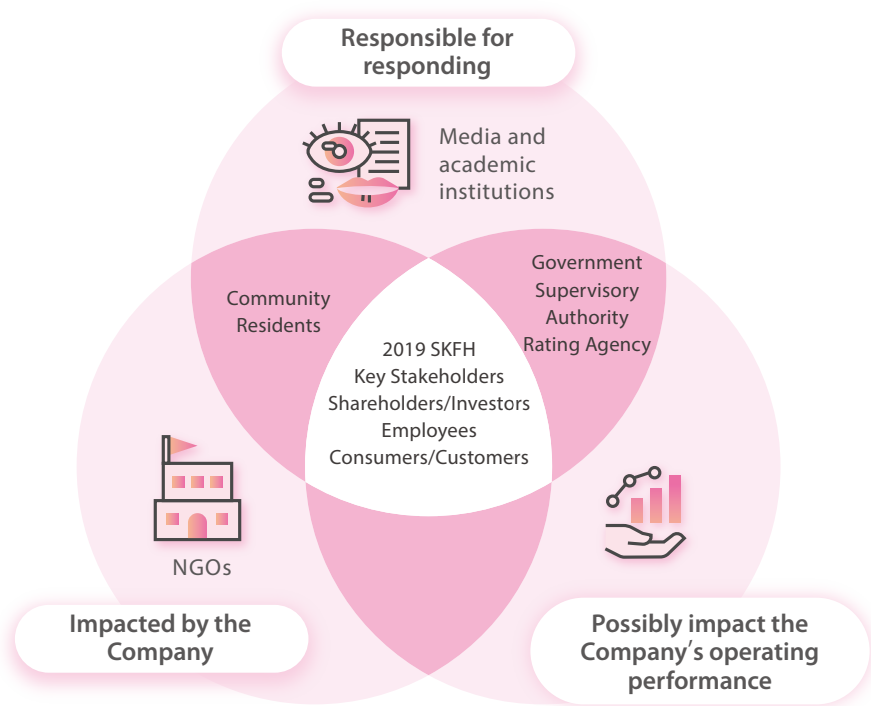
To ensure the implementation of our CSR Strategies, SKFH established the “Corporate Social Responsibility Policy” and “Corporate Social Responsibility Best Practice Principles” to integrate the sustainable development philosophy into ethical management, customer services, product innovation, commitment to shareholders, employee care, social engagement, environmental protection, and other daily operations. Please refer to the official website for the SKFH “Corporate Social Responsibility Policy” and “Corporate Social Responsibility Best Practice Principles”.




1.3 Stakeholder Engagement GRI 102-40, 102-42, 102-43





SKFH has established a diverse communication interface. It carefully listens to the feedback from stakeholders and maintains good relationships with stakeholders. SKFH organizes meetings to identify and classify stakeholders that may be reached, affected, or impacted in the subsidiary companies’ business operations, and confirmed the following eight groups of stakeholders. SKFH also identified “key stakeholders” based on 1. Responsible for responding; 2. Impacted by the Company; and 3. Possibly impact the Company’s operating performance. It also uses the CSR Report published regularly each year, CSR website, online questionnaires, and other channels to engage with stakeholders.

SKFH and Stakeholders



Stakeholder Communication Frequency and Channels

Stakeholder	Communication Channel	Frequency	Method of Communication	Issues	Related Chapter
 Shareholders and investors	Board of Directors Shareholders' meeting Annual Report Revenue announcement Company website Institutional investors' conference Credit ratings Spokesperson Investors' conference Email Service hotline	Monthly Annually Annually Monthly Permanent Quarterly 1 Annually Permanent Irregular Permanent Permanent	<ul style="list-style-type: none"><li>Convene a shareholders' meeting each year</li><li>Publish the Shareholders' Meeting Annual Report each year</li><li>Publish the CSR Report regularly each year</li><li>Announce financial information on the website</li><li>Publish monthly business performance reports</li><li>Set up an Investor Relation section on the company website to provide comprehensive information for investors</li><li>Host quarterly investor conference to fully communicate with investors</li><li>Answer questions from investors and analysts via telephone and email and collect feedbacks</li></ul>	<ul style="list-style-type: none"><li>Information disclosure</li><li>Business overview</li><li>Dividend policy</li><li>Laws and regulations</li><li>Corporate governance</li></ul>	About This Report 2.1 SKFH Overview 2.2 Corporate Governance
	Internal website Official document announcements Newsletter Service hotline Email	Permanent Irregular monthly Permanent	<ul style="list-style-type: none"><li>Use the internal website, announcements, email notifications, meetings, and publications to notify employee information.</li><li>Set up employee communication channels, employee complaint channels, and the "sexual harassment" mailbox and hotline</li></ul>	<ul style="list-style-type: none"><li>Remuneration and benefits</li><li>Career development</li><li>Labor relations</li></ul>	2.3 Legal Compliance 5.2 Remuneration and Benefits

Stakeholder	Communication Channel	Frequency	Method of Communication	Issues	Related Chapter
 Employees	Seminar Employee engagement survey Club activities Communication publications Meetings Education and training Seminars Independent Trade unions Labor-management meeting Exit interview	Permanent Irregular Once every two years Irregular 6 times/year Irregular 4-5 sessions/year Irregular Quarterly Irregular	<ul style="list-style-type: none"><li>Conduct the anonymous "employee engagement survey" with an online questionnaire</li><li>Provide Leader Campus of Commonwealth Magazine online courses and encourage employees to learn by themselves</li><li>Organize internal seminars in different fields including financial trends, workplace environment, physical and mental health, social care, or corporate governance.</li><li>Disaster prevention exercises, labor work environment evaluation, and the "health center"</li><li>Organize labor-management meeting quarterly to actively interact with employees and maintain good relations</li></ul>	<ul style="list-style-type: none"><li>Education and training</li><li>Recruitment</li><li>Work environment</li><li>Safety and health</li><li>Human rights protection</li><li>Communication channels</li><li>Performance management</li><li>Service innovation</li></ul>	5.3. Career Development 5.4. Diverse Communication Channels 5.5. Working Environment
	Service branches Company website 0800 customer service hotline Facebook fan pages Mobile app Exclusive services VIP activities Customer satisfaction survey Insurance policy survey activities Insured care project	Permanent Permanent Permanent Permanent Irregular Irregular Irregular Irregular Irregular	<ul style="list-style-type: none"><li>Counter services</li><li>Automatic service equipment</li><li>Web/app online service functions</li><li>24H Customer service center (online AI, audio, and email customer services)</li><li>Social media</li><li>Issuance of newsletters and digital brochures</li><li>Organize finance seminars</li><li>Visits</li></ul>	<ul style="list-style-type: none"><li>Customer rights and interests</li><li>Service quality</li><li>Grievance channels</li><li>Product innovation</li><li>Financial inclusion</li><li>Green finance</li><li>Digital services</li><li>Customers rights protection</li></ul>	About This Report 2.1 SKFH Overview 3.1 Digital and Innovative Finance 3.3 Comprehensive Service Mechanisms 6.6 Stakeholder: The Public
 Community Residents	Seminars Press conferences Local art and cultural activities Charity activities Foundation Website	Irregular Irregular Irregular Permanent Permanent	<ul style="list-style-type: none"><li>Participate in seminars</li><li>Organize press conferences</li><li>Sponsor art and cultural performances</li><li>Organize related charity activities</li><li>Organize wealth management, health, and general seminars</li></ul>	<ul style="list-style-type: none"><li>Real-time information</li><li>Environmental protection</li><li>Ecological conservation</li><li>Investments in charity activities</li><li>Job opportunities</li><li>Community development and care activities</li></ul>	6.1 Stakeholder: The Elderly 6.2 Stakeholder: Children 6.3 Stakeholder: Women 6.4 Stakeholder: Youth 6.5 Stakeholder: Disadvantaged Groups 6.6 Stakeholder: The Public 6.7 Stakeholder: Volunteers 6.8 Stakeholder: Environmental Conservation Groups
	Official letters Participate in meetings organized by the competent authority Court activities Conferences	Irregular Irregular Irregular Irregular	<ul style="list-style-type: none"><li>Cooperate with the competent authority's verification, policy promotion, and related activities</li><li>Directors and Supervisors have attended continuing education courses</li><li>Participate meetings related to government policies, provide recommendations where necessary, and promote financial knowledge education</li></ul>	<ul style="list-style-type: none"><li>Compliance with laws and regulations</li><li>Cooperate with education on regulations and policy implementation</li><li>Information disclosure</li><li>Honest tax returns filing</li></ul>	2.1 SKFH Overview 2.3 Legal Compliance
 Suppliers	Supplier Management Regulations Price negotiation meetings Project meetings Contract negotiations	Irregular Irregular Irregular Irregular	<ul style="list-style-type: none"><li>Business meetings and price negotiation meetings</li><li>Onsite audit, acceptance inspection, and education of labor safety and health awareness</li></ul>	<ul style="list-style-type: none"><li>Public tender invitation</li><li>Fair price negotiation</li><li>Fair procurement</li></ul>	3.4 Sustainable and Responsible Finance 4.1 Environmental Sustainability 4.3 Supply Chain Management and Green Procurement
	Ratings and surveys Seminars Interviews Press conferences Press Releases	Irregular Irregular Irregular Irregular Irregular	<ul style="list-style-type: none"><li>Participation in ratings and surveys organized by various institutions</li><li>Invite the media to participate in material activities</li></ul>	<ul style="list-style-type: none"><li>Financial performance</li><li>Corporate governance</li><li>Labor relations</li><li>Caring for disadvantaged groups</li><li>Green finance</li></ul>	From the President 2.1 SKFH Overview 2.2 Corporate Governance
 NGO/NPO	Conferences Charity activities Environmental conservation activities Cash donations Sponsorship and collaboration	Irregular Irregular Irregular Irregular	<ul style="list-style-type: none"><li>Academic or industry-related seminars</li><li>Organize charity and philanthropic activities</li><li>Conduct or participate in related environmental conservation activities</li><li>Donations or sponsorship for charity activities</li></ul>	<ul style="list-style-type: none"><li>Academic promotion</li><li>Public interest</li><li>Environmental protection</li><li>Ecological conservation</li></ul>	6.1 Stakeholder: The Elderly 6.2 Stakeholder: Children 6.3 Stakeholder: Women 6.4 Stakeholder: Youth 6.5 Stakeholder: Disadvantaged Groups 6.6 Stakeholder: The Public 6.7 Stakeholder: Volunteers 6.8 Stakeholder: Environmental Conservation Groups

1.4 Materiality Assessment GRI 102-44, 102-46, 102-47, 102-49 103-01

To understand the connection between issues of concern to stakeholders and the Company’s long-term values, we identify material issues in accordance with GRI reporting standards. SKFH added the material issue “Measures for responding to climate change” in 2019 in response to the global focus on climate change and considering the potential impact of climate change on corporate operations. We also established related performance indicators to manage the material economic, environmental, and social issues we identified and included them into work items of SKFH for the current year to manage corporate sustainability.

Methodology of Materiality Assessment

STEP 1. Collection and identification



Principles: Sustainability Context, Stakeholder Inclusiveness, and Completeness

- Research into international sustainability development trends, material issues of domestic and foreign financial industry, and compliance with the latest laws and regulations
- Align with SKFH 2019 strategies
- Include feedback from the Stakeholders Section on the company website
- 22 sustainability issues related to SKFH were identified

STEP 2. Assessment

Principles: Stakeholder Inclusiveness

- Invite the CSR working groups to conduct assessments based on the significance of economic, environmental & social impacts of various sustainability issues, and the influence on stakeholder assessments & decisions to the issues
- A total of 83 members of the CSR working groups participated in the assessment in 2019



STEP 3. Ranking



Principles: Materiality and Completeness

- After analyzing and ranking sustainability issues in accordance with the results of the questionnaire, they shall be reviewed by all members of the CSR groups
- The list was submitted to the senior management meeting. The “employee cultivation and development” and “responding to climate change” topics were shifted to important issues after discussions between the President and executives

STEP 4. Verification and Review

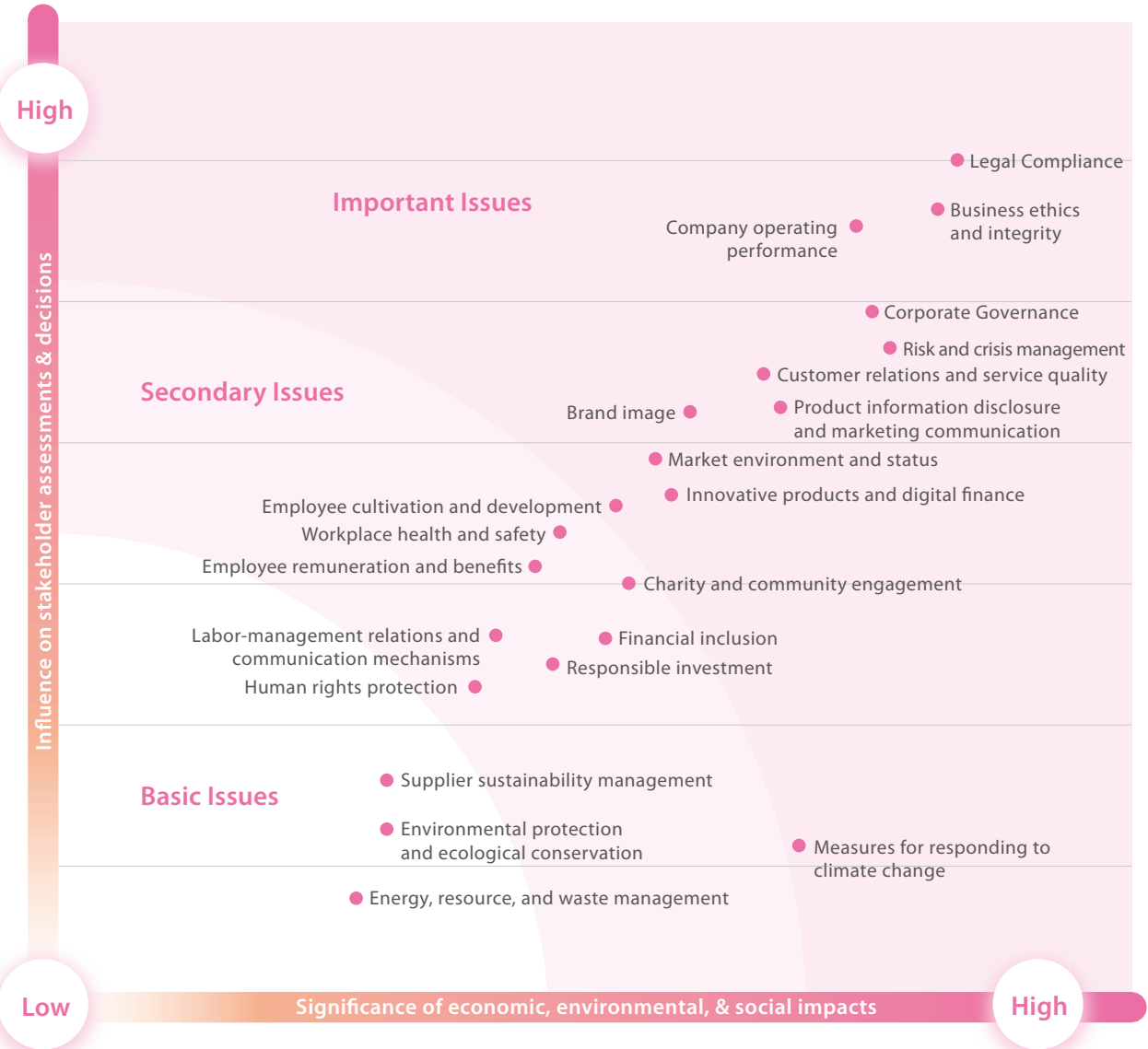
Principles: Completeness and Sustainability Context

- The important issues in the materiality matrix confirmed by the senior management team are adopted as the key points for responses to stakeholders and information disclosure in the 2019 CSR Report. The secondary issues disclose the results of continuous improvement in management. The basic issues demonstrate related performances. All the sustainability issues are also connected to key performance indicators of our related departments in the following year



SKFH 2019 Materiality Matrix

According to guidance in the GRI Standards, the X axis of the materiality matrix was set to the significance of economic, environmental & social impacts of the topic, while the Y axis was set to the influence on stakeholder assessments & decisions in regard to this topic. The priority of the issues on the matrix reflects their materiality and they are divided into “important issues”, “secondary issues”, and “basic issues” based on materiality.



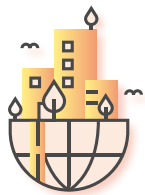
GRI Topics and Material Boundaries

Materiality	Subject	Sustainability Issue	GRI Material Topic	Corresponding Chapter
Important Issues	Economy	Legal Compliance	GRI 205: Anti-corruption GRI 419: Socioeconomic compliance GRI 418: Customer privacy	2.3 Legal Compliance 3.3.3 Protection of Customer Privacy
	Economy	Business ethics and integrity	GRI 102: General disclosure GRI 205: Anti-corruption	2.3.1 Ethical Management
	Economy	Company operating performance	GRI 102: General disclosures GRI 201: Economic performance	2.1.3 Financial Performance and Public Participation
	Economy	Corporate Governance	GRI 102: General disclosures	1.2.1 CSR Committee 2.2.1 Board of Directors 2.2.2 Functional Committees
	Economy	Risk and crisis management	GRI 102: General disclosures	2.4 Risk Management
	Economy	Product information disclosure and marketing communication	GRI 417: Marketing and labeling	3.2 Legal Compliance of Products and Services
	Economy	Customer relations and service quality	-	3.3.1 Comprehensive Services and Complaint Mechanisms 3.3.2 Financial Inclusion
	Society	Brand image	GRI 102: General disclosures	1.3 Stakeholder Engagement 3.3 Comprehensive Service Mechanisms
	Economy	Market environment and status	-	From the President 3.4 Sustainable and Responsible Finance
	Economy	Innovative products and digital finance	-	3.1 Digital and Innovative Finance 3.4 Sustainable and Responsible Finance
	Society	Employee cultivation and development	GRI 404: Training and education	5.3 Career Development
	Environment	Measures for responding to climate change	GRI 305: Emissions GRI 201: Economic performance	4.1 Environmental Sustainability 4.2 Green Workplace
Secondary Issues	Society	Charity and community engagement	GRI 203: Indirect economic impacts	6.1 Stakeholder: The Elderly 6.2 Stakeholder: Children 6.3 Stakeholder: Women 6.4 Stakeholder: Youth 6.5 Stakeholder: Disadvantaged Groups 6.6 Stakeholder: The Public 6.7 Stakeholder: Volunteers
	Society	Financial inclusion	GRI 203: Indirect economic impacts	3.3.2 Financial Inclusion
	Society	Workplace health and safety	GRI 403: Occupational health and safety	5.5 Work Environment
	Society	Employee remuneration and benefits	GRI 201: Economic performance GRI 202: Market presence GRI 401: Employment GRI 405: Diversity and equal opportunity	5.2 Remuneration and Benefits
	Environment	Responsible investment	-	3.4 Sustainable and Responsible Finance
	Society	Labor-management relations and communication mechanisms	GRI 402: Labor/Management relations GRI 407: Freedom of association and collective bargaining	5.1 Talent Aptitude 5.4. Diverse Communication Channels
	Society	Human rights protection	GRI 202: Market presence GRI 406: Non-discrimination GRI 412: Human rights assessment	5.1 Talent Attraction and Retention 5.2 Remuneration and Benefits
Basic Issues	Environment	Supplier sustainability management	GRI 204: Procurement practices GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	4.3 Supply Chain Management and Green Procurement
	Environment	Environmental protection and ecological conservation	GRI 307: Environmental compliance	4.1 Environmental Sustainability 6.8 Stakeholder: Environmental Conservation Groups
	Environment	Energy, resource, and waste management	GRI 305: Emissions GRI 306: Effluents and waste	4.2 Green Workplace

● significant impact ◎ insignificant impact ○ no impact

Internal						External					
SKFH	Shin Kong Life Insurance	Shin Kong Bank	Masterlink Securities	Shin Kong Investment Trust	Shin Kong Property Insurance Agency	Shareholders/ investors	Customers	Government and Regulatory Authorities	Suppliers	Community Residents	NGO/ NPO
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## Responsible Governance

- 2.1 SKFH Overview
- 2.2 Corporate Governance
- 2.3 Legal Compliance
- 2.4 Risk Management



### Key Performance

- ★ Established a **corporate governance officer position**
- ★ Established the “Anti-corruption Policy”
- ★ Ranked among the top 20% of all listed companies in the Corporate Governance Evaluation
- ★ The frequency of the meetings of the Board of Directors was **325%** of the statutory requirement, and board members averaged an attendance rate of 92.1%



02

Responsible Governance

2.1 SKFH Overview

2.1.1 Honors and Highlights

Sustainability Awards won by SKFH and its subsidiaries in 2019

Shin Kong Financial Holding

- Selected for the “CommonWealth CSR Award - Excellence Award for Top 50 Large Enterprises” by the “CommonWealth Magazine”
- Taiwan Corporate Sustainability Awards (TCSA) “TOP 50 Corporate Sustainability Award” and “Corporate Sustainability Report - Gold Award”, and “Best Performance of Specific Categories - Social Inclusion Award”
- SGS Award “CSR Annual Sustainable Elite”
- Ranked among the top 20% of all companies in the Corporate Governance Evaluation

Shin Kong Life Insurance

- Taiwan Corporate Sustainability Awards (TCSA) “Corporate Sustainability Award”, “Corporate Sustainability Report - Gold Award”, “Best Performance of Specific Categories - Social Inclusion Award”, and “Best Performance of Specific Categories - Creativity in Communication Award”
- SGS Award “CSR Annual Sustainable Elite”
- Asia Responsible Enterprise Awards “Social Empowerment”
- “Best Social Responsibility Award”, “Best Insurance Education Contribution Award”, “Best Channel Strategy Award”, “Best Professional Consultant Award”, “Best Insurance Achievement Award”, and “Best Regional Sales Office Award” in the Faith, Hope & Love Awards of Insurance
- Taiwan Finance Star “Best Social Service Award” and “Best Product Innovation Award”
- Excellence Award in the Office and Field Categories of the “Best Insurance Companies for Finance Graduates” in the Insurance Dragon and Phoenix Award
- Golden Torch Award “Innovation Design of the Year” and “Customer Satisfaction Award”
- Gold Summit Award “Top 10 Outstanding Enterprise of the Year”
- “Most Popular Brand Category” and “Best Product Category” in the National Brand Yushan Award with First Prize and Highest Honors for the “Men and Women’s Insurance Plan” and “LOHAS Winner Variable Annuity Insurance”
- Excellence Awards in the “Most Well-Known”, “Best Sales Representative”, and “Best Claim Services” categories and Outstanding Award in the “Most Recommended” category in the Insurance Quality Awards
- “Bronze Sponsorship Award” and “Bronze Promotion Award” in the Sports Activists Awards of the Sports Administration of the Ministry of Education
- “Third Place in Micro Insurance” in the Insurance Contest organized by the Financial Supervisory Commission
- Taiwan Insurance Excellent Performance Award “Public Welfare and Care Excellent Performance Award”, “Micro Insurance Promotion Excellent Performance Award”, “Policy Holder Service Project Planning Excellent Performance Award”, “Information Application Excellent Performance Award”, “Talent Development Excellent Performance Award”, and “Insurance Industry Salary Increase Excellent Benchmark Enterprise Award”

Shin Kong Bank

- Taiwan Corporate Sustainability Awards (TCSA) “Corporate Sustainability Award” and “Corporate Sustainability Report - Gold Award”



01 TCSA Ceremony

- 02 SKL won 2 highest prizes of the National Brand Yushan Award, and was received by President Tsai Ing-wen
- 03 AREA Ceremony
- 04 Faith, Hope & Love Awards of Insurance Ceremony
- 05 Insurance Quality Awards Ceremony
- 06 TCSA Ceremony
- 07 SKB won the outstanding work unit for "organizing AML and CTF operations" and "participation in the APG's third round of mutual evaluation"

MasterLink Securities

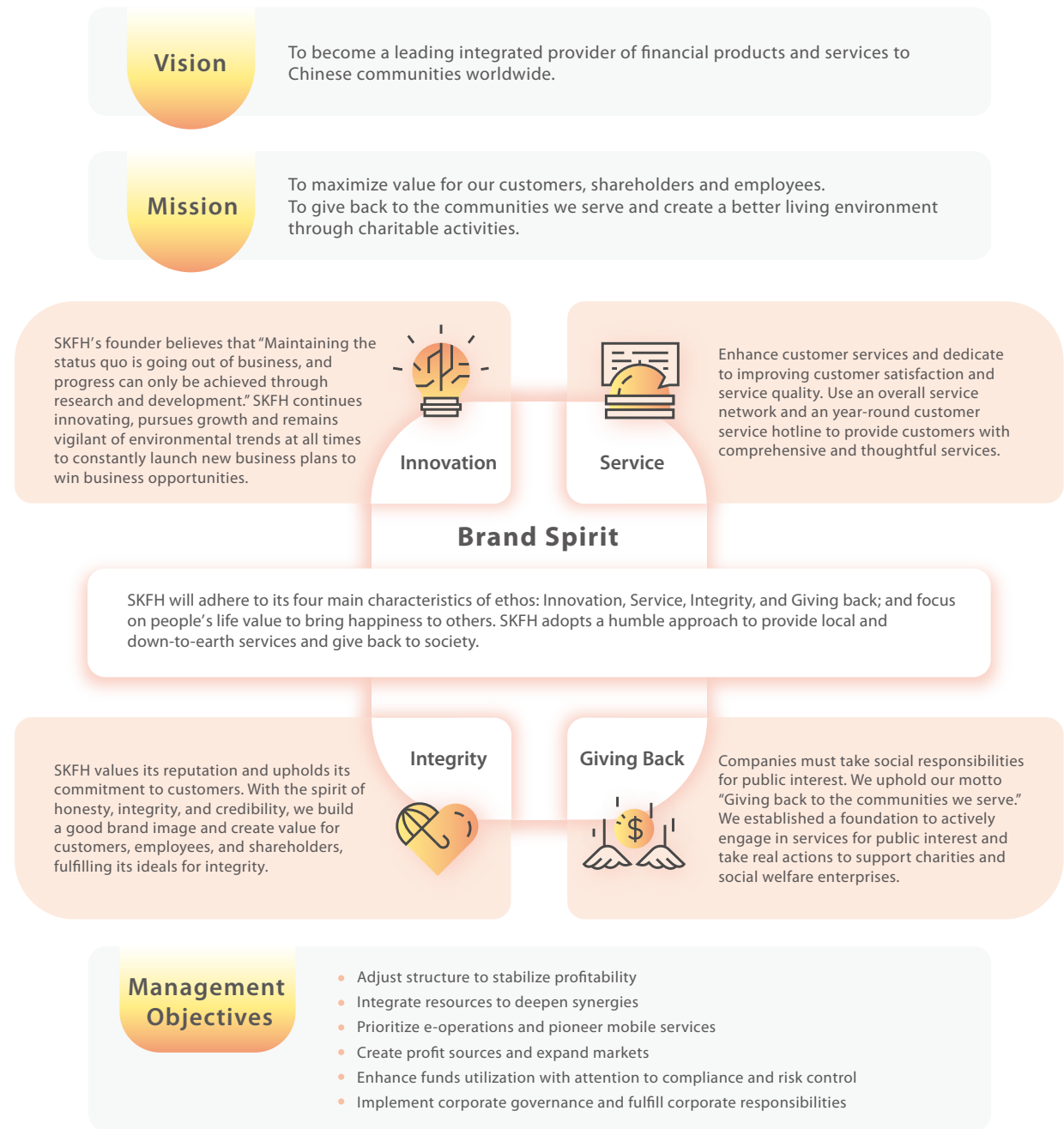
- “Best Financial Service Award” in the Excellent Bank Ratings of “Excellence Magazine”
  - “Wealth Magazine” Wealth Management Survey “Best Digital Finance Award”
  - Taiwan Financial Star “Best Wealth Management Team Award”
  - Third place in the “Top Service Award” organized by Next Media Magazine
  - Tencent Group WeChat Pay “Outstanding Service Award”
  - Golden Torch Award “Innovation Design of the Year”
  - Gold Summit Award “Top 10 Outstanding Enterprise”
  - Enhanced Financial Collection Service (eFCS) “Sales Proposal Service Award”, “Settlement Processing Business Promotion Award”, and “Service Application Technology Award”
  - Evaluated by the Financial Supervisory Commission Banking Bureau as an outstanding work unit for “organizing anti-money laundering and counter terrorism financing operations” and “participation in the APG’s third round of mutual evaluation”
  - Commonwealth Innovation Academy “Excellence Award of the Year” and “Learning Organization Award of the Year”
- Taiwan Corporate Sustainability Awards (TCSA) “Innovation and Growth Award”
  - PwC CSR Impact Award
  - “Business Today” Wealth Management Bank and Securities Evaluation team “Best Wealth Management Securities Firm Award” Excellence Award, first place in “Best Risk Management Award”, second place in “Best Customer Satisfaction”, second place in “Best Senior Friendliness Award”, and second place in “Best Sustainable Development Award”.
  - Top 15 Happiness Company in the “Investment and Wealth Management Category” in the 1111 Job Bank Services Industry Happiness Award
  - “2019 Sports Corporate Certification Award” of the Sports Administration of the Ministry of Education
  - Taiwan Stock Exchange Corporation Issuer and Securities Broker Transaction Reward Activity “Weight-of-Stock Excellence Award” and “Weight-of-Stock Growth Award”
  - CSR Chinese Gold Heritage Award “CSR Chinese Gold Corporate Heritage Award”
  - National Brand Yushan Award “Best Product”
  - Securities and Futures Golden Goblet Award “Outstanding Financial Innovation Award” Group Award
  - “Excellence Magazine” Outstanding Securities Evaluation “Best Digital Platform Experience Award” and “Best Corporate Social Responsibility Award” in the Financial Holding Company Category
  - Taiwan Stock Exchange Corporation “Economy Development IPO Market Value Award” third place and second place among underwriters in the “Marketable Securities Award”

Shin Kong Property Insurance Agency

- “Best Insurance Professionalism Award - Assistant Category” Excellence Award in the Faith, Hope & Love Awards of Insurance

2.1.2 About Shin Kong Financial Holding

Business Strategy



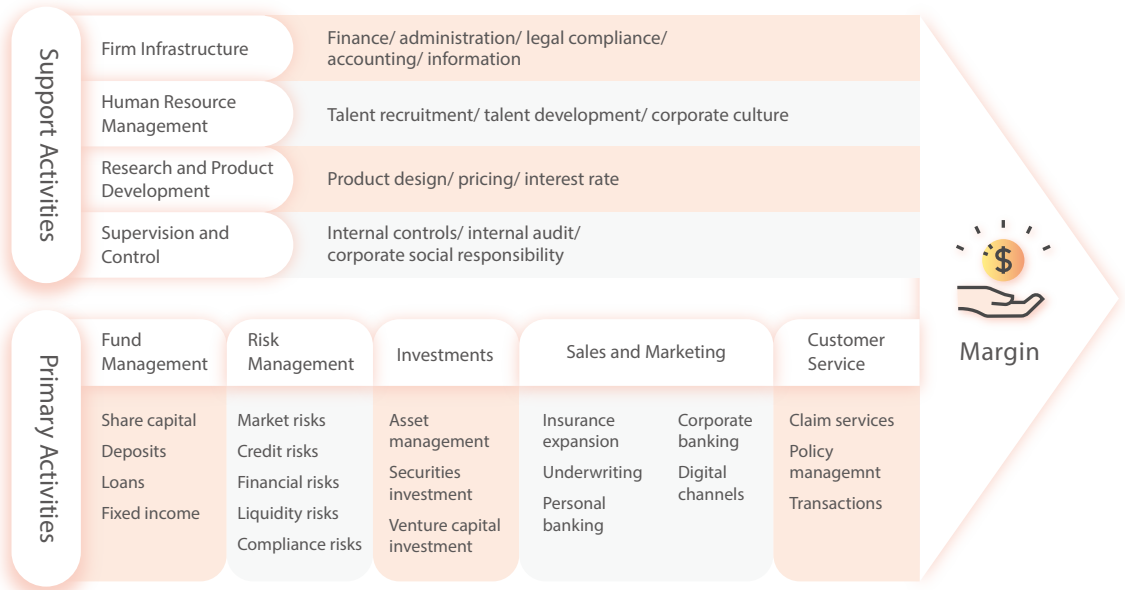
Service Network and Value Chain

Shin Kong Financial Holding Co., Ltd. was established on February 19, 2002, and it currently operates subsidiaries including Shin Kong Life Insurance (SKL), Shin Kong Bank (SKB), MasterLink Securities (MLS), Shin Kong Investment Trust (SKIT), Shin Kong Property Insurance Agency (SKPIA). The Group provides products and services including life insurance, banking, securities, mutual funds, and property insurance (broker) to more than six million customers to create a comprehensive financial service network.

Comprehensive Products and Services

Company	Comprehensive Products and Services
SKL	Savings insurance, life and health insurance, investment-oriented insurance, group insurance, etc.
SKB	Deposits, loans, foreign exchange, wealth management, trust, credit card, derivative financial products, digital financial services, etc.
MLS	Brokerage, underwriting, proprietary trading, fixed income, derivatives, wealth management, stock register & transfer, etc.
SKIT	Securities investment trust, discretionary investment, securities investment consulting, offshorefund sales, and futures trust
SKPIA	Vehicle insurance, fire insurance, marine insurance, and liability insurance

SKFH Value Chain



Overview of Domestic Business Locations

Company	SKL			SKB	MLS	SKIT	SKPIA
Service and Business Locations	Branch	Regional Sales Office and Branch Office	Service Center	Branch	Branch	Location	Company
Area with low population density <sup>(Note 1)</sup>	2	12	0	1	1	0	0
Offshore islands <sup>(Note 2)</sup>	1	2	0	0	0	0	0
Total locations in Taiwan	23	289	10	104	47	3	1

Note 1: Calculated in accordance with the area table of Taiwan Administrative divisions and population data at the end of January 2020. These areas include administrative regions in municipalities, counties, and cities with a population density of less than 100 persons/square kilometer including Hualien County and Taitung County.  
Note 2: Offshore islands refer to Kinmen County, Penghu County, and Lambai Island.  
Note 3: SKB opens a branch (New Jinhua Branch), merged 2 branches (North Chiayi mini-branch and Luzhu mini-branch), and closed a branch (Nankan Branch) in 2019.  
Note 4: SKL airport locations: Songshan International Airport, Taoyuan International Airport, Kaohsiung International Airport, Hualien Airport, Kinmen Airport, and Taichung Airport.



Stable and Robust Strategy for Expanding Overseas Markets

The trade war between the United States and China intensified in 2019 and impacted not only economic growth but also the momentum for international trade. SKFH maintained a conservative but robust strategy, and continued exchanges and interactions with financial groups in China, Japan, and Southeast Asia. In addition, we also intensified research in regional economic development, and flexibly use the business development energy generated by our three engines of offshore banking units (OBUs), offshore insurance units (OIUs), and offshore securities units (OSUs), which maintained profitability in offshore operations. We will also enhance the functions of overseas offices, and use research and business exchanges to deepen strategic alliances and cooperation with foreign institutions.

Overview of SKFH Overseas Deployment GRI: 102-04

SKL	SKL set up a representative office respectively in Beijing, Vietnam, and Myanmar in 2001, 2006, and 2015. SKL also holds a 25% stake in Dingcheng Insurance in Mainland China. It has adopted a stable and robust strategy to gradually expand the market.
SKB	SKB has set up a branch in Hong Kong to provide services to overseas Taiwanese businesses. It also set up a representative office respectively in Vietnam and Myanmar in 2007 and 2015, to promote the development of corporate finance and foreign exchange business.
MLS	MLS set up MasterLink Securities (Hong Kong) Corporation Limited in Hong Kong and set up three subsidiaries in Tianjin to provide suitable financial, wealth management, business consulting, and investment services to customers in China, Hong Kong, and Taiwan.
Shin Kong Venture Capital	Shin Kong Venture Capital invested in Shin Kong Leasing Corp. (Suzhou) as the basis for setting up SKB branches and subsidiaries in future Chinese market.

New Southbound Policy

SKFH has spared no efforts in promoting the New Southbound Policy. In addition to integrating the resources of the Group to jointly open up the ASEAN market in accordance with the overall strategy, SKL and SKB have established representative offices in Vietnam and Myanmar to engage in information collection, local networks development, and bilateral trade, which have achieved concrete results. Although the trade war between the United States and China may continue in 2020 and the aftermath of Brexit remains to be resolved, factors of change in the international community have gradually become the norm. As Taiwan's manufacturing supply chain gradually completes its transfer, the government's New Southbound Policy related to financial sector will likely be fully implemented. SKFH aims to use current OBU operations to expand OSU and OIU projects and steadily expand its operations in the financial market.




SKB actively develops quality business in Australia, Philippines, Vietnam, and India. As of the end of 2019, the balance of international syndicated loans amounted to US\$918 million, which was an increase of US\$105 million from 2018. In addition, SKB also organized the one-year US\$200 million international syndicated loan for VP Bank Finance Company Limited, which was contracted on November 29, 2019 and was highly praised by other domestic banks.

2.1.3 Financial Performance and Public Participation GRI: 102-07

SKFH upholds a stable business strategy. We achieved a consolidated net profit of NT\$16.630 billion with an EPS of NT\$1.34. The total asset amounted to NT\$3.98 trillion with an annual growth rate of 9.12%. The consolidated shareholders' equity amounted to NT\$195.297 billion, and the net value per share was NT\$15.42.

Please refer to "V. Operations Overview" in the SKFH 2019 Shareholders' Meeting Annual Report for the operating performance and asset portfolio of SKFH in 2019.

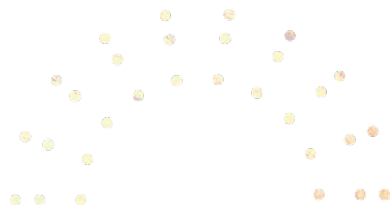
SKFH Economic Performance in the Past Three Years GRI: 201-01 Unit: NT\$ millions

Type	Item	Unit	2017	2018	2019
 Operation ability	Total assets	NT\$ millions	3,384,388	3,648,467	3,981,134
	Operating revenue (net revenue)	NT\$ millions	237,216	252,860	277,040
	Revenue per employee	NT\$ millions	15	15	17
	Profit per employee	NT\$ millions	0.70	0.64	1.01
 Profitability	Return on assets	%	0.34	0.30	0.44
	Return on shareholder's equity	%	7.70	6.97	9.79
	Earnings per share	NT\$	1.03	0.89	1.34
 Economic value	Operating costs	NT\$ millions	24,318	25,697	27,009
	Employee compensation and benefits	NT\$ millions	14,505	15,162	15,825
	Dividends for shareholders	NT\$ millions	2,046	3,679	2,445
	Payments made to the government	NT\$ millions	55	571	320
	Social Investment/donation	NT\$ millions	56	104	113
	Retained economic value	NT\$ millions	210,797	222,913	247,266
	Retained earnings	NT\$ millions	42,124	25,999	42,852
	Political funding	NT\$ millions	0	0	0

Note: For the total liabilities, please refer to the financial overview in the SKFH 2019 Shareholders' Meeting Annual Report.

Credit ratings

Rating Date: 2020.05.29



Taiwan Ratings

Company	National Long-term	National Short-term	Outlook
Shin Kong Financial Holding	twA+	twA-1	Negative
Shin Kong Life Insurance	twAA-	-	Negative
Shin Kong Bank	twAA-	twA-1+	Negative
MasterLink Securities	twA+	twA-1	Negative

Standard & Poor's

Company	Global Long-term	Global Short-term	Outlook
Shin Kong Life Insurance	BBB	-	Negative
Shin Kong Bank	BBB	A-2	Negative

Information Transparency

SKFH is committed to disclosing material information for stakeholders in a prompt, accurate, and fair manner. We will continue to uphold the principles of fairness, transparency, and promptness in the future to disclose financial and business information for the rights and benefits of stakeholders.

Spokesperson and Acting Spokesperson	SKFH has assigned a Spokesperson and an Acting Spokesperson in accordance with the “Corporate Governance Code of Practice for Financial Holding Companies” and “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”.
Analysts/investors' conferences and roadshows	We actively engage analysts, investors, and other individuals in the securities market by one-on-one meetings, investors' conferences, and roadshows.
Media	In addition to analysts/investors' conference and road shows, SKFH uses press releases, press conferences, media interviews, and other channels to make investors and the public learn about the latest development of the Company.
Website	We continue to maintain and update related information of the Company on the website for investors know the latest information of the Company.
Quiet period	To avoid selective disclosure, the Company enters a “quiet period” in the two weeks before earnings release. The Company's spokesperson will not actively meet or communicate with analysts, investors and the media.The spokesperson will also avoid discussing the profit and financial performance in the current quarter.
Stakeholders engagement	SKFH set up a “stakeholder engagement” section on the official website to understand the various issues considered by our stakeholders, and moreover to provide communication channels for them to exchange opinions and ideas with us.

Engagement with External Organizations

GRI: 102-13

SKFH and its subsidiary companies join different organizations in accordance with their business attributes to obtain related financial information in Taiwan and abroad. We also play different roles to contribute to different topics, provide related policy suggestions, and exchange ideas with professions in the industry.

To exert its public influence, SKL allocates a part of its revenue from insurance premiums to Taiwan Insurance Guaranty Fund to stabilize the insurance market and protect the rights and interests of customers. SKL also joined the Taiwan Institute for Sustainable Energy to promote sustainable development issues. The Chairman, President, and Senior Vice President of SKFH serve as the Directors of the Institute to jointly promote the transformation of Taiwan's low-carbon economy.

Engagement with Domestic and Foreign Organizations

Company	Engagement	Organization
SKFH	Permanent Membership	Taiwan Stock Affairs Association, Chinese National Association of Industry and Commerce, Bankers Association of Taipei, Cross-Strait CEO Summit, Taiwan Institute of Directors, Financial Planning Association of Taiwan, and Chinese Human Resource Management Association
	Strategic Membership	Taiwan Mergers & Acquisitions and Private Equity Council
SKL	Strategic Membership	Chinese Human Resource Management Association, Taipei Real Estate Marketing Agency Association, Chinese Insurance Service Association, Chinese Excellent Management Association, Overseas Emergency Assistance Association, LIMRA, LOMA, General Chamber of Commerce of the Republic of China, Taiwan CIO Association, Computer Society of the Republic of China, Information Management Association, Institute of Internal Auditors, R.O.C., Life Insurance Association of the Republic of China, International Association of Insurance Supervisors, Taiwan Financial Services Roundtable, Taiwan Insurance Institute, and Alliance for Sustainable Development Goals
	Participation in Projects or Committees	Insurance Anti-Fraud Institute
	Director, Council Member or Supervisor	Taiwan Institute for Sustainable Energy, Center for Corporate Sustainability, Life Insurance Management Institute, Taiwan-Japan Cultural and Economic Association, Chinese International Economic Cooperation Association, Taiwan Chamber of Commerce & Industry, Taiwan Committee of the Chinese East Asia Economic Association, Life Insurance Management Institute of the Republic of China, Chinese National Association of Industry and Commerce, Association of Industrial Relations, and General Assembly of Chinese Culture
	Other	International Insurance Society, Actuarial Institute of Chinese Taipei, Taiwan Association of Energy Service Companies, and Financial Ombudsman Institution
SKB	Permanent Membership	Trust Association of R.O.C., Financial Ombudsman Institution, National Credit Card Center, Central Deposit Insurance Corporation, Bankers Association of the Republic of China, Taiwan Securities Association, Factor Chain International, Financial Information Service Co., Ltd., Securities Investment Trust and Consulting Association of the R.O.C., FinTech Ecosystem Research and Development Association, Sinking Fund Established by Electronic Payment Institutions, Electronic Payment Committee of the Bankers Association of the Republic of China, Joint Credit Information Center, Overseas Credit Guarantee Fund, Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), Agricultural Credit Guarantee Fund, Chinese Human Resource Management Association, Financial Information Sharing and Analysis Center, and Institute of Internal Auditors Taiwan
	Supervisor or Consulting Director	Taiwan Mobile Payment Co., Ltd. and Taiwan Clearing House
	Participation in Projects or Committees	R.O.C. Bills Finance Association, Blockchain Research and Application Development Committee of Financial Information Service Co. Ltd., “Business Group” of the Certificate Policy Management Committee of the Bankers Association of the Republic of China, Open API Research and Application Development Committee, Chip IC Card Consumption Payment Deduction Business Promotion Team of the Bankers Association of the Republic of China, and “Anti-Money Laundering and Counter Terrorism Financing Continuous Promotion Work Team” of the Bankers Association of the Republic of China
MLS	Permanent Membership	Taiwan Securities Association, Chinese National Futures Association, Trust Association of R.O.C., Public Company Stock Affairs Association, Financial Ombudsman Institution, Taiwan Private Equity Association, Securities Analysts Association, Chinese Taipei, Securities Investment Trust and Consulting Association of the R.O.C., Cross-Strait CEO Summit, and China Credit Information Service, Ltd.
	Participation in Committees	Taiwan Securities Association, Chinese National Futures Association, R.O.C. Bills Finance Association, Chinese National Futures Association, and Securities Investment Trust and Consulting Association of the R.O.C.
SKIT	Permanent Membership	Chinese National Futures Association and Securities Analysts Association, Chinese Taipei
	Participation in Committees	Securities Investment Trust and Consulting Association of the R.O.C.
SKPIA	Permanent Member	Insurance Agency Association of the Republic of China, Chinese Insurance Service Association, and Financial Ombudsman Institution

Note: “Other” is defined as participation in projects, seminars, training in a foreign country, or a combination of the above.

2.1.4 Tax Governance

SKFH established the “Tax Governance Policy” in response to trends in international tax governance. The Policy specifies principles for processing taxes, responsible units and their duties, in order to fulfill the sustainable development goal for tax transparency. SKFH mainly operates in Taiwan; therefore the Company is subject to Taiwan Profit-seeking Enterprise Income Tax Rate. The effective tax rate in the past two years is as follows:

	2018	2019	Average
Effective tax rate (%)	5.0%	8.8%	7.2%
Cash tax rate (%)	5.2%	2.1%	3.4%

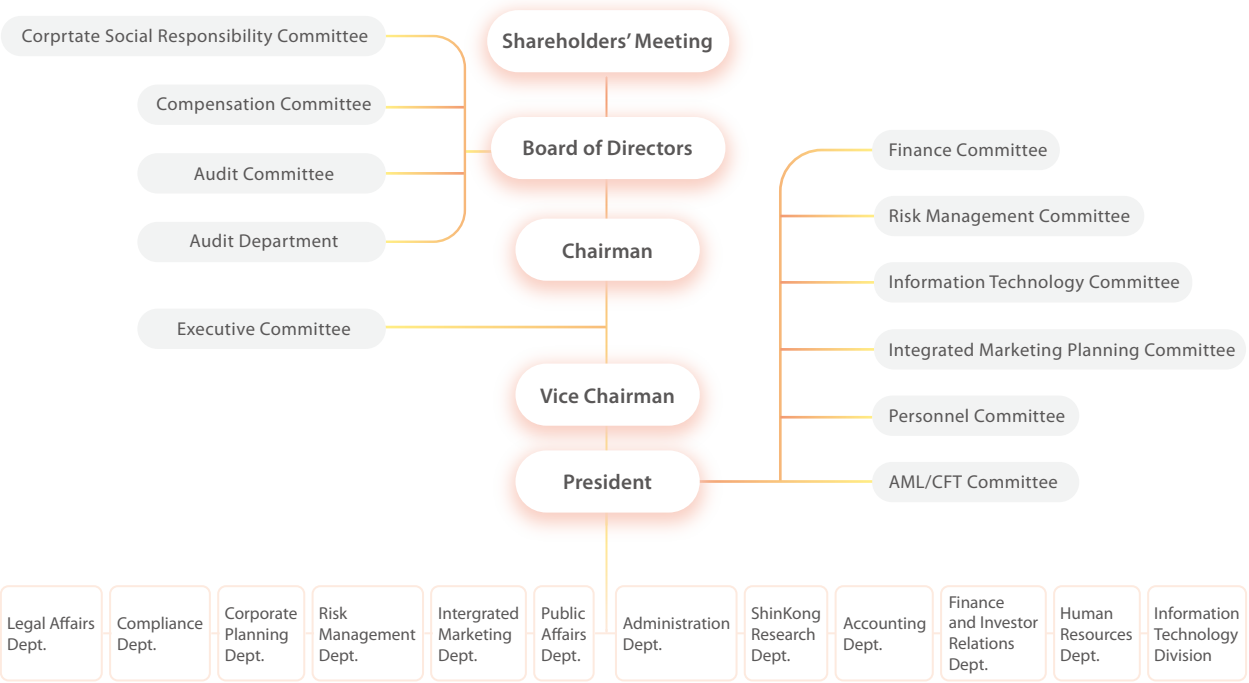
Note 1: The statutory Profit-seeking Enterprise Income Tax Rate in Taiwan is 20%. The tax payable is the higher of the “general income x20%” or “basic income x12%”.  
Note 2: SKFH's effective tax rate is relatively low mainly due to tax refund of prior years was received in both 2018 and 2019.

2.2 Corporate Governance GRI: 102-18

SKFH pays value the rights and interests of shareholders and stakeholders. We established the “Corporate Governance Best Practice Principles” and supervised its subsidiaries to ensure their compliance with the Corporate Governance Best Practice Principles established for their respective industries (life insurance, securities, banking, or investment trusts). With comprehensive and independent supervision functions, our professional management team and Board of Directors have established rigorous internal audit and internal control mechanisms, as well as transparent and prompt communication channels to construct a complete corporate governance system.

SKFH is now a constituent stock of the “Taiwan Corporate Governance 100 Index” and “FTSE4Good TIP Taiwan ESG Index”. We have been recognized as one of the top 20% companies in the “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange Corporation for six years. We although ranked among the top 5% in the Second Corporate Governance Evaluation. These results affirmed the performance of SKFH's corporate governance.

SKFH Organizational Chart



Note: SKFH established Digital, Data & Technology Department in April 2020.

2.2.1 Board of Directors GRI: 102-18

SKFH Board of Directors has 15 Directors including 3 Independent Directors. The average tenure of Directors is six years. A total of 13 meetings were convened in 2019 and the attendance rate of the Board of Directors was 92%. The Chairman of the Board does not serve concurrently in other roles in the management team.

Information of Board of Directors

Age	Male	Female	Director	Independent Director	Concurrent Role as Company Manager	Kinship
30 and under	0	0	0	0	0	0
Over 30 and under 50	1	1	2	0	1	1
50 and above	10	2	10	3	0	3
Total	11	3	12	3	1	4

Note 1: Male directors account for 73.3% of the Board of Directors while female directors account for 20%.  
Note 2: Ms. Hsueh-Fen Peng, former representative of the legal person Director Chin Hsien Investment Co., Ltd. resigned on May 1, 2019, and a new representative has not been assigned yet.

To ensure the Board of Directors’ diversity and its ability to both review and discuss economic, environmental, and social issues, the Directors are selected from talents with diverse professional backgrounds, foresight in international affairs, leadership skills, and different genders. Through the Directors' extensive experience in the finance industry and their management skills, we aim to improve the corporate operation system and protect investor interests.

For the experience, diversity, and independence of the Board of Directors, please refer to related information of “Board of Directors and functional committees” on SKFH's official website.

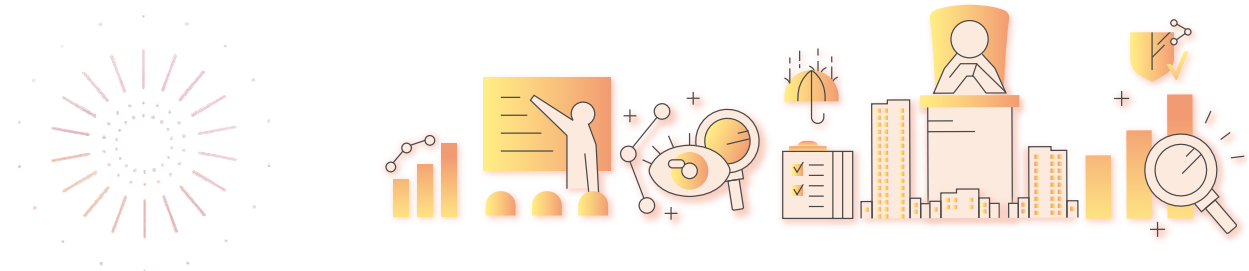
To effectively implement the system for avoidance of Directors' conflict of interest, we established the “Code of Ethics” and “Guideline for Ethical Corporate Management Best Practice Principles”. When a proposal at a given board meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, the concerned person shall state the importance of the interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person shall not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and shall not exercise voting rights as proxy for another Director.

The Board of Directors of SKFH supervises functional committees such as the Compensation Committee, Audit Committee, CSR Committee (refer to 1.2 Corporate Social Responsibility Committee), and the Auditor Department to improve corporate governance and sustainable operation.

2.2.2 Functional Committees GRI: 102-18

Audit Committee

SKFH Audit Committee consists of all Independent Directors who adopt their own profession and keep their independence to assist the Board of Directors in the supervision, exercise of powers granted in related laws and regulations, fulfillment of their responsibilities, and improvement of the corporate governance performance. 13 meetings of the Audit Committee were convened in 2019 and average attendance rate was 94.87%.







Compensation Committee

Independent Directors of SKFH serve as members of SKFH Compensation Committee. The main tasks of the Committee is to assist Board of Directors in the establishment and regularly reviews of the policies, systems, standards and structures of the performance evaluation and compensation of Directors and managerial officers. The Committee convenes at least 2 meetings annually.

Compensation Policy for Directors and the President



The Company's financial returns relevant for Directors and organizational performance

- The amount of compensation received by Directors shall be determined by the Board of Directors according to the contribution of the individual and extent of involvement in the Company's operations, taking into account the general compensation standards within the industry.
- Directors receive fixed monthly compensation and may receive lump-sum bonuses based on the Company's annual profitability, Standards for the Distribution of Annual Performance Bonus for Managerial Officers and Employees, and the results of performance evaluation of Directors. These measures effectively connect the compensation for the Directors to the performance of the organization and fully demonstrate the consistency in the goals of the Directors, managerial officers, and employees and sharing of profits.
- In addition to the compensation specified above, the Articles of Incorporation specifies that if the Company generates profit in the current year, the Board of Directors shall set aside no more than 1% of the profit as compensation for Directors.
- The Board of Directors shall set fixed compensation for Independent Directors who shall not participate in the Company's earnings distribution.



The Company's financial returns and relative financial metrics relevant for the President

- To connect financial performance to bonus, the annual bonus and long-term incentive bonus for the President are effectively connected to the Company's business performance. The balancing of long-term and short-term operation performance indicators such as shareholders' equity growth and net profit before/after tax would directly affect the annual performance bonus and long-term incentive bonus for the President; in addition, the completion rate of the Company's annual performance targets would also directly affect the annual bonus for the President; and the dividends growth and capital adequacy requirements would also decide whether the Company's long-term incentive bonus for the President can be unlocked and the distributable amount. The vesting performance period for the long-term incentive bonus is 3 years.
- With regard to setting annual performance targets for the Company's President, the Company has set up related financial metrics for the Company's revenue and profitability (e.g., business performance and capital adequacy requirements of its subsidiaries) and non-financial metrics related to corporate governance (e.g., talent cultivation and exchanges, resource integration effectiveness, digital finance and information security, internal controls, legal compliance, Corporate Governance Evaluation rankings, and key CSR projects). The business performance of subsidiaries directly includes their annual performance targets.
- If the President violates the terms of the employment contract or the Company's work rules, commits a gross negligence, or causes material financial losses to the Company and such action is verified by the Company, the Company has the right to cancel all or part of the long-term incentive bonus previously granted or request the return of long-term incentive bonuses already paid.

2.2.3 Audit Department G4 Sector-specific disclosures: F59

SKFH has established an audit system and an internal audit unit under the Board of Directors in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The unit maintains its independence in the performance of audits and provides recommendations for improvements at appropriate times to ensure the effective implementation of internal control system.

Summary of the Internal Audit Mechanisms and Achievements in 2019



Operations related to ESG topics such as digital finance (e-commerce and digitalization), anti-money laundering and anti-terrorist financing, personal data protection, financial consumer protection, and outsourced operations were included as key items in annual audits.



SKFH completed the annual audit plan in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and submitted the "2019 Internal Control System Statement" to the Board of Directors for disclosure on the Company's website and in the Shareholders' Meeting Annual Report.

2.3 Legal Compliance

SKFH understands the importance of compliance for the Company's stable operations. SKFH established the "Legal Compliance Policy", "Legal Compliance System", and "Legal Compliance Critical Incident Reporting Regulations". SKFH shall continue to implement operating activities in accordance with laws and regulations and collect information on the latest laws, regulations and penalties in the industry every day. We delivers legal information to units and subsidiaries instantly via email, and regularly organizes self-inspections for changes in laws, regulations and penalties in the industry to optimize the compliance procedures and critical incident reporting mechanisms for SKFH and its subsidiaries. To implement the legal compliance system, we convened a total of 12 legal compliance operation meetings of SKFH and subsidiaries in 2019, 2 compliance self-inspection, 1 education and training program for the Directors, Supervisors, and senior executives of SKFH and subsidiaries, 2 legal compliance educations for employees, and the annual legal compliance review meeting. The legal compliance implementation status is also reported to the Board of Directors and Audit Committee every six months. In 2019, SKFH considered the intensity of regulations in each industry and financial supervision, then revised the "Regulations for the Examination of Legal Compliance Operations of Subsidiaries" and adjusted the inspection items and weights. The contents include the implementation status of the legal compliance system and anti-money laundering and counter the financing of terrorist, which provide an in-depth evaluation of the effectiveness of the compliance of SKFH and its subsidiaries.

When a subsidiary plans to launch new products/services or applies to open a new business, and such products/services are deemed by the competent authority as critical changes for which approval is required, or when the business use specific or large amounts of funding, they must submit opinions stating that such products/services/business meet regulatory requirements and internal regulations, and affix their signature to take responsibilities to follow legal compliance principles.

2.3.1 Ethical Management GRI: 102-16, 205-01, 205-03, G4 Sector-specific disclosures: F54

SKFH has enacted regulations such as the "Corporate Governance Best Practice Principles", "Guideline for Ethical Corporate Management Best Practice Principles", "Code of Ethics", and "The Company's Internal and External Personnel Whistleblowing Procedure" and established ethics consultation channels to create an ethical corporate culture.

SKFH maintains a "zero tolerance" policy for unethical conduct such as bribery and corruption. We also recognize and comply with the "United Nations Convention against Corruption", World Economic Forum's "Partnering Against Corruption — Principles for Countering Bribery", "Business Principles for Countering Bribery" of the Transparency International and Social Accountability International, and "ICC Rules of Conduct and Recommendations to Combat Extortion and Bribery" of the International Chamber of Commerce. SKFH established the "Anti-Corruption Policy" in 2019 for compliance by all employees and all partners. There were no cases of bribery, or other forms of corruption in SKFH in 2019. SKL has imposed disciplinary measures (penalties amounting to withdrawal of registration, suspension of business solicitation, and employment termination) on 56 critical cases such as abuse of power and appropriation of insurance premiums.

"Guideline for Ethical Corporate Management Principles"	<ul style="list-style-type: none"><li>• SKFH supervises the establishment of Guideline for Ethical Corporate Management Best Practice Principles and compliance of subsidiaries and other companies or institutions directly or indirectly controlled by the Company.</li><li>• SKFH requires all employees to conduct business activities in accordance with the principles of fairness and integrity. They must strictly abide by related confidentiality regulations and they may not conduct insider trading. These measures ensure the establishment of a corporate culture of ethical corporate management.</li></ul>
"Code of Ethics"	The Code of Ethics was established to ensure that all Directors, Supervisors, managerial officers, and employees of SKFH and its subsidiaries comply with ethical principles in their conduct, and ensure that the stakeholders of the Company understands the Company's ethical standards. The Code of Ethics requires all stakeholders of the Company to strictly abide by related laws and regulations to implement ethical self-governance.
"Fair Dealing Principles Policy"	This Policy was established to ensure reasonable fairness, equality, mutual benefit, integrity, due care, and fiduciary duties for employees to pay attention to and protect the rights and interests of financial consumers.
"Stewardship Principles for Institutional Investors"	SKL, SKB, MLS, and SKIT have signed the "Stewardship Principles for Institutional Investors" and maintain engagement with stakeholders in accordance with the six principles therein. They also disclosed information on their stewardship performance and management of interest conflicts.
"The Company's Internal and External Personnel Whistleblowing Procedure"	SKFH established internal and external whistleblowing channels and encourage anyone who discovers crime, fraud, or violation of regulations by personnel of the Company to report through the following channels. SKFH also uses comprehensive whistleblower protection mechanisms to protect whistleblowers from threats or unfavorable punishment. Where an investigation shows material breaches or issues that may damage the Company, the unit that receive the report shall report the matter, processing method, follow-up review and improvement measures to the Board of Directors.

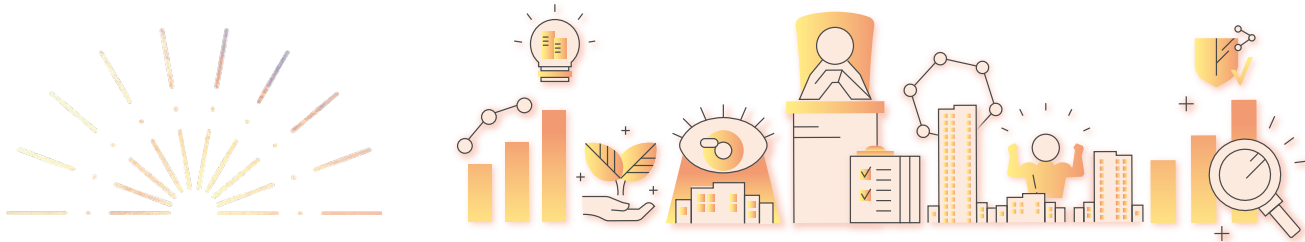
"The Company's Internal and External Personnel Whistleblowing Procedure"	Company	Internal and External Complaint/Whistleblowing Channels
	SKFH	Customer complaint mailbox: audit@skfh.com.tw Whistleblower mailbox • Independent Director representative: id@skfh.com.tw • Internal audit unit: audut@skfh.com.tw Employee communication mailbox: skfh-hr@skfh.com.tw Sexual harassment complaint: shinkong113@skfh.com.tw / (02)7725-3216
	SKL	skl1v0@skl.com.tw
	SKB	audit@skbank.com.tw
	MLS	whistleblower@masterlink.com.tw
	SKIT	Customer mailbox: service@mail.skit.com.tw Whistleblower mailbox: audit311@mail.skit.com.tw
	SKPIA	skxz0283@skl.com.tw
Ethics consultation	<ul style="list-style-type: none"><li>SKFH regularly provides information on the latest laws and trends to employees through emails, internal website, or training programs so that employees understand the latest regulations and amendments. SKFH also established databases and inquiry platforms for frequently-used regulations in business operations for all units.</li><li>Internal personnel can use the compliance communication meeting or manager meetings, or directly consult the Legal Compliance Office for counseling and recommendations regarding ethical and compliance issues.</li></ul>	

2.3.2 Anti-Money Laundering GRI: 205-02, G4 Sector-specific disclosures: FS2, FS3, FS4

SKFH revised the "Anti-Money Laundering and Countering the Financing of Terrorist Policy", "Anti-Money Laundering and Countering the Financing of Terrorist Evaluation Procedures", "Anti-Money Laundering and Countering the Financing of Terrorist Information Sharing Procedures", and "Notices for Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction" in 2019 to ensure that SKFH adopts consistent anti-money laundering/countering the financing of terrorist (AML/CFT) mechanisms to improve the effectiveness of AML. The regulations specify the risk appetite of the Company and the types of customers with which the Company refuses to build business relations. We provide subsidiaries with methods for evaluating common risks and suspicious transaction patterns between subsidiary companies that require enhanced monitoring. We also enhance the Company's mechanisms for sharing information and require subsidiaries to establish Notices for Anti-Money Laundering and Countering Financing Terrorist and related internal management systems in accordance with their own industries. SKFH is also required to organize regular comprehensive AML/CFT evaluation for subsidiaries to identify, evaluate, and effectively understand their AML/CFT risks, and adopt suitable improvement or prevention measures to fulfill requirements for customer due diligence investigations, monitoring of suspicious transactions, and improvement of internal AML awareness. Thereby we reduce the impact of money laundering on the economy and society. Our subsidiaries have completed the AML/CFT risk assessment procedures in 2019. To continue to help the senior managers understand the AML/CFT risks of SKFH and subsidiaries, SKFH established the "Anti-Money Laundering, Countering Financing Terrorist, and Countering Proliferation of Weapons of Mass Destruction Committee" in 2019, and enacted organizational regulations to integrate related risk management mechanisms. SKFH also established a corporate culture that pays close attention to AML, CFT, and countering the proliferation of weapons of mass destruction.

Establishment of dedicated units

SKL and SKB have set up dedicated units and the Chief Compliance Officer serves as the designated supervisor for AML/CFT operations. MLS, SKIT, and SKPIA also designated AML/CFT supervisors to take charge of AML/CFT coordination and supervision. They report the implementation status of AML/CFT to the Board of Directors. SKB established the "AML/CFT Committee" which included the President as the convener, designated AML/CFT supervisor as the deputy convener, and supervisors of business sectors as members. The Committee is responsible for the implementation of AML/CFT operations to ensure the effective management of AML/CFT risks.



Establish management mechanisms

SKFH and its subsidiaries revised the "Notices for Anti-Money Laundering and Countering Financing Terrorist" in accordance with laws and regulations in 2019. We reviewed current operating procedures and internal regulations in accordance with our business duties and organized education for laws and regulations. We introduced new requirements into related internal regulations and implemented supervision. We also complied with the requirements of competent authorities for the enactment or establishment of related policies and procedures.

Intensify anti-money laundering knowledge and skill

SKFH organized the "SKFH Education Program for Directors, Supervisors, and Senior Executives" in October 2019 to ensure the effectiveness of AML/CFT operations of SKFH and its subsidiaries, and enhance professional knowledge as well as to build an AML/CFT culture. The program was attended by 54 Directors and Supervisors.

SKFH and its subsidiaries organized 61 AML training sessions for management level and 24 sessions for regular employees in 2019. 100% of all senior managers, mid-level managers, and general employees have completed AML/CFT education and training. All employees have thus fulfilled and implemented AML/CFT mechanisms and established a corporate culture for ethical management.

2.3.3 Global Legal Compliance

SKFH complies with related regulations of the "Foreign Account Tax Compliance Act" (FATCA) and established the "FATCA Compliance Policy for Shin Kong Financial Holding Co., Ltd. and Subsidiaries". SKFH also appointed consultants to continue to guide subsidiaries in the implementation of FATCA related affairs.

In response to the implementation of the Common Reporting Standard (CRS) in 2019, SKFH has established the "Common Reporting and Due Diligence Review Operation Policy". SKFH has completed the establishment of related mechanisms and we are now implementing the second-stage due diligence procedures. SKFH convened a total of 11 work meetings in 2019 to ensure the subsidiaries' compliance with the aforementioned regulations reporting schedules.

2.3.4 Breaches and Improvement Measures GRI: 419-01

Company	Description of Breaches in 2019	Improvement Mechanisms after Breaches in 2019
SKL	Fined by the competent authority for discrepancies in insurance operations in 9 cases. The fines totaled NT\$8.4 million.	Enhanced employee education and training, revised the SOP, and established alert models. Improvements have been completed for the aforementioned incidents.
SKB	Fined by the FSC in 2 cases including inappropriate transfer of money between resigned employees and customers and discrepancies in AML operations. The fines totaled NT\$7 million.	Enhanced employee education and training. Implemented improvements for related management and control measures. Improvements have been completed for the aforementioned incidents.
MLS	Fined by the FSC in 4 cases including customer network IP management, notices from MasterLink Futures for settlement on behalf of customers, test records not retained in the functions of the order issuance system, and discrepancies in offsite account opening operations. The fines totaled NT\$960,000.	Enhanced employee education and training and strengthened review procedures. Improvements have been completed for the aforementioned incidents.

2.4 Risk Management GRI: 102-11

SKFH has established solid and efficient risk management mechanisms and established corresponding early warning mechanisms with the aim of keeping potential risks in business activities within a tolerable range and increase value for shareholders.

2.4.1 Risk Management Concept

SKFH mainly focuses on supervision, integration, and planning in its management over subsidiaries. In practical matters, SKFH implements various management mechanisms through the risk management units of SKFH and its subsidiaries.

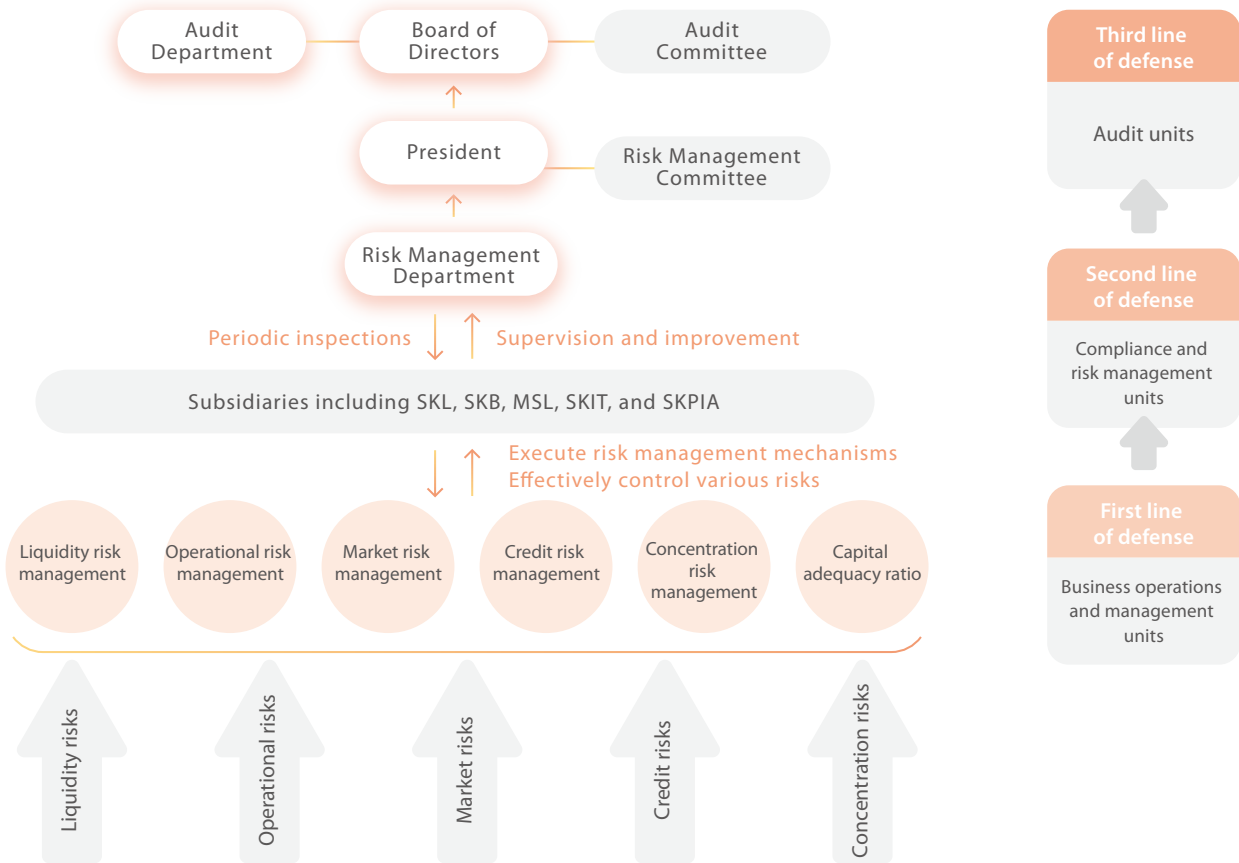


2.4.2 Risk Management Policy

SKFH has adopted strategic risk management concepts for evaluation and decision-making. In addition to compliance with related laws and regulations, we also established a comprehensive “Risk Management Policy”, “Risk Management Regulations”, and other integrated risk management rules. We aim to adopt a comprehensive risk management system, management organization, and control measures to keep the risks in operations within a tolerable range to protect assets of the Company and customers, increase value for shareholders, and maximize benefits for customers.

2.4.3 Risk Management Structure

To implement risk control and management operations, SKFH has established the Risk Management Committee and a dedicated department responsible for risk management for SKFH as a whole. In addition, it has also adopted three lines of defense in its internal controls to ensure the effectiveness of its risk management mechanisms for the entire financial group. The structure is as follows:



- Board of Directors: The Board of Directors is the ultimate decision-making unit and it is ultimately responsible for risk management operations.
- Audit Committee: The Audit Committee oversees the effectiveness of risk management for SKFH.
- Risk Management Committee: The Risk Management Committee convenes regular meetings every quarter and it is responsible for monitoring the risk exposure of SKFH, reviewing the results of risk management tasks, and forming an overall risk mitigation strategy for SKFH.
- Risk Management Department: The Risk Management Department was established to take charge of the compilation, analysis, and reports of risk management issues for SKFH. It also supervises the implementation of risk management mechanisms of subsidiaries. The subsidiaries execute risk management mechanisms based on the risks they face (market risk, credit risk, liquidity risk, and operational risk) to effectively control various risks.
- Risk management units of subsidiaries: The subsidiaries shall establish independent risk management units or staff based on the scale of their organization and industry regulations. The units or staff shall be responsible for related risk management operations and regularly report the risk indicators, compliance status, and procedures for processing violations.
- Business operation and management units of subsidiaries: These units face risks in routine operations within the scope of their functions and businesses. They are responsible for the first line of defense in risk identification and management. They design and execute effective internal control procedures based on the characteristics of the risks to include related business activities.

2.4.4 Risk Management Mechanisms G4 Sector-specific disclosures: FS2

To ensure that SKFH attains the goal of “optimization of risks and returns”, SKFH and subsidiary companies consider the capital adequacy requirements, related laws and regulations, and their businesses attributes, and established integrated or individual risk measurement tools for main risk factors (e.g., market risks, credit risks, liquidity risks, and operational risks). They also established related risk control regulations, risk limits, early warning mechanisms, and other related regulations.



Limit management

SKFH and its subsidiaries have established suitable limits on risks and losses in accordance with the characteristics of their business operations and risks. Examples include VaR Limit, expected loss, risk concentration limit to countries, regions, industries, company groups, and foreign exchange exposure risk limits, stop-loss order, and minimum capital adequacy ratio. We regularly evaluate risk exposure for various items to achieve an optimal balance of risks and returns while ensuring capital requirement is met.



Warning Mechanisms

The scope and key points for the measurement of risk indicators include the market risks, credit risks, liquidity risks, and legal risks faced by the companies. SKFH provides risk information at suitable times to provide the management level with references for making decisions. In addition to regular monitoring of changes in related indicators, SKFH also retains related verification traces for determining future risk trends and risk prevention.

In addition, SKFH implements and executes the following mechanisms to strengthen the communication of risk information and establish a culture for risk control:

1. Risk management reports

Employees submit routine or non-routine risk management reports to supervisors of various levels in accordance with the scope of their duties. We also compile summarized the "Overall Risk Assessment Reports" quarterly and report to senior executives and Board of Directors, in order to let them realize the risks we may encounter clearly, and the reports could become a reference for decision-making.

2. Education and training

To intensify the risk management abilities of employees of SKFH, we plan advanced risk management plans for professionals and senior managers to ensure that the risk management operations can be internalized in business procedures.

3. Performance evaluation

SKFH and its subsidiaries consider the maturity of their risk culture and risk measurement, business attributes, and actual requirements and implement a reward system after adjusting for risks. Past performance is used as the basis for evaluation and we reduced payment of bonuses for short-term incentives to ensure balance between risks and returns.

2.4.5 Emerging Risks

The Company's Identification and Response Procedures for Emerging Risks



SKFH has identified two major emerging risks among the intensifying challenges from across the globe. They include information security risks and climate change risks. The potential business impact and mitigating actions of these two major risks are as follows:

Emerging Risks	Potential Business Impact	Mitigation Actions
<div></div> <div>Information Security Risks</div>	<p>Information security incidents may impact the business system, suspend services, or even cause operation interruptions. They will also cause reputation or financial losses to the Company.</p> <p>Inappropriate system design or deficiency in privacy management may cause personal data protection to be increasingly difficult and complicated. They may also infringe customer privacy, cause loss of customer data, or cause other information security incidents involving information leaks. They may thus affect the interests of the Company's customers and cause the Company to face litigation, penalties, and interruption of operations.</p>	<ul style="list-style-type: none"><li>• Business units shall help identify key procedures in various business operations and the corresponding information system to evaluate the importance of business functions as well as the impact on finances, laws and regulations, and customers to evaluate risk factors.</li><li>• We then design and improve suitable software/hardware equipment resources in accordance with the risk ratings evaluated in accordance with the preceding paragraph and improve related operating procedures.</li><li>• Data backup mechanisms and remote backup mechanisms are established in the information system structure in accordance with risk ratings.</li><li>• We enhance various simulation tests and emergency response drills and reduce the risks of interruptions of system operations caused by unforeseen natural disasters or human negligence.</li><li>• We include information management into the corporate governance framework to encourage the management to establish a vision for corporate information security management and overall strategies.</li></ul>
<div></div> <div>Climate Change Risks</div>	<p>Catastrophic incidents may cause severe damages or interruption of operations to business locations and they may also cause exponential increases in the number of claims and significant increase in the amount of claims. They may even increase the number of days required to process claims and reduce customer satisfaction rate.</p>	<ul style="list-style-type: none"><li>• We established the "Operation Crisis Response Regulations" to require the Chairman of the Board to serve as the convener and convene response meetings in the event that a catastrophic incident causes material damage to the Company's finance or operations.</li><li>• When an extreme climate incident interrupts operations, we will implement response measures in accordance with business continuity plan.</li><li>• We shall establish an "incident response team" immediately following the occurrence of a disaster and actively provide the most immediate assistance to customers.</li></ul>







# Customer Services and Innovative Products

03



## Customer Services and Innovative Products

- 3.1 Digital and Innovative Finance
- 3.2 Legal Compliance of Products and Services
- 3.3 Comprehensive Service Mechanisms
- 3.4 Sustainable and Responsible Finance



### Key Performance





- ★ Responsible investment amounted to **NT\$214 billion**
- ★ Provided financing totaling NT\$3.975 billion to companies that fulfilled CSR or environmentally-friendly companies
- ★ Micro insurance cumulatively insured more than **79,000 people**, and cumulative insurance premium donations amounted to approximately NT\$17.28 million
- ★ Small-Amount Whole Life Insurance benefited 2,765 people, and the premium income reached NT\$54.9 million
- ★ Spillover-effect products benefited 5,274 people, and the premium income reached NT\$91.16 million
- ★ LIFE Lab. increased 7,467 potential customers, and created 20% sales conversion rate from Insurance Advisory Service. Also, its **new customers accounted for 41%**, and 85% sales covered by life insurance or health insurance products
- ★ 956 applications for the Youth Loan Program was approved and the actual loan amount was approximately **NT\$42.4 billion**



03

Customer Services and Innovative Products

SKFH operates a comprehensive range of financial services and provides one-stop financial and wealth management products and services including life insurance, banking, securities, funds, and property insurance that meet customer demand through its subsidiaries. We protect customer interests through regulatory compliance and proactive services. In response to the impact of Fintech, SKFH upholds its spirit for innovation and change and focus on improving customer experience as we continuously to explore opportunities for businesses and digital technology applications. We use automation and other new models, new processes, new products, and new services to satisfy customer demands.

Short-Term Strategic Development	Action Plan
 Use RPA human-machine collaboration to improve process	Use Robotic Process Automation (RPA) to optimize service processes, reduce manual operations, improve operation accuracy, and lower risks. For instance, use RPA to for smart anti-money laundering (AML) and reduce the manpower and time required for reviewing suspected money laundering cases.
 Use Open API for business expansion	Open the API framework and licensee customer data or services to third-party operators. Allow third-party partners to use financial data and services to jointly create financial services with superior user experience, increase income from service fees, and attract more customers. Examples: 1. SKB develops cross-industry cooperation and builds its own SK Link platform, which plans to provide services such as real-name verification and account authorization payment deduction. In the future, with user authorization, it will provide financial services (transaction data, transfer payments, risk ratings or underwriting, and claims) for partners to use. 2. SKL serves existing customers and develops potential customers through its official Line account. At the same time, it uses the Open API to develop APIs for products, underwriting, and claims.
 Continuous app optimization ensure a smooth customer experience	1. Prioritize the use of apps on mobile devices as the main channel for customer development and customer service. 2. Identify key customer journeys and pain points, go online to collect customer feedback, and quickly respond to customers through agile development.
 Continue to deepen AI and expand smart applications	1. Use big data to develop risk models (e.g., credit review, claims settlement, fraud prevention, etc.), marketing forecasting models, etc. to innovate business models and optimize customer experience. 2. Examples: Use AI to develop customer identity verification platforms, smart customer services, smart financial management, etc.



3.1 Digital and Innovative Finance

Faced with disruptive innovations caused by fintech trends and the transformation of financial consumption patterns, we promote process digitization and improved service efficiency. We use big data and artificial intelligence to optimize service processes, innovate customer experiences, and outline a sustainable future for business operations.

Shin Kong Financial Holding (SKFH)


SKFH promotes cross-subsidiary resource integration to improve synergy. We optimized a number of integration mechanisms in 2019:

SKFH points exchange system	1. Encourage subsidiaries to allow the conversion of existing credits, benefits, and bonuses into Shin Kong Bank credit card credits or to offset certain financial transaction fees. 2. Integrate the employee welfare mall, reduce system upgrade costs of subsidiaries' employee welfare shopping website, and increase employee satisfaction.
Customer relationship management (CRM) system	SKFH uses CRM systems to integrate customer data and analyzes overall customer attributes and behavior patterns across its subsidiaries to promote projects and campaigns. The data can help intensify cross-selling to customers of different subsidiaries and precision marketing, increase product penetration, and develop more marketing opportunities. These measures will improve cross-selling performance and increase the number of shared customers.

Shin Kong Life Insurance (SKL)

Being customer-oriented, SKL dedicates to designing various products and services. In response to the trend of digital finance, we are going forward to attain the goal of providing one-stop financial services. Our achievements in 2019 are as follows:


Strategy	Solution	2019 Achievements
Optimize customer experience in the member area	<ul style="list-style-type: none"><li>Added the "mobile phone account identity verification mechanism"</li><li>Added the "online password unlocking in member area"</li><li>Provided a more intuitive operation interface for the "Homepage Update" in the member area for customers' convenience.</li></ul>	<ul style="list-style-type: none"><li>Number of members: Approximately 509 thousand people.</li><li>Online transaction service: Applications from more than 380 thousand people.</li></ul>
Mobile experience and convenient life	<ul style="list-style-type: none"><li>"Shin Kong Life Insurance app" combines health examination and step-counting spillover insurance policies</li><li>Mobile version of authorized electronic funds transfer service</li><li>"Mobile ID identification service"</li></ul>	<ul style="list-style-type: none"><li>Shin Kong Life app: Approximately 141 thousand downloads.</li><li>Mobile authorized fund transfer service: Already used 45 thousand times.</li></ul>
Mobile commercial app innovative interaction services	<ul style="list-style-type: none"><li>Mobile app</li></ul>	<ul style="list-style-type: none"><li>Mobile visits, e-insurance and e-payment have been launched and are available for use. We plan to conduct trial operations for e-claims in the first quarter of 2020 and officially launch the application in the second quarter.</li></ul>
Smart customer services monitor customers' digital tracks	<ul style="list-style-type: none"><li>"Smart Contact Center"</li><li>"Shin's Smart Customer Service"</li></ul>	<ul style="list-style-type: none"><li>Telephone service for changing simple data: Provided services 81 thousand times (97.6% increase from 2018).</li><li>Smart reminder service: Provided services 13 thousand times.</li><li>Shin's Smart Customer Services: Provided services 123 thousand times (112.1% increase from 2018).</li></ul>
Data analysis and risk prediction models	<ul style="list-style-type: none"><li>Individual customer view</li><li>Underwriting risk model</li><li>Claims risk analysis system in "Anti-fraud model"</li><li>Quick claims advanced risk analysis system in "Quick loss model"</li></ul>	<ul style="list-style-type: none"><li>Individual customer view: Comprehensive depiction of customer attributes to provide customer value tags for customer marketing and customer services.</li><li>Underwriting risk model: Implement rapid reviews of low-risk cases to reduce manpower requirements in administrative procedures. Conduct sampling inspections for high-risk cases to achieve risk control.</li><li>Claims risk screening system</li><li>1. Anti-fraud model: Integrate relevant data for the claims system and use the data mining analysis technology to analyze the characteristics and trends of rejected claims, thereby improving the overall investigation performance and reducing claims losses.</li><li>2. Quick loss model: The goal is to quantify the risks of claims, improve the accuracy of case classification, and incorporate the automated claims system to effectively reduce the number of days required for processing cases.</li></ul>

Strategy	Solution	2019 Achievements
Official LINE Account — as your Pocket Service Center	<ul style="list-style-type: none"><li>Personalized insurance policy notices</li><li>Insurance policy inquiries</li><li>Dedicated service staff inquiry</li><li>Overview of policy loans</li><li>Simple contract changes</li><li>FamilyMart barcode payment</li><li>Credit card expiration date change</li><li>Business location inquiry and online ticketing</li></ul> 	<ul style="list-style-type: none"><li>More than 2.61 million friends. The number of friends accumulated in three weeks surpassed the number of friends of competitors in operations for four months.</li><li>The service has been used 210 thousand times.</li><li>Won the National Brand Yushan Award — Best Product Award</li><li>Won the following Digital Singularity Awards:<ul style="list-style-type: none"><li>— Best Digital Technology Application Award.</li><li>— Best User Experience (UX) Award.</li><li>— Best Customer Journey and Interface Design Award.</li></ul></li></ul>

Shin Kong Bank(SKB)

SKB actively promotes digital finance with innovative thinking and upholds the value proposition of “being part of life and be there for customers”. SKB invested NT\$52.24 million in 2019 and promoted multiple digital financial measures including:

Strategy	Solution	Contents	2019 Achievements
Prioritize mobile applications	Mobile payment	Use mobile devices to pay for services or products and make payments easier	<ul style="list-style-type: none"><li>Taiwan Pay HCE mobile credit card has accumulated 4,678 cards since its launch with approximately NT\$3 million in spending.</li><li>Taiwan Pay HCE mobile bank card has accumulated 14,496 cards since its launch with approximately NT\$886 million in spending.</li><li>Accumulated 34,468 cards for Google Pay since its launch with transactions amounting to approximately NT\$85 million.</li><li>Accumulated 106,094 cards for Apple Pay since its launch with transactions amounting to approximately NT\$626 million.</li><li>Accumulated 52,421 LINE Pay iPass accounts after launching account connection with a stored value of approximately NT\$3.06 billion.</li><li>Accumulated 16,006 JKOPAY accounts after launching account connection with a stored consumption value of approximately NT\$630 million.</li><li>Opened Gama Pay account connection and accumulated 1,578 accounts after the launch with a stored consumption value of approximately NT\$480 thousand.</li><li>Opened iCash account connection and accumulated 1,129 accounts after the launch with a stored consumption value of approximately NT\$640 thousand.</li></ul>
	Mobile banking app	Enhance user experience in mobile banking to meet customer demand for financial services anytime, anywhere	<ul style="list-style-type: none"><li>The number of mobile banking customer applications exceeded 470 thousand.</li><li>Added functions to support biometric quick login, scan code payment, and mobile tax payment.</li><li>Launched accessible app services.</li></ul>
	Internet banking	Features include responsive web pages, multi-browser support, graphic financial analyses, and an intuitive trading interface	<ul style="list-style-type: none"><li>Number of online banking customers exceeded 810 thousand.</li><li>Number of active digital users increased by 26% from the previous year.</li><li>Digital and automatic transactions accounted for 77% of all transactions.</li></ul>
Digital Ecosphere	Global e-Banking	Corporate customers' cross-region online banking services feature diversified payment methods, customized authorization control, and integrated real-time account information	<ul style="list-style-type: none"><li>More than 15,000 customers applied.</li><li>Local transactions amounted to NT\$1,617.3 billion.</li><li>Added support for multiple browsers and operating platforms.</li></ul>
	Cloud service counter	A 24/7 online service counter that provides online applications for digital account opening, loans, credit cards, and other wealth management services	<ul style="list-style-type: none"><li>Provided services more than 88,000 times.</li><li>Launched online credit card payment services for various public utilities.</li></ul>
	Interactive electronic statements	Integrated billing information, notifications regarding consumer interests, and a wide variety of offers and other information	<ul style="list-style-type: none"><li>Electronic statements adoption rate is as high as 85%.</li></ul>

Strategy	Solution	Contents	2019 Achievements
Digital Ecosphere	Cardless withdrawal service	Provide more convenient withdrawal services and reduce the inconvenience of carrying a physical bank card	<ul style="list-style-type: none"><li>Used approximately 15 thousand times.</li></ul>
	Diverse payment services	Connected with gas distributors to introduce diverse payment services	<ul style="list-style-type: none"><li>Integrated electronic payment operators to develop gas payment; as of the end of 2019, the gas payment of 18 operators can be paid by LINE Pay iPass and JKOPAY.</li></ul>
	eACH payment collection service	Use the Global e-Banking network to initiate 24/7 operations for real-time payments by batch, so that the transaction time is no longer limited by individual batches and helps bring great convenience to customers and en-terprises	<ul style="list-style-type: none"><li>Transactions amounted to NT\$260 million.</li></ul>
	Diverse digital marketing	Continuously provide general digital services through cross-industry collaboration	<ul style="list-style-type: none"><li>friDay music free music experience.</li><li>Lugang Mazu Temple online lamp-lighting and Taisui pacification services.</li><li>Sky Films free movie viewing.</li><li>Clarins exclusive maintenance gift.</li><li>Aurora Communication exclusive offers.</li><li>Shopee birthday exclusive gift money.</li><li>Shin Kong LOHAS Network coupons.</li><li>UUPON new account bonus points.</li><li>Exclusive Brown-style USB drive.</li><li>Global Views Monthly subscription gift.</li><li>Louisa Coffee, KFC, and Pizza Hut coupons.</li></ul>
Digital consumer group management	Community management	“Shin Kong Bank Facebook Fan Page” provides customers with better services with a convenient communication channel	<ul style="list-style-type: none"><li>Number of fans exceeded 104 thousand people.</li><li>More than 2,559 posts and discussions on the Internet.</li></ul>
Branch digitalization	New Taiwan Dollar currency exchange machine	Provide passengers with automated services so that they can convert foreign currency cash to NTD cash, convert NTD to foreign currency cash, and use an NTD ATM/debit card to withdraw foreign currencies	<ul style="list-style-type: none"><li>Operation officially began in January and 3 machines were installed as of the end of the year to provide passengers with 24- hour automated services. The machines accumulated more than 2,800 exchange transactions.</li></ul>
Innovative technologies	Account Link	Shin Kong Bank worked with Taiwan Clearing House and FamilyMart to launch the innovative “Account Link” service developed by the Bank. The service allows people to complete automatic account deduction or various identity verification application services at any time without limitations in equipment and time	<div>Consumers can present the QR code issued by the operator and insert the IC bankcard or citizen digital certificate in the FamiPort machine in FamilyMart for account opening, household registration transcript application, certificate replacement, and various payment services.</div> 

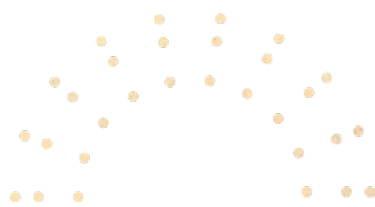
MasterLink Securities(MLS)

MLS adopts “digital and innovative experience” as its motto and pays particular attention to the investor’s digital service experience. It hopes the personal experience can help investors truly experience the new digital services made possible by Fintech.

Strategy	Solution	Contents	2019 Achievements
Prioritize mobile applications	Cloud-based stock selections	Cloud-based stock selections with more groups and product settings that can be synchronized with other trading systems.	It was launched in May 2019 and it greatly improved the convenience of customers to check trading conditions. The mobile transaction market share increased to 1.26%.



Strategy	Solution	Contents	2019 Achievements
Prioritize mobile applications	Cloud-based trade orders	Established the “cloud-based criteria forms” to meet mobile transaction business development and competition trends and requirements for the new continuous trading system.	It was launched in June 2019 to help customers respond to market trends and set criteria for automatic trading. It helps customers master timing for trading and increases turnover.
	Trust platform foreign stock trading	Added foreign stock trading services to the wealth management trust platform to provide diverse asset allocations.	It was launched in December 2019. It has a comprehensive range of products and it is the only securities firm in Taiwan that provides a full range of trust products including foreign stocks, domestic and foreign funds, bonds, structured notes (SN3), fixed income commodities (RP/PFN), time deposits, and other diverse asset allocations.
	Stock market simulator APP	In response to the launch of the new continuous transaction system in 2020, MasterLink Securities added the “MasterLink Simulation app” on the mobile platform to allow customers to learn about the new trading system on mobile devices in advance.	<ul style="list-style-type: none"><li>It was launched in September 2019 and is one of the first five securities firms in Taiwan to provide a market simulator app.</li><li>Provided comprehensive APP, AP, and web page simulation platforms to expand investor participation.</li></ul>
Consumer group management	Petty bourgeoisie	Continue to promote the concept of small investment to attract young customers to set up stock savings plans through MasterLink's small-scale equity wealth management platform	<ul style="list-style-type: none"><li>Transactions amounted to approximately NT\$1.09 billion in 2019</li><li>The small-scale equity wealth management platform received the “Innovative Growth Award” in the 12th Taiwan Corporate Sustainability Awards (TCSA) held by the Taiwan Institute for Sustainable Energy in 2019.</li></ul>
	Major accounts and VIP accounts	Provide customized trading platforms for major and VIP customer groups to satisfy their transaction requirements.	Transactions amounted to approximately NT\$94 billion in 2019
	Independent wealth management customers	Smart wealth management uses AI wealth management algorithms to achieve one-on-one personalized asset allocation to attract independent smart wealth management customer groups.	The trial version has been launched inter-nally in October 2019
Digital financial services	Shin Kong Bank identity authentication account opening	Include Shin Kong Bank customers in the online account opening app to use Shin Kong Bank accounts for identity authentication and authorized settlement services.	It was launched in November 2019 and it integrated SKFH resources to make customer account opening more convenient, thereby expanding the customer base for joint operations.
	TDCC digital services	Add new public offering and other TDCC real-time online services	It was launched in April 2019 to provide comprehensive services and increase convenience for customers.
	Electronic statements	Provide complete electronic statements on PC and mobile devices for ease of access for customers.	The effects of previous marketing activities continued and the adoption rate of electronic statements increased to 56.77%
	Smart mobile stock selection	Use Fintech to improve the convenience and accuracy of stock selection and increase chances of making profit for customers.	<ul style="list-style-type: none"><li>Won the “Best Product Award” in the 16th National Brand Yushan Award</li><li>Won the “Outstanding Financial Innovation Award” in the 15th Securities and Futures Golden Goblet Award</li></ul>



3.2 Legal Compliance of Products and Services

GRI:417-01, G4Sector-specific disclosures:FS15

Before SKFH's subsidiaries officially launch new products or services for sales or application, related information of all financial products are fully and truthfully disclosed in accordance with laws, related regulations of industry associations, internal regulations, and rigorous evaluation procedures. Information is provided in business locations, websites, public statements, and product specifications. If the contents involve interest rates, fees, returns, and risks, they are expressed in more balanced, easy-to-understand, and prominent ways to ensure customers understand product characteristics, risks, and their guaranteed rights.

We require all SKFH employees to be ethical, legal, honest, and professional. The work rules are placed in the internal document management system for employees to review at any time. Amendments are announced in documents sent to all employees.

When subsidiaries conduct cross-selling, the business personnel and the Company must obtain relevant qualifications and strictly abide by the “Business Marketing Regulations” and “Administrative Measures for cross-selling between Subsidiaries”. The compliance status of the regulations shall be included in the performance evaluation items of top management to protect the rights of the Company and all stakeholders.

3.3 Comprehensive Service Mechanisms

3.3.1 Comprehensive Services and Complaint Mechanisms

SKFH upholds the service values of “customer first and sincere services” . We responded to BANK 3.0 and digital payment trends in 2019 and introduced diversified and innovative services. In addition, we have also established comprehensive complaint mechanisms and channels to properly address and respond to customer demand. We also adopted a positive and considerate service attitude to respond to and resolve customer questions.

Shin Kong Life Insurance (SKL)

SKL actively listens to voice of customers and conducts Net Promoter Score (NPS) and customer satisfaction surveys to convert customer feedback into important references for deciding future improvement action.

SKL Customer Satisfaction

Customer Satisfaction	2016	2017	2018	2019
Percentage of satisfied customers	83.7%	85.3%	87.4%	88.8%

Note : Percentage of very satisfied and satisfied customers out of total number of customers responding to the survey

Important customer service items in 2019 included:

1. Complete insurance customer consultation channels

SKL has a “0800 Customer Contact Center” that listens and responds quickly to customer needs. In 2019, approximately 401 thousand customers were served by customer service specialists which was 10.5% higher than the previous year. The inquiries were mostly about insurance policy administration (conservation, premiums, and contract consultation). In addition, in order to accurately measure the customer's evaluation of the company's service, SKL conducts regular customer satisfaction surveys. In 2019, the satisfaction rate in the customer satisfaction survey was 88.8%, which was 1.6% higher than the previous year.

2. Actively responds to policyholders' opinions

SKL has set up a complaint mailbox skl080@skl.com.tw. After receiving a complaint from a policyholder, the complaint will be immediately identified and handled by the dedicated department which also actively tracks and rapidly responds to the policyholder. With effective controls and responses, SKL evaluated the weight of complaints and provided ranking for each score. They have shown significant improvements and progress and concrete results have been achieved.

The Review Ratio and Average Number of Processing Days for Claims and Non-Claims in the Past Three Years

Year	2017		2018		2019	
Analysis item	Claims	Non-claims	Claims	Non-claims	Claims	Non-claims
Review ratio	0.024	0.033	0.016	0.035	0.025	0.035
Average number of processing days	1.08		1.00		1.00	

Note 1: Number of complaints = Individual life insurance appeals + group insurance complaints  
Note 2: Total number of signed policies = total number of individual life insurance contracts + total number of group insurance contracts  
Note 3: Complaint rate = (number of complaints / Total number of policies signed) \* 10,000  
Note 4: Established a consumer dispute settlement system in accordance with the Financial Supervisory Commission Jin-Guan-Fa-Zi No. 1040054727 letter dated May 25, 2015

Shin Kong Bank (SKB)

SKB values customer opinions and has adopted Nielsen's customer satisfaction survey methodology to conduct sampling surveys of the satisfaction customers aged 20 to 55 who have logged into the online banking and mobile banking system in the past year. In addition, it also actively assists customers in dealing with related disputes derived from business or services. Customers can submit opinions through multiple channels and the dedicated personnel will process the complaint immediately after it is received. The dedicated personnel will also actively follow up on the case to close the case to the customer's satisfaction and provide comprehensive services.

1. Thoughtful service experience

To improve customer service experience, SKB organized the "Thoughtful Service" courses and "Service Expert " selection campaign with the aim of improving the professional skills and service quality of front-line service personnel and providing better and more thoughtful services to each customer.

2. Comprehensive complaint mechanisms

SKB attaches great importance to customer complaints and provides diverse complaint channels (including customer services, branch units, and competent authorities, etc.). After receiving a complaint, the Bank immediately processes or investigates the case and calls the customer within one business day. It also actively responds to improvement requirements and closes cases within a specified period. The Bank later reviews complaints and analyzes statistics on complaints and regularly reports to the senior management. There were 241 complaints from customers of SKB in 2019 which was a decrease of 126 complaints from the previous year. All complaints have been adequately processed to the customer's satisfaction. In the future, we will continue to strengthen various operations and service measures to provide customers with better services.



Shin Kong Bank 2019 Service Expert

Shin Kong Bank organized the 7th "Best Service Expert" selection campaign in 2019. 45,731 customers elected 104 branch representatives, and department managers of the head office selected 30 outstanding representatives. With the participation of 12,162 Shin Kong fanpage likes, 3,430 posts, 3,302 shares, and the final interview with the Vice President, the top ten best Service Experts were elected by votes.

In order to thank the Best Service Experts for their contributions, the Bank invited their families to participate in the event and share the glorious moment together. In addition, they also put on a skit to show how they provided thoughtful services to share their service experience with other employees. The Bank aims to recreate their thoughtful reputation in the service industry.



★ Reversing customer stereotypes with unwavering passion

From the first day she entered Shin Kong, Shu-Min has told herself that "Service is my duty, and the smile of a customer is the best feedback." Mr. Wang has left the most lasting impression on her among the clients she has served.

When Mr. Wang entered the Branch in a wheelchair that day, he was shouting angrily and wanted to exchange foreign currency. Shu-Min saw what happened and immediately asked if she could be of service. However, Mr. Wang was still dissatisfied and said: "Are banking services so bad these days?" Shu-Min was not frightened by Mr. Wang's tone and gently asked him what he needed. With Shu-Min's help, Mr. Wang gradually calmed down.

It turned out that Mr. Wang had previously tried to convert foreign currency into NTD at another bank. He waited for an hour but nobody provided services and could not exchange currencies after business hours ended. The experience caused Mr. Wang to have an extremely negative impression on banks.

"Don't worry, Mr. Wang. I'll help you exchange your foreign currency."

Shu-Min guided Mr. Wang to the foreign currency exchange machine at the digital branch and he successfully completed the transaction. Mr. Wang was fascinated by the convenient functions of the NTD currency exchange machine. Shu-Min explained to him that there are other high-tech facilities in Guanqian Branch. Mr. Wang's interest grew and he tried the Pepper reception robot, remote wealth management video services, and the 3D printer. Before leaving the branch, Mr. Wang, satisfied, told Shu-Min: "Thank you, Ms. Chou, for letting me experience such advanced equipment and your thoughtful services. I will return to help you with your sales performance! Mr. Wang became a loyal customer of the Bank from then on.

Shu-Min remains convinced that we must always focus on the customers and carefully address their needs. Fintech has seen remarkable growth and services must also continue to improve. Shu-Min has always focused on treating customers with thoughtfulness and satisfying their needs. As long as employees continue to uphold Shin Kong's dedication to heart-felt services and focus on customers, they would treat SKB as their preferred bank and help us create new value in the field of finance.

Shu-Min Chou, Guanqian Mini Branch



MasterLink Securities (MLS)

MLS has developed comprehensive complaint mechanisms to quickly obtain customer recommendations and feedback and respond to customer recommendations.

Smooth complaint channels

Customers can contact the Customer Service Center through two channels including the free customer service hotline 0800-088-148 and the customer service mailbox service@masterlink.com.tw to respond recommendations and issues. In addition, customers can also communicate opinions and complaints through branches and the head office. When the front-line receives a customer complaint, he/she must first calm the customer, quickly obtain information of the customer complaint and then actively providing assistance to resolve the issue. If the customer is satisfied with the results of the procedures, the case may be closed. If the front-line cannot resolve the customer complaint, he/she shall fill out the “Customer Complaint Notice” and report to the supervisors of related units to control customer complaint progress and resolve customer issues. In addition, confidentiality measures are implemented on customer data to protect the rights and interests of customers.

Customer satisfaction survey

The 0800 toll-free hotline completed more than 60,000 calls in 2019 and obtained information on the service satisfaction rate of customers for the calls. 85.7% of customers expressed the highest level of customer satisfaction rating — very satisfied.

MLS Customer Satisfaction

Customer Satisfaction	2016	2017	2018	2019
Percentage of satisfied customers	88.93%	92.56%	91.96%	91.74%

Note : Percentage of very satisfied and satisfied customers out of total number of customers responding to the survey

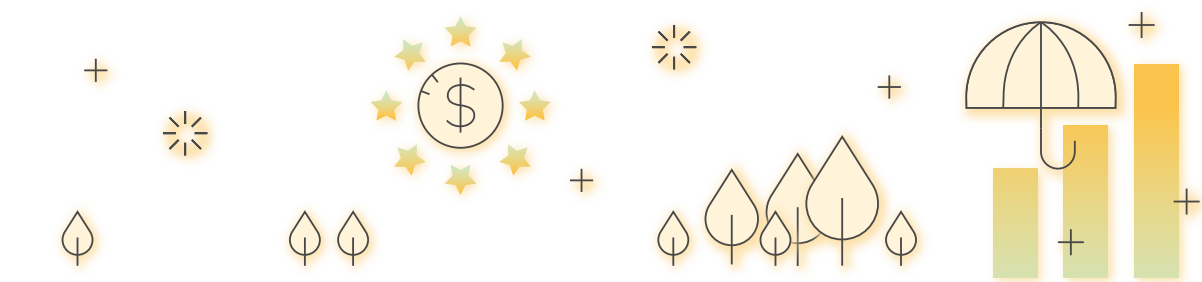
Shin Kong Investment Trust (SKIT)

SKIT prioritizes the resolution of customer complaints face-to-face. It collects the customer complaint process, processing procedures, post-event follow-up and prevention plans, etc. to analyze the overall status of the facts and provide detailed records for use as future education and training materials. SKIT continuously improves customer satisfaction through the three major methods including monthly experience sharing of customer service staff, meticulous improvement of operation processes, and education and training with customer complaint cases.

SKIT began implementing customer satisfaction surveys on December 1, 2019. Customers are very satisfied with the business environment, service staff etiquette, and their professionalism. With careful management, SKIT did not have any financial consumer dispute in 2019.



Shin Kong Property Insurance Agency (SKPIA)



SKPIA will strengthen the quality control of sales representatives, plan education and training courses for automobile insurance and car accident claims, and complete the 30-hour training required by the law to ensure that consumers receive consistent information and avoid the dissatisfaction of customers.





3.3.2 Financial Inclusion G4 Sector-specific disclosures: F57, F514, F516

To jointly achieve the goal of financial inclusion and respond to SDGs 1.4 and 8.10 for ensuring that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to new technology and financial services, and providing access to banking, insurance and financial services for all, SKFH planned a series of friendly financial service and products based on the advantages of professional practice of its subsidiaries to ensure that all social groups fully enjoy basic, equal, reasonable, and convenient financial services, and promote the well-being of the general public.

Target	Item		Contents	2019 Achievements
 Middle- or low-income households	Inclusive insurance schemes	Micro insurance	SKL have launched micro-insurance for the implementation of social policies since 2010 to take care of the economically disadvantaged. We provide products with “basic insurance amount, low premiums, as well as simple and easy-to-understand coverage” . Since 2014, we have provided micro insurance to the economically disadvantaged through premium sponsorship to help build a social safety net.	<ul style="list-style-type: none"><li>In 2019, the scheme benefited 25,095 people and donations in the form of insurance premiums amounted to NT\$4.99 million. Since the launch of micro insurance policies, we have sponsored approximately 50 social welfare organizations, county and city governments, farmers' associations, and non-profit organizations. Total donations from insurance premiums amounted to NT\$17.28 million for more than 80,000 beneficiaries.</li><li>In 2019, the housing subsidy project assisted 81 families in solving their housing problems.</li></ul>
	Micro finance and wealth management services	SKB residential subsidies	<p>SKB cooperated with the government in the “Housing Subsidies Project” to assist families with low or medium income, those with self-purchased homes purchased in the past 2 years, or those who applied for loans reduce the burden of interest expenses.</p> <p>Established the “Housing Renovation Loan Interest Subsidies” project to help families with only one old house improve their residential environment and improve their living quality.</p>	
 Persons considered “uninsurable,” e.g. seniors / people with disabilities	Inclusive insurance schemes	SKL Small-Amount Whole Life Insurance	In response to the increase of basic life insurance for all elderly citizens in an aging society, SKL provides the “Small-Amount Whole Life Insurance” with “low premiums and lifetime coverage” . Underwriting procedures for the product are simple, and medical examination is not generally necessary. It provides a better option for the elderly or people having issues with their physical conditions.	<ul style="list-style-type: none"><li>We underwritten 2,765 cases of Small-Amount Whole Life Insurance and received NT\$54.9 million in premium income. As of the end of 2019, 13,911 people have benefited from the Small-Amount Whole Life Insurance, of which 12,964 were middle-aged and senior citizens over 45 years old.</li></ul>
		Retirement planning schemes	To meet the retirement needs, SKL provides insurance schemes for retirement, long-term care, medical care, and major injuries.	
	Friendly financial services	SKB Protection Project Trust	SKB manages trust property in an agreed manner, so that persons with disabilities and the elderly are protected in their future lives and in care of medical treatment.	
		SKB counter services	SKB provides accessible account opening, verbal transaction services, inter-bank withdrawal fee reductions, etc. to provide a variety of friendly financial services for people with disabilities.	
		SKB accessibility facilities	SKB set up accessible mobility guidance signs, service desks, parking spaces, indoor signs, accessible toilets, level warning lines, accessibility warning strips, and accessible elevators.	
		SKB accessible ATM	SKB has 467 ATMs in Taiwan and all meet requirements for accessible ATMs. Five of the ATMs also provide audio services for the visually impaired.	
	SKB accessible network services	Accessible internet banking, accessible webATM, accessible exchange rate and interest rate websites, and accessible mobile banking apps provide financial services accessible to disadvantaged groups so that they can use financial services with ease at home without going out.		

Target	Item	Contents	2019 Achievements
 Underserved groups' and/or geographies	Friendly financial services	Service and business locations	Set up services and business locations in remote areas with small populations, so that customers in remote areas can also access insurance products and financial services. <ul style="list-style-type: none"> <li>Area with low population density: SKL has 2 branches, 12 regional sales offices and branch offices. SKB and MLS each have a branch.</li> <li>Offshore islands: SKL has 1 branch and 2 regional sales offices and branch offices.</li> </ul>
		SKB ATMs in remote areas	Set up ATMs in remote areas to provide financial services in rural areas. <ul style="list-style-type: none"> <li>1 site</li> </ul>
 Disadvantaged social groups / victims of natural disasters	Inclusive insurance schemes	Online insurance products	Online insurance is not limited by time and space. The product line covers five major categories including travel insurance, interest sensitive annuity, fixed-term life insurance, injury insurance, and health insurance. The products are diverse and plentiful and the insurance purchase process is swift and easy. Customers can view and get online insurance at any time. <ul style="list-style-type: none"> <li>Online insurance purchases amounted to 36,927 cases in 2019 and the premium income was approximately NT\$186 million.</li> </ul>
	Charitable products	Credit card donations for disadvantaged groups	SKB launched the "Son of Taiwan Charity Card" and encourages card owners to use their bonus points for donations and use donations to disadvantaged groups. Also, 0.275% of every customer spending is donated to the dedicated fund of "Humanistic Education Foundation" solely for helping disadvantaged families and for supporting the education of children and youth that are not supported by the government's welfare measures. <ul style="list-style-type: none"> <li>Card owners of the Son of Taiwan credit card have donated NT\$30.97 million from 2000 to 2019.</li> <li>Services were activated four times in 2019 when the typhoons "Danas", "Lekima", "Bailu", and "Mitag" struck Taiwan</li> </ul>
	Friendly financial services	SKL's Five Major Disaster Protection Insurance Policies	In the event of a natural disaster or a major disaster, SKL launches services for the "five major typhoon/disaster prevention insurance policies" to provide five major disaster adjustment measures including waiver of service fees for policy reissuance, premium payment grace benefits, preferential policy loan interest payments, concessions for housing loan principal payment, and active claims settlement at home and care services. <ul style="list-style-type: none"> <li>Payment for claims were provided for 2 customers for the fire in the Taichung Logistics Center in 2019. The payment amounted to approximately NT\$7.38 million and NT\$10,000 was distributed as relief fund.</li> </ul>
		Emergency disaster incident care services	In the event of an emergency disaster, SKL sets up an emergency response team as soon as possible to actively care for policyholders and assist in claims application. Claims of policyholders that unfortunately become victims of disasters are processed as quickly as possible to provide payment for claims. SKL also actively assigns personnel to communicate and comfort the family members of the policyholders.








Target	Item	Contents	2019 Achievements
 Petty-bourgeoisie youths	Inclusive insurance schemes	"Vitality Series" products for the petty bourgeoisie	Introduced "Vitality Series" products for the younger generation with the aim of providing "substantial coverage for small premiums" and gaining select medical insurance with ease. <ul style="list-style-type: none"> <li>In 2019, 956 applications for the Youth Loan Program was approved and the actual loan amount was approximately NT\$42.4 billion. The Program has provided approximately NT\$85.1 billion in loans since its launch.</li> </ul>
	Micro finance and wealth management services	SKB Youth Easy Loan Program	SKB helps youths build family and provide first-time house owners with the "YOUTH Easy Loan" program. In addition to lower interest rates, the program also provides a diverse range of repayment options and the loan can be extended to up to 40 years. It effectively reduces people's financial burdens and helps them build families. <ul style="list-style-type: none"> <li>The transaction volume of the petty bourgeoisie wealth management platform in 2019 was approximately NT \$1.09 billion.</li> </ul>
		SKB Business Loans for Young Entrepreneurs	SKB organizes business Loans for young entrepreneurs and provides youths with funding to make their dreams come true and start a personal enterprise.
		Petty bourgeoisie small-stock wealth management platform	MLS promotes the concept of small investment to encourage youths to set up stock savings plans through MasterLink's small-scale equity wealth management platform.
 Other added value for society	Inclusive insurance schemes	Spillover-effect products	Encourage nationals to manage their own health to improve the health of citizens and reduce the waste of medical resources. We have developed "spillover-effect products" since 2017. The product coverages included critical illnesses and hospitalization medical care. <ul style="list-style-type: none"> <li>As of 2019, 3 spillover-effect products have been developed. We underwritten a total of 5,274 cases in 2019, and the premium income reached NT\$91.16 million. Since 2017, 5,602 policies have been sold and the cumulative insured amount was NT\$2.99 billion.</li> </ul>
	Innovative customer service	LIFE Lab. Insurance Shop	Design insurance retail services for young people to help them learn life planning, risk management, and learn more about insurance products. Its service design includes a new brand image, multi-functional insurance stores, and digital tools to connect with daily life, provide an inspiring and interactive service experience, and change the brand image of the traditional insurance industry. <ul style="list-style-type: none"> <li>LIFE Lab. made outstanding customer service achievement in 2019 with:</li> </ul>
	Micro finance and wealth management services	Smart mobile stock selection app	Use Fintech to improve the convenience of stock selection and increase profit opportunities. Both rookies and veterans in the stock market can easily choose stocks with this app. <ul style="list-style-type: none"> <li>7,467 potential customers increase;</li> <li>Premium income was about 3.88 million;</li> </ul>
	Digital financial environment	Digital writing desk	In 2019, 27 SKB branches installed the equipment which is now available in a total of 97 branches. <ul style="list-style-type: none"> <li>20% of sales conversion rate from Insurance Advisory Service;</li> </ul>
		Foreign currency ATM	14 SKB branches installed the equipment as of the end of 2019. 18 units have been installed. <ul style="list-style-type: none"> <li>New customers accounted for 41%;</li> </ul>
		Mobile fees and tax payment	Provide mobile device scanning barcode payment and convenient tax payment services. <ul style="list-style-type: none"> <li>85% sales success covered by life insurance or health insurance products.</li> </ul>





Leading brand for senior citizen finance

SKFH focuses on the aging society in Taiwan and provides services such as pension, long-term care insurance, testamentary trusts to meet customer demand for retirement, elderly life, and medical care services. SKFH also fulfills the concept of “Shin Kong provides services wherever elderly people need them” and aims to become the leading brand for senior citizen finance and close the distance between finance and customers. We implement the following specific action plans:

 Awareness campaigns	We hold lectures, establish a long-term care information network, and promote senior citizen programs and senior citizen charity activities to increase the people's awareness of the need for long-term care.
 Protection planning	For the three major risks of “paralysis”, “disease” and “disability”, we designed complete products to help customers plan for comprehensive coverage as early as possible.
 Financial management	We provide customers with optimal asset allocation recommendations to meet the customers' funding demand for life in retirement.
 Home care	To call attention to the issue of health for all ages, we launched the “Shin Kong Jasper Villa Xinban”, an all-age, healthy, and lively long-term rental residence. Each room is equipped with a smart voice control and mobile app room control system. The system combines the care system of Shin Kong Security and Shin Kong Hospital to provide residents with a healthy, comfortable, and safe living space.
 Experience finance	SKFH encourages senior citizens to go outdoors, and experience digital technology and financial services to enjoy a happy life. Set up the “LIFE Lab. insurance shop” and “SKB digital branch” in Shin Kong LOHAS Future Pavilion near Taipei Main Station. In the pavilion, we set up Taiwan's first 160.1ft <sup>2</sup> all-age care room. It includes a care bed to respond to the needs of an aging society and promote accessibility. The designs allow wheelchair users and senior citizens to operate independently.



3.3.3 Protection of Customer Privacy GRI: 418-01

SKFH complies with laws and regulations, formulates protection policies and related management mechanisms, and constructs and improves customer personal data protection defenses.

Protection policy

To properly protect the privacy of customers, we have established the “Personal Information File Security Protection Regulations” and signed the “Joint Statement on Customer Data Confidentiality Measures of Shin Kong Financial Holding Co., Ltd. and Subsidiary Companies” and “Shin Kong Financial Holding Co., Ltd. and Its Subsidiary Companies' Customer Data Confidentiality Agreement” to ensure the subsidiary companies fulfill customer data confidentiality measures for customer data in joint marketing. We also formulated the “Information Security Policy”, “Shin Kong Financial Holding and Subsidiary Companies Firewall Policy” and “Subsidiary Companies Joint Marketing Management Regulations” to improve personal data confidentiality mechanisms.





Management Mechanisms

SKFH established a permanent and inter-departmental “Personal Data Protection Management and Execution Team” to plan and promote related personal data protection matters. In 2019, all employees of SKFH and its subsidiaries completed personal data protection-related training and statutory tests. SKFH employs robust training to establish rigorous control mechanisms and demonstrate its resolve and actions for customer personal data protection as well as its responsibilities for implementing personal data protection and management.

Shin Kong Life Insurance (SKL)


SKL has established an “Information Security Committee” to be responsible for supervising the implementation of information security, personal information protection policies, and risk management. The Committee oversees the “Information Security and Personal information Implementation Group”, which is responsible for planning, coordinating and implementing both of information security and personal information protection issues for the purpose of responding effectively the threats of personal information. SKL continues to obtain the “ISO 27001: 2013 Information Security Management System” and “BS 10012: 2017 Personal Information Management System” international standard certifications which enhance the information security and personal information protection framework. SKL also implements routine education and training programs annually to improve employees' awareness of information security and personal information protection.




SKL received 1 substantiated complaint through our customer complaint channel, and 1 substantiated complaint from regulatory bodies in 2019. Those complaint have been processed in accordance with procedures. The improvement measures include strengthening training, education, system control, and tracking after the incidents.

Protection Strategy of Personal Information	Management Mechanisms
 Method for the collection of customer information	<ul style="list-style-type: none"><li>When customers participate in website activities or download, install, or launch mobile applications (Apps) for the first time, they are informed with the “personal information collection, processing, and usage confirmation”. According to the activities they participate in, personal information can only be collected with the approval by the customer.</li></ul>
 Storage and custody of customer information	<ul style="list-style-type: none"><li>Access control, protection and monitoring measures have been established for data centers and server rooms to ensure customer information security and confidentiality, and avoid theft or destruction of data. In the event of a special or emergency incident or disaster, off-site backup of core IT environment is implemented to maintain secure storage of customer data.</li></ul>
 Security and protection of customer information	<ul style="list-style-type: none"><li>We continuously improve mail DLP rules for outgoing emails to block and verify the contents of outgoing emails that contain personal information attachments or cannot be checked due to encryption. In addition, we introduced mobile device management (MDM) for using personal equipment to access company emails to ensure that the mail cannot be forwarded to a personal mailbox. These measures are implemented to protect customer information and prevent data leakage risks.</li><li>We continuously strengthen information security defense equipment, enhancement system access control and vulnerability management to improve system protection capabilities and insure customer information security.</li><li>We implement hard disk encryption for laptop computers, no data access or writing with USB drives, prohibition on the use of Bluetooth transmission, and prohibition on connecting to wireless networks that are not provided by the Company to prevent leaks of customer data.</li></ul>
 New technology for information security protection	<ul style="list-style-type: none"><li>We deploy a spam filtering system, an APT (Advanced Persistent Threat) email behavioral analysis system, and a CDR (Content Disarm &amp; Reconstruction) mechanism for removing malicious hidden codes from email attachments to strengthen email security.</li><li>We strengthened information security monitoring and established build an enterprise security manager platform.</li><li>We apply intelligence from the F-ISAC (Financial Information Sharing and Analysis Center) to strengthen existing defense mechanisms.</li></ul>

Shin Kong Bank (SKB)

SKB established the “Information Security Policy” and set up an “Information Security Committee.” It has obtained ISO 27001 information security certification and conducts information security education from time to time. It also incorporated personal data protection into the compliance self-assessment items and self-audit operations of the entire Bank to implement customer data protection.

Protection Strategy of Personal Information	Management Mechanisms
 Customer information collection	<ul style="list-style-type: none"><li>Units of the Bank that collect, process, and use external personal data have established personal data file inventories and Business Information Framework(BIF).They also conduct regular inventories of each unit every year and established related specifications for compliance to strengthen the management of personal data.</li></ul>

Protection Strategy of Personal Information		Management Mechanisms
	Storage and custody of customer information	<ul style="list-style-type: none"><li>The Bank established emergency response procedures for personal data infringement incidents to respond to special or emergency incidents or disasters. The Bank established remote backup systems and storage mechanisms to keep customer data secure.</li></ul>
	Security and protection of Customer information	<ul style="list-style-type: none"><li>There are multiple layers of protection equipment and measures for internal and external data transmission such as DDoS protection measures, intrusion detection and defense systems, and web application firewalls that are used to reduce unlawful intrusions. The Bank also established data leakage protection mechanisms to verify whether transmissions contain sensitive personal data and review whether such data are necessary for business operations.</li><li>Management mechanisms must be followed for databases containing sensitive data and related access operations. Users are required to submit applications for operations in restricted areas. Relevant changes are recorded for review and backup to prevent illegal internal use.</li></ul>
	Personal data infringement emergency response	<ul style="list-style-type: none"><li>The Bank established the "Personal Data Infringement Emergency Response Procedures" to respond to special or emergency incidents or disasters. The Bank regularly conducts emergency drills for personal data infringements and simulate personal data leakages for all employees participating in the exercise to be familiar with the reporting and processing procedures when personal data infringements occur and protect the rights and interests of customers.</li></ul>




MasterLink Securities (MLS)



MLS obtained ISO 17799 certification in 2007 (currently updated to ISO 27001: 2013). It established the "Information Security Management Regulations" and set up the "Information Security Management and Review Committee" to regularly respond to information strategies and monitor and review the response and improvement measures for major security incidents. MasterLink Securities also uses routine and ad hoc self-evaluation or audits to understand the differences between the current conditions and control objectives, and to continue to implement corrections and improvements to meet changing requirements.

To strengthen employees' information security awareness, MLS organizes ad hoc social engineering drills and security awareness campaigns each year to enhance education. It allows employees to learn how to prevent security incidents such as the shutdown of the Company's operating system or leaks of customer personal data as a result of cyberattacks. It incorporated personal data protection into the compliance self-assessment items and self-audit operations of all units to implement customer data protection.

The Company assigns information security supervisors and dedicated security personnel. The digital transformation requires companies to monitor important international security information in all aspects of information operations at all times and strengthen the Company's defense capabilities to provide customers with a safer and faster investment trading system.

In 2019, MLSs did not receive personal data infringement penalties from the competent authority and it shall continue to strengthen information security management in 2020.





Protection Strategy of Personal Information		Management Mechanisms
	Method for the collection of customer information	Personal data must meet the specific purposes applicable to the Company. If not, such data may not be collected. The Company must also provide the "Personal Data Notice and Consent Form" to customers and complete the personal data file inventory and information flow overview for regular assessments to protect customer interests.
	Storage and custody of customer information	<p>The Company established emergency response procedures for personal data infringement incidents to respond to special or emergency incidents or disasters. The Company established remote backup systems and storage mechanisms to keep customer data secure.</p> <ul style="list-style-type: none"><li>Transaction data are transmitted through TLS 1.2 (or higher) encrypted protocols to prevent the theft of important data.</li><li>There are multiple layers of protection equipment and measures for external data transmission such as intrusion detection and defense systems, web application firewalls, firewalls, and advanced attack and defense systems that are used to reduce unlawful intrusions of the system and prevent theft of customer personal data and transaction data.</li><li>The Company established data leakage prevention mechanisms to inspect whether employees include data not authorized by the Company for use or sensitive personal data in emails sent to external parties or portable USB drives.</li><li>Anti-virus software is installed in all personal computers and servers and web fraud detection is enabled.</li><li>Management mechanisms must be followed for databases containing sensitive data and related access operations. Relevant changes are recorded for review and backup to prevent illegal internal use. Users are required to submit applications in advance to access and transfer data.</li><li>The Company performs a self-assessment of personal data management every year to review the data protection implementation status.</li></ul>
	Security and protection of customer information	

Protection Strategy of Personal Information		Management Mechanisms
	Personal data infringement emergency response	MLS established the "Personal Data Infringement Incident Emergency Response Regulations" and organizes annual training exercises for employees to fully understand and be familiar with the reporting and processing procedures when personal data infringements occur, and to ensure the effective implementation of emergency plans for personal data infringements.
	New technology for information security protection	The Company continues to evaluate related emerging Internet technology systems and information security issues (e.g., corporate fraud, business email compromise (BEC), widespread AI adoption, and blockchains ) and identify solutions for monitoring and auditing. The Company shall continue to strengthen management and reduce the channels and risks of data leakage.

Shin Kong Investment Trust (SKIT)

SKIT has established related regulations in accordance with the Financial Consumer Protection Act and Personal Data Protection Act. It also set up the "Personal Data Protection Committee" which is responsible for promoting personal data protection. The Committee regularly reports the security status of personal data to the President and all members participate in training in regulations of the Personal Data Protection Act each year. They conduct regular audits and report the improvement results of audits to the Board of Directors for review.

Measures for e-commerce information security processing mechanisms include:

Protection Strategy of Personal Information		Management Mechanisms
	Security of data transmission	The Company uses SSL encryption and decryption to ensure the privacy and integrity of data transmission between web servers and browsers to protect customers' online transaction information.
	Network infrastructure security	The Company uses the firewall and Intrusion Prevention System (IPS) to control the transmission of network information packets and stop or block intrusions when an attack is detected.
	Transaction user security	ID cards and passwords are used to confirm the identity of the user. The password part is stored in the database after encryption. To prevent the password from brute-force attacks, the user is required to apply for a new password if the password is entered incorrectly five times.
	Data storage security	Complete transaction data for each day are backed up on tape and stored in the bank's safe.

Shin Kong Property Insurance Agency (SKPIA)

In response to personal data protection issues, SKPIA established a personal data management organization to organize personal data inventories and correct confidentiality policies for customer data usage and firewalls. The organization regularly reports to the President and conducts at least one personal data protection audit every year to ensure the implementation of personal data protection.

The Company established the "Personal Data Security Protection Regulations" , "Personal Data Management Policy" , "Personal Data Management Organization and Regulations on Rights and Responsibilities" , "Personal Data File Security Management Regulations" , "Personal Data File Inventory and Risk Assessment Management Regulations" , "Personal Data File Collection, Processing and Usage Management Regulations" , "Regulations on the Rights of Individuals and Personal Data Infringement Incidents" , "Incident Identification and Investigation Procedures" , etc. to implement personal data protection management, comply with relevant requirements of the Personal Data Protection Act, and protect the rights of individuals.

In 2019, the Company passed the BS10012 PIMS Personal Information Management System pre-assessment certification through the cooperation with BSI's third-party certification and standards services.



3.4 Sustainable and Responsible Finance

SKFH uses its core competencies and professionalism to fulfill the “responsible finance” spirit and contribute to the sustainable development of society.

We expect SKFH and its subsidiaries to include environmental, social and governance (ESG) strategies and ideas into financial operations including investment, financing, lending, insurance, and asset management. They must also cooperate with customers and business partners (including suppliers) and many other stakeholders to promote responsible financial products and services. In the future, we will continue to follow sustainable development trends, gradually increase the proportion of responsible investment, and effectively keep pace with global sustainability and positive opportunities.



3.4.1 The Principles for Sustainable Insurance (PSI) GRI:102-12, G4 Sector-specific disclosures:F55

SKL referenced the United Nations “Principles for Responsible Investment” (PRI) and established relevant procedures and regulations to respond to the “Principles for Sustainable Insurance” (PSI). SKL integrates environmental, social, and governance issues into decision-making and practice when making investment choices and providing financing and loans.

In 2019, the total investment in ESG-related industries amounted to NT\$137 billion and financing for companies focused on sustainable responsibility or environmental protection totaled NT\$3.97 billion.



The Principles for Sustainable Insurance (PSI)

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Topic	Solution	Key Measures and Results
 Company strategy	Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Report ESG planning and implementation to the Board of Directors.
	Dialogue with company owners on the relevance of ESG issues to company strategy	Evaluate and discuss stakeholders' concerns and the impact of major ESG issues in senior executive meetings.
	Integrate ESG issues into recruitment, training and employee engagement programs	<ul style="list-style-type: none"><li>Implement anti-money laundering and counter-terrorism financing education and training for all employees, and establish a corporate culture of ethical management.</li><li>Invited renowned lawyers to provide explanation for human rights topics including a healthy workplace and diverse communication, anti-corruption and corporate ethical management, and protection of corporate trade secrets.</li></ul>
 Risk management and underwriting	Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transaction	Established internal risk assessment procedures to identify related risks such as product design and pricing risks, insurance underwriting risks, reinsurance risks, catastrophe risks, compensation claim risks, and preparatory fund risks including the potential impact of ESG issues.
	Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes,including research, models, analytics, tools and metrics	<ul style="list-style-type: none"><li>In terms of risk management, assess catastrophic events that may cause significant losses to the Company. When it exceeds the company's self-insured retention, arrange catastrophe reinsurance to transfer risks.</li><li>Regularly analyze the adequacy of reserves to reduce the risks where reserves are not sufficient for meeting future performance obligations due to underestimation of liabilities in insurance underwriting.</li></ul>

Topic	Solution	Key Measures and Results
 Products and services developments	Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	<ul style="list-style-type: none"><li>Air pollution insurance: In response to the impact of PM2.5 on the human respiratory tract, SKL plans related products to protect customers from air pollution.</li><li>Micro insurance: Provide low-premium products, offer basic protection for disadvantaged groups, and donate insurance premiums each year.</li><li>Spillover-effect products: Design insurance products that require lower premiums for healthier policyholders.</li><li>Small-Amount Whole Life Insurance: Provide products with low premiums and no health examination requirements for the elderly and people of poor health.</li><li>Please refer to 3.3.2 Financial Inclusion for detailed ESG product introduction.</li></ul>
	Develop or support literacy programs on risk, insurance and ESG issues	<ul style="list-style-type: none"><li>Organize the “Shin Kong College Student Financial Growth Camp” , “Shin Kong Dream Activation Camp” , practical insurance courses, and special lectures every year.</li><li>Provide financial education for children, youths, and the general public. For details, please refer to 6.2, 6.4, and 6.6</li></ul>
 Sales and marketing	Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	SKL markets products for various health issues including long-term care for the elderly, LOHAS retirement, and exercising to reduce insurance premiums. It also encourages policyholders to live healthier lives.
	Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood	The design, sales and promotion of all products of SKL are in compliance with regulatory requirements for information disclosure. SKL also established the “Management Regulations on the Use of Promotion Materials for Product Sales” to ensure the authenticity and clarity of product information and contents.
 Claims management	Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Continue to improve the mechanisms and procedures for approving claims and establish a claims approval risk model to divide operations based on the risk rating screened with back-end high-risk and low-risk models. Low-risk cases are processed with automatic compensation mechanisms for the system to automatically adjust the payment amount for quick payments. The time required for processing claims can be shortened to within hours.
 Investment management	Integrate ESG issues into investment decision-making and ownership practices by implementing the Principles for Responsible Investment	SKL has adopted the “Total Investment Policies and Procedures” passed by the Board of Directors and updated the “Principles for Responsible Investment”. The contents of evaluations include related provisions for responsible investment such as environmental protection, corporate integrity, and social responsibility. SKB focuses on investment targets favorable to social responsibilities. It also includes the growth rate of ESG-related investments in the annual KPI.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.


Target	Solution	Measures and Results
 Customers and suppliers	Dialogue with clients on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Set up a questionnaire on the website and regularly disclose ESG performance in response to customer expectations.
	Provide suppliers with information and tools that may help them manage ESG issues	All new suppliers of SKL have signed the Supplier Commitment Letter. SKL also began supplier risk assessments and on-site audits in 2019.
 Insurers, reinsurers and intermediaries	Promote the adoption of the Principles	Demonstrate SKL's commitment to ESG issues to insurers, reinsurers and insurance brokerage/agencies.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Stakeholders	Solution	Measures and Results
 Governments, regulators and other policymakers	Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	<ul style="list-style-type: none"><li>SKL has signed the “Stewardship Principles for Institutional Investors” and maintains communication with stakeholders in accordance with the six principles therein. It also disclosed information on its stewardship performance and management of conflicts of interest.</li><li>Comply with regulations such as the Money Laundering Control Act, Personal Data Protection Act, Occupational Safety and Health Act, Cyber Security Management Act, Financial Consumer Protection Act, fair customer treatment principles, Friendly Insurance Service Standards, anti-money laundering and counter terrorism financing regulations, and Act to Implement the Convention on the Rights of Persons with Disabilities.</li></ul>
	Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	SKL maintains positive interactions and communication with governments and regulators, and develops various risk mitigation mechanisms in accordance with government policies.
 Other major stakeholders	Dialogue with intergovernmental and non-governmental organizations to support sustainable development by providing risk management and risk transfer expertise	SKL joined the Life Insurance Association of the Republic of China, International Association of Insurance Supervisors, Taiwan Financial Services Roundtable, and Taiwan Insurance Institute, to help employees acquire professional knowledge for insurance.
	Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies	
	Dialogue with academia and the scientific community to foster research and educational programs on ESG issues in the context of the insurance business	For details, please refer to “Engagement with Domestic and Foreign Organizations” of SKL in 2.1.3 Financial Performance and Public Participation.
	Dialogue with media to promote public awareness of ESG issues and good risk management	SKL promotes the concepts of elderly life, care for disadvantaged groups, health management, basic insurance knowledge, etc. through Facebook fan group operations, YouTube channels, news publications in newspapers and magazines, and the release of the Shin Kong magazine.





Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Stakeholders	Solution	Related Measures and Results
 General public	Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	SKL publishes a CSR / PSI report every year and discloses it on the website.
	Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	SKL provides a dedicated customer service line. SKFH provides contacts for shareholders, investors and rating agencies to communicate ESG strategies and results.

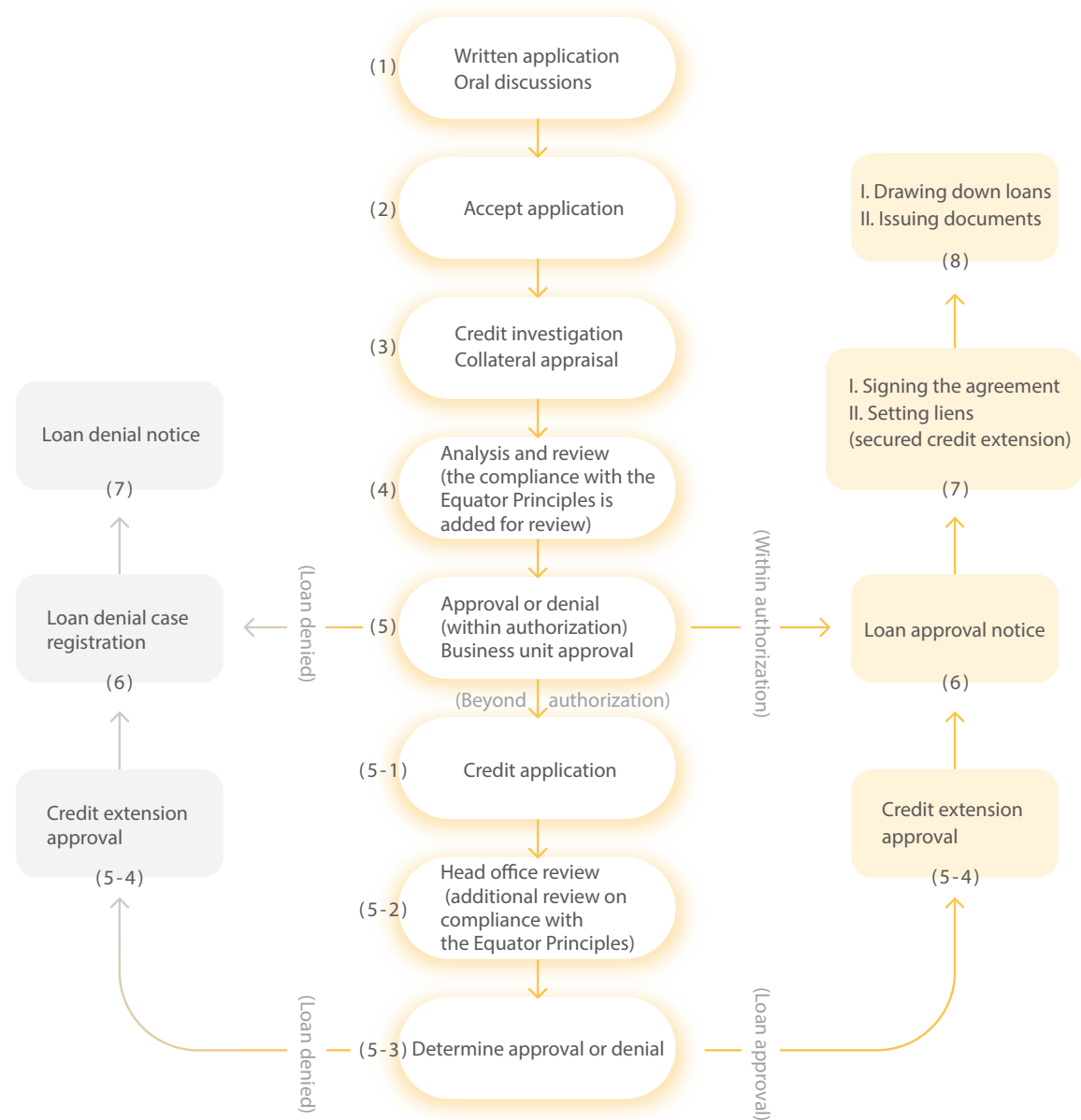
3.4.2 ESG Credit Policy G4 Sector-specific disclosures:FS1, FS2, FS3, FS5

SKB follows the Equator Principles and actively promotes “green finance”. Starting from 2017, it has included the growth rate of related ESG targets into key performance indicator (KPIs) of the Bank and the financial perspective's indicators of balanced scorecard (BSC) to implement ESG-based credit ethos.

Strategy	Implementation
 Incorporate ESG issues into the credit review process	<ul style="list-style-type: none"><li>When conducting project financing review, conduct the evaluation in accordance with the “5P Principle” for credit extension.</li><li>Add “compliance with the Equator Principles for environmental protection, corporate ethical management, and social responsibility” in the Credit Investigation Management System (e-loan) and evaluate whether customers comply with the Equator Principles during credit investigation.</li><li>Use the JCIC's information on violations of environmental protection laws and gross penalties of corporate borrowers ruled by the Environmental Protection Administration or local environmental protection authorities as the basis for future credit evaluation.</li><li>Business units fill out the “Checklist for Money Laundering and Terrorist Financing Assessment Table for Corporate Banking” for approval by the business supervisor. If a customer is verified as high risk in an assessment item, the 5Ps of credit analysis of the “Corporate Account Credit Report” must describe in detail the reasons for listing the account as high-risk, evaluate the reasons for accepting the business, and raise the level of approval to the unit manager. After the unit manager approves the case, it will then be sent to the authorized approval level for approval.</li></ul>
 Promote the Equator Principles	<ul style="list-style-type: none"><li>Related requirements of the Equator Principles have been included in the Credit Business Manual to help employees understand the Equator Principles.</li><li>Employees shall increase the customers' awareness when conducting business transactions with the customers to promote the positive impact of the company on environmental protection and social development.</li></ul>
 ESG post-loan tracking	<ul style="list-style-type: none"><li>Perform routine and ad hoc follow-up management operations in accordance with the “Credit Extension Review and Tracking Management Operation Guidelines” and “Credit Extension Case Review Regulations” to maintain good credit asset quality.</li><li>In the event of an anomaly that requires a “debtor anomaly reporting form” , if the customer violates related environmental protection laws and commits other unethical acts, the “debtor anomaly reporting form” must be filled out to facilitate immediate and effective response measures.</li><li>When an anomaly regarding the evaluated debtor occurs, the situation will be reported on a case-by-case basis. The following measures will be adopted based on the severity of the situation: (1) Temporarily suspend the credit facilities and rebuild it based on the credit status of the debtor. (2) Suspend the credit facilities and urge the debtor to repay the principal and interest in one payment (or separate installments) or provide additional collateral. (3) Continue to use the credit facilities but require the debtor to provide additional collateral or implement other measures.</li></ul>



Loan Application Evaluation Flowchart



3.4.3 ESG Related Underwriting Cases G4 Sector-specific disclosures: FS5

The Underwriting Department of MLS assists companies in raising funds necessary for business through IPO, SPO or M&A to achieve sustainable development, expand their business scale, and respond to government policies for supporting high-quality enterprises as the core driver of growth for the next-generation industries in Taiwan. The underwriting amount for ESG-related cases amounted to NT\$1.94 billion in 2019.

MLS contributed to the following special cases for the “Five Plus Two” innovative industries in 2019:

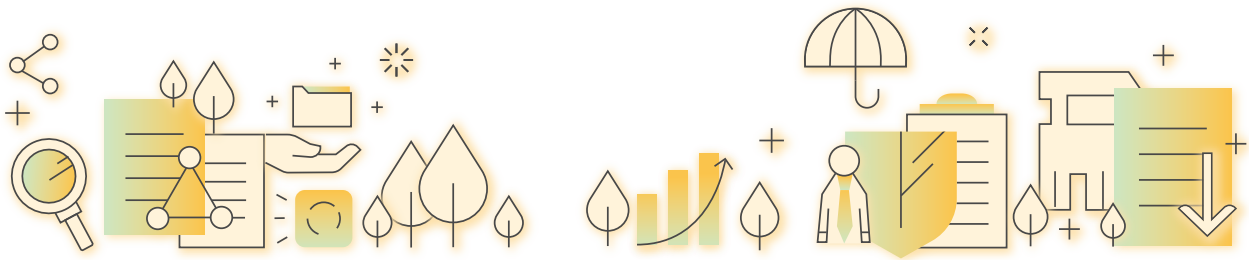
**Heran:** It is a smart home appliance producer that has gained insights on market trends invested in the LCD industry for many years. It operates its own brand of “HERAN” in the domestic market and positions itself as a leader in the home appliance industry in Taiwan. It is a truly domestic home appliance brand and manufacturer with independent R&D capabilities.

**OBI Pharma:** It is a biopharmaceutical company that focuses on new drug research and development. Its most important drug under development is the new breast cancer drug OBI-822. OBI-822 connects the Globo H sugar molecule to the surface of the membrane transport protein KLH. After subcutaneous injection, it stimulates the body to produce anti-Globo H antibodies. It was approved to start phase III human clinical trials in the United States and approved for phase III human clinical trials by the Hong Kong Department of Health (DOH) in November 2018.

3.4.4 Responsible Investment G4 Sector-specific disclosures: FS1, FS5, FS8

SKFH actively responds to the United Nations “Principles for Responsible Investment”, and has formulated the “Shin Kong Financial Holding Sustainable Investing Policy”. It requires the examination of the three major aspects of the environment, society, and governance of the investment target, dialogue and interaction with the investment target, and continuous focus on related domestic and foreign ESG issues to enhance the long-term value for stakeholders such as customers, employees and shareholders. SKFH's responsible investment in 2019 amounted to NT\$214 billion. In the future, we will continue to strengthen the internal responsible investment model and create a positive and sustainable development environment.

Strategy	Implementation
We will incorporate ESG issues into investment analysis and decision-making processes	<ul style="list-style-type: none"><li>SKL has adopted the “Total Investment Policies and Procedures” passed by the Board of Directors and updated the “Principles for Responsible Investment”. It also communicated these policies and procedures to all investment-related personnel.</li><li>SKB includes the growth rate of ESG-related investments in the annual KPI.</li><li>SKIT incorporates ESG concepts into its investment strategy and established guiding principles. If a company causes harm to the society or environment, causes negative impact, or is the subject of frequent negative news, SKIT will, as a principle, refrain from investment in the company. It will also include violations of social responsibilities (e.g., food safety incidents or violation of corporate governance regulations) as one of the evaluation items for investments. The contents of the individual stock inspection reports added to the main stock investment asset pool must be checked for violations of environmental, social and corporate governance principles.</li><li>The selection criteria of SKIT's stock investment asset pool include the constituent stocks of the “High Compensation 100 Index”, “TPEX Compensation Index”, “TPEX Labor Employment 88 Index”, “FTSE4Good TIP Taiwan ESG Index”, “TWSE CG 100 Index”, and “TIP Taiwan Market Small/Mid-Cap Corporate Governance Index”, and certain stocks that meet criteria as CSR constituent stocks. Related stocks may be prioritized for listing.</li></ul>
We will be active owners and incorporate ESG issues into our ownership policies and practices	<ul style="list-style-type: none"><li>SKL, SKB, MLS, and SKIT have all signed a compliance statement for the “Stewardship Principles for Institutional Investors”.</li></ul>
Promote ESG investment	<ul style="list-style-type: none"><li>SKB introduces green energy, solar energy, climate change strategies, and water resources funds for subscription, allowing customers to explore business and investment opportunities in amid changes in energy sector and the environment.</li><li>SKIT has introduced foreign funds offered by fund companies that have signed the United Nations Principles for Responsible Investment including Old Mutual Group's “Global Investors Series” and “Amundi Series Fund” which are all signatories of PRI.</li><li>Green energy and related foreign environmental protection CSR stocks are an important part of SKIT's continuous investment. SKIT will also continue to evaluate CSR-related funds and stocks and other investment targets. The investment ratio increases for suitable targets.</li></ul>
Actively report ESG implementation progress	<ul style="list-style-type: none"><li>To help stakeholders in all sectors understand the importance of responsible investment, we publish the Shin Kong Financial Holding Corporate Social Responsibility Report each year.</li></ul>



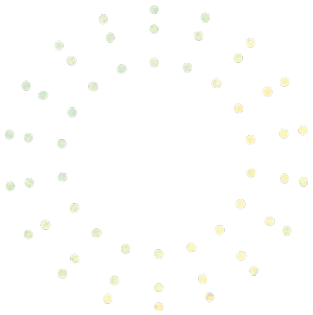
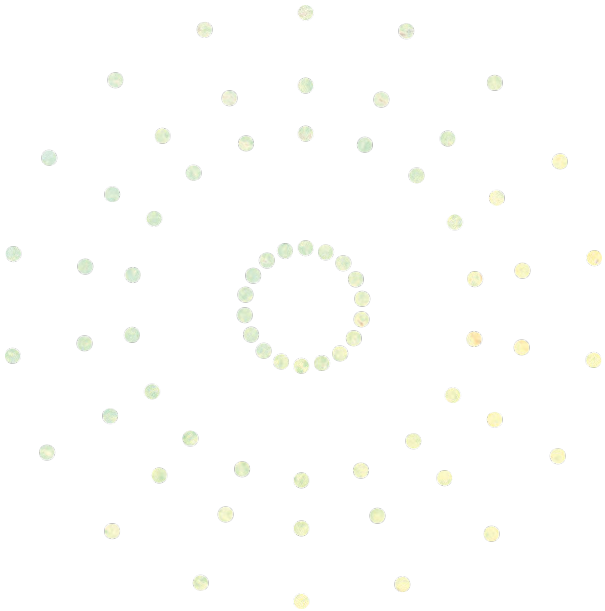
3.4.5 Green Energy Finance G4 Sector-specific disclosures:F55, F58

Shin Kong Financial Holdings supports the government's "Five Plus Two" innovative industries initiatives and the New Southbound Policy. It promotes a number of implementation plans, investing a total of NT\$107.3 billion and lending NT\$191.9 billion in loans to implement government policies with real actions.

To implement green finance, SKFH actively invests in the development of renewable energy and participates in the development and construction of solar power plants of other financial holding companies. In 2019, Shin Kong Bank approved NT\$460 million in credits for new solar plant development and construction and NT\$430 million in drawdown for new and old projects. We remain committed to the vision of sustainable economic and environmental development.

Renewable Energy Investment / Financing Amount in 2019

Company	Type	Renewable energy	Amount committed (NT\$)
Shin Kong Bank	Loans	Approved solar power plant syndicated loans in 2019 for Lineng Energy Technology, Ripei Energy/Changrui Energy/XinRui Energy/Chengxin Energy/Junhesi Energy, Xinyang Energy Co., Ltd., Fertasia International Development Corporation, Zhongyu Fengneng Energy Technology, Co., Ltd., and Zhongjianfeng Energy Technology, Co., Ltd.	Approved NT\$460 million in the development and construction of new solar power plants in 2019; combined credit limit utilization for new and old cases amounted to NT\$430 million
	Investment	Invested in nine green bonds issued by domestic and foreign institutions. All funds are used for "greenhouse gas emissions reduction" , "pollution prevention and control" , and "renewable energy and energy technology development" to implement the government's policy to "support green industries and develop green finance" .	NT\$5.76 billion
Shin Kong Venture Capital	Investment	Solar power plants and related green energy industries	NT\$19.26 million







# Green Actions

04



## Green Actions

- 4.1 Environmental Sustainability
- 4.2 Green Workplace
- 4.3 Supply Chain Management and Green Procurement



## Key Performances

- ★ Promoted the “Light Summer Clothes for Raising Air-Conditioning Setting by 1°C” initiative for 13 years
- ★ The paper reduction through digitalization initiative reduced the use of approximately 231.89 million pieces of paper and reduced carbon emissions by **166.96 tons**
- ★ Initiated **scope 3** greenhouse gas inventory covering all business locations of subsidiary companies in Taiwan
- ★ **100%** of new suppliers have contracted the Supplier Commitment Letter
- ★ Started the supplier sustainability management plan and implemented supplier risk assessment and onsite audits
- ★ Recycled 20% of waste
- ★ Purchased 17 renewable energy certificates



04

Green Actions

SKFH has long advocated and invested in environmental sustainability actions. We value ecological and environmental protection in operating activities and respond to the United Nations Sustainable Development Goals (UN SDGs). We harness our core competencies and take real actions to reduce possible negative impact on the environment and promote sustainable development for the society.



4.1 Environmental Sustainability

The products and services provided by SKFH are mainly financial-related services. Therefore, in terms of energy use and waste related emissions, they will not cause significant environmental or social impact on local operations.

Nevertheless, we still provide long-term support for energy conservation, carbon emissions reduction, and ecological conservation activities with the aim of building a green workplace environment. We use voluntary actions and improvement plans to increase energy efficiency and reduce the consumption of energy, paper, and water resources. We also expand our efforts to customers and supplier partners to jointly fulfill our environmental responsibilities. Under effective control and self-disciplinary actions, SKFH was not subject to any monetary or non-monetary fines for violation of environmental regulations in 2019.



Shin Kong Financial Holding's Environmental Sustainability Commitment

To maintain the balance of the global ecological environment and mitigate climate change, we are committed to actively responding to and implement environmental protection and ecological conservation principles and activities and strive to reduce the possible negative impact on the environment.



Environmental Sustainability Goals

- Formulate the SKFH Environmental Protection Policy for all subsidiaries to implement environmentally-friendly actions in accordance with this Policy.
- Initiate Scope 3 greenhouse gas inventory in all business locations to obtain information on internal GHG emissions and develop reduction plans.
- Use 2019 as the baseline and set an environmental reduction target of “reducing power consumption by 6%, reducing water consumption by 6%, and reducing waste volume per capita by 6% by 2025”.
- Implement supplier sustainability management including signing the commitment, risk assessment, field audits, and consultation for improvements to demonstrate our resolve for supplier sustainability management.

4.1.1 Environmental Sustainability Management Mechanisms

To reduce the negative impact on the environment, SKFH introduces and establishes international management systems and develops and designs environmentally friendly products and services to minimize the impact of business services on the environment and ensure that operating activities help reduce the impact on the environment.

We have included potential environmental and social impact assessments in our investment and financing decisions to expand our external social influence. We channel funds to green resources, environmentally-friendly technology development, and ecological/environmental protection industries. These measures help related companies retain sustainable competitiveness and encourage related industries to pay more attention to environmental sustainability issues and avoid engaging in industries that are harmful to the environment and society for short-term gains. (Detailed in 3.4 Sustainable and Responsible Finance)

Results of the Introduction of Environmental Management Systems in 2019

ISO 50001 Energy Management System	Received third-party certification in 2018 and certification for compliance with the new version is scheduled to be completed in 2020	SKL
ISO 14046 Water Footprint Inventory	Certified by an impartial third party in 2018	SKL
ISO 14064-1 Greenhouse Gas Inventory	Completed the inventory of business locations of SKFH and its subsidiaries and obtained certification from an impartial third party	SKFH, SKL, SKB, MLS, SKIT, SKPIA



4.1.2 Climate Change Management GRI 102-12, 201-02




According to the British insurance organization 2018 Lloyd's City Risk Index report, Taipei ranks fourth after Tokyo, New York, and Manila. The top two major risks in Taipei were tropical storms and earthquakes which threaten customers and operations.

SKFH supported the Task Force on Climate-related Financial Disclosures (TCFD) in 2018 and recognized the risks and opportunities that climate change may bring about.

To provide climate change governance, SKFH has set up an Environmental Protection Working Group under the Corporate Social Responsibility Committee, and set environmental targets based on the climate change risks identified in the preliminary assessment (see the table below). These risks will be regularly tracked on a quarterly basis. The financial impact caused by climate change will also be assessed and disclosed. SKFH will continue to formulate related response strategies for natural disasters and risks, increasing the Company's resilience to climate change.



Type	Description	Financial Impact	Target	Management Methods and Response Actions
 Physical risks	Extreme weather events such as heat waves, heavy rain, severe cold, and hurricanes caused by global warming may cause disastrous impact on the organization, business locations, or business locations of investees.	Severe natural disasters may lead to a substantial increase in the amount of claims. Where there is a sudden increase in the number of claims, we may have insufficient manpower to process the claims and cause the number of days for processing claims to increase and customer satisfaction rate to decline	Reduce fluctuations in high-value claims caused by climate factors	Appoint scholars to carry out claims research projects as well as evaluate and develop new types of products
		It may cause investors to panic, fluctuations in financial markets, and significant fluctuations in investment positions	Mitigate investment uncertainty caused by disasters	Set up market risk reporting mechanisms and regularly conduct simulated stress tests to review market risk tolerance under stress scenarios
		Natural disasters may cause casualties in organizations and losses in manpower that affect corporate competitiveness	Prevent the threats of disasters to the organization and personnel	Strengthen employees' awareness of disasters and implement disaster response training
		Risk of the loss of operating costs if operations are interrupted	Mitigate the risks of disruptions of operations caused by climate change	<ul style="list-style-type: none"><li>Established business continuity plans including emergency incident reporting mechanisms, remote office, or remote backup operations</li><li>Purchased commercial fire insurance (including typhoon and flood insurance)</li></ul>
	 Transition risks	Gradual change of energy resource usage strategies in response to energy conservation and carbon emissions reduction	Cost of resource usage in routine administrative tasks	improve the efficiency of the use of energy and reduce the environmental impact of office activities and operations
		Carbon emissions will be gradually be controlled based on the total permissible amount specified in the "Greenhouse Gas Reduction and Management Act"	Total greenhouse gas emissions regulations and emissions trading system may increase operating costs (e.g., carbon tax, carbon pricing, etc.)	Reduce greenhouse gas emissions
		Green and low-carbon economy will become mainstream corporate development strategies	The original investment and credit risk assessment methods will gradually be outdated for the low-carbon economy and markets and may cause investment loss risks	Formulate sustainable investment policies
				<ul style="list-style-type: none"><li>Identify the risks of financial product investments, credit businesses and other business operations to control overall risks</li><li>Establish sustainable investment mechanisms in response to the "Equator Principles" and the "Principles for Responsible Investment"</li></ul>

	Type	Description	Financial Impact	Target	Management Methods and Response Actions
Potential climate change opportunities	 Market opportunities	If extreme weather affects customers, they will need professional assistance	Provide customers with prompt professional assistance to win customer trust and loyalty	Provide reliable assistance and protection to customers in the event of a natural disaster	<ul style="list-style-type: none"><li>When natural disasters occur, protect the rights and interests of the affected households and assist in rebuilding their homes, such as:<ol style="list-style-type: none"><li>SKL shall establish a “disaster response team” immediately following the occurrence of a disaster and actively provide the most immediate assistance to policyholders</li><li>SKB provides assistance to victims of natural disasters to reduce the burden of their loans</li></ol></li></ul>
	 Investment opportunities	Gradual shift of the world economy towards a green and low-carbon economy	Long-term investment in green finance, renewable energy and other industries will generate revenue for the Company	<ul style="list-style-type: none"><li>Seek potential green finance development opportunities</li><li>Promote the development of the renewable energy industry</li></ul>	Formulate renewable energy investment and financing plans and develop related green finance products
	 Corporate image	Respond to domestic and international climate change mitigation and adjustment policies as external expectations for the Company's role in reducing carbon increase	Corporate image is an intangible asset of a company. If the image is damaged, it may affect consumers' perception of the company and impact its profitability	Let the outside world recognize SKFH's efforts and achievements in energy saving and carbon emissions reduction, and make positive connections between climate change issues with SKFH's corporate image	<ul style="list-style-type: none"><li>Respond to energy conservation and carbon emissions reduction initiatives and respond to policies and actions for domestic and foreign climate change mitigation and adaptation</li><li>Start with education to cultivate the concept of climate change in educational activities for children to understand the impact of global warming on all mankind</li></ul>



4.1.3 Environmentally-Friendly Green Buildings

Shin Kong Life Insurance has long been committed to creating sustainable new buildings meet ecological protection and environmental co-existence requirements. It designs carbon emissions reduction measures and environmentally-friendly equipment to reduce the environmental impact of office activities and operations.

Strategy	<ul style="list-style-type: none"><li>Actively evaluate and plan applications for the Green Building Mark of the Ministry of the Interior for SKL's own building, newly purchased buildings, and buildings under construction.</li><li>Continue to revitalize old buildings and equipment and introduce energy saving measures to continue to reduce energy consumption. Improve the energy efficiency of existing buildings and fulfill environmental responsibilities.</li></ul>																					
Actions and Outcome	<ul style="list-style-type: none"><li>LED lighting equipment has been adopted for the indoor lighting of all buildings in Taiwan.</li><li>In the past three years, we have obtained diamond-level green building certificates and three gold-level and two silver-level candidate certificates. The results are as follows:</li></ul>																					
	<table><tr><th>Building</th><th>Green Actions</th><th>Results</th></tr><tr><td>Xinban Financial Building</td><td><ol style="list-style-type: none"><li>Invested NT\$1.248 billion for green building construction which was completed and inaugurated in 2017.</li><li>Green benefits:<ul style="list-style-type: none"><li>CO<sub>2</sub> absorption (greening design value): 587.78 t</li><li>Water retention capacity of the base: 11.66m<sup>3</sup></li><li>Rainwater storage tank (recycling): 227.7m<sup>3</sup></li></ul></li></ol></td><td><p>Obtained the diamond-class green building certificate in 2017</p><p>Gold certification of LEED NC (LEED New Construction)</p></td></tr><tr><td>Shin Kong Jasper Villa Shuiyang</td><td><ol style="list-style-type: none"><li>Invested NT\$1.302 billion for green building construction which was scheduled to be completed and inaugurated in 2020.</li><li>Green benefits:<ul style="list-style-type: none"><li>CO<sub>2</sub> absorption (greening design value): 717.3 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4.2 Green Workplace

Although the financial services industry does not directly cause a major negative impact on the environment during operations, SKFH still strives to reduce its dependence on energy resources and aims to use comprehensive environmental management mechanisms to directly reduce resource consumption and generate positive benefits for environmental sustainability.

4.2.1 Carbon Emissions Reduction Actions GRI 305-01, 305-02, 305-03, 305-05

SKFH's total direct and energy indirect greenhouse gas emissions in 2019 amounted to 29,650.01 metric tons of CO<sub>2</sub>-e, which was an increase of 4,454.47 metric tons of CO<sub>2</sub>-e compared to 2018, mainly due to the expansion of the inventory scope. We set the year 2019 as the baseline year and we aim to reduce 1% per year and take carbon emissions reduction actions to mitigate climate change.

SKFH Greenhouse Gas Emissions in 2019

Unit: metric tons of CO<sub>2</sub>-e/year

Company Name	Total GHG Emissions	Direct GHG Emissions (Scope 1)	Energy Indirect GHG Emissions (Scope 2)	Other Indirect GHG Emissions (Scope 3)	Scope of Inventory
SKFH	174.36	52.43	121.93	7.87	SKFH
SKL	14,484.69	968.31	13,516.38	4,624.59	all 168 business locations in Taiwan and 3 business locations abroad
SKB	9,876.66	1,807.25	8,069.41	21.50	all 105 business locations in Taiwan, except the Taipei Gas Bade Building
MLS	4,957.95	125.11	4,832.84	35.88	all 49 business locations in Taiwan
SKIT	128.48	14.12	114.36	17.46	all 3 business locations in Taiwan
SKPIA	27.87	19.86	8.01	0.04	SKPIA

Note 1: The inventory period is from January 1, 2019 to December 31, 2019.  
Note 2: SKL cites ISO 14064-1: 2018 and the rest of the companies cite ISO 14064-1: 2006.  
Note 3: According to the GWP value announced by the IPCC in the Fourth Assessment Report (AR4) in 2007, the emissions are summarized by the operational control method.  
Note 4: In terms of the Scope 3 GHG emissions data for 2019, emissions from business travel by SKFH and subsidiaries amounted to a total of 308.56 metric tons CO<sub>2</sub>-e; SKL's Category 4 emissions (emissions from the production of electricity purchased and emissions from solid and liquid waste) amounted to 4,398.77 metric tons CO<sub>2</sub>-e.



In response to digital finance trends, we have significantly improved administrative efficiency through innovation and electronic procedures. We also implemented a paper usage management plan and reduced paper use in the past few years.

Paper Reduction Actions in 2019

Company	Paper Reduction Measures
SKL	Use data analysis and management to assist relevant units to clarify the annual paper usage and purchase status and conversion to paperless business procedures.
SKB	Promote interactive electronic comprehensive monthly statements. Electronic statements penetration reached 85% in 2019.
MLS	Paper usage statistical data of all business locations in Taiwan are compiled in 2019. The Company also promotes paper reduction policies and prioritizes paper with green environmental protection labels for procurement. It introduced the paperless data storage system to replace printed documents.
SKIT	The electronic transaction system successfully reduced the use of 51,371 sheets of paper in 2019.
SKPIA	Use data analysis and management to assist relevant personnel to clarify paper usage and purchase status and then go paperless.



| Shin Kong Life Insurance Paper Reduction Measures in 2019

Item		Actions
 Electronic administration system	Electronic official document approval system	The paperless electronic official document system shows the number of official documents to be approved and allows the user to review the contents of the official documents and provide comments and decisions. Users can also log in to the electronic official document system through their mobile devices and search information on signed official documents at any time to support decision-making.
	Digitalization of administrative procedure forms	With process control and improvement mechanisms, the system fully integrates personnel, processes, and systems, ensuring the accurate execution of the Company's approval operations. It saves energy, reduces carbon emissions, and reduces unnecessary paper printing costs for the Company. The mobile office app can also be used to improve the efficiency of administrative procedure forms.
 Electronic tool system	Online insurance service website	SKL developed an "Internet insurance" website for customers to apply for verification on the online insurance service website and apply for insurance online in real time instead of filling in paperwork.
	Electronic policies	Provide the public with the choice of using "electronic insurance policy" as their insurance certificate so that they are not required to keep their printed insurance policies.
	Electronic forms	The application for insurance provides electronic mailing of relevant notices, and the insurance policy information modification function is also available in the member area of the official website, a convenient way for policyholders to change the form of sending documents.
	Mobile commerce app	Traditional insurance applications and security operations are now operated on tablet computers and apps. This reduces paper consumption in the process of servicing policyholders and increases underwriting efficiency.
Reduced the use of approximately 13.892 million sheets of paper and reduced carbon emissions by 100.02 tons		

Note: Calculated based on the carbon emissions of 3.6kg Co<sub>2</sub>e for every pack of 70-pound A4 paper.

| Shin Kong Bank Paper Reduction Measures in 2019

Item		Actions
Business contact list system		The applications, approvals, and response operations were processed electronically. The total number of business contact lists in 2019 amounted to approximately 16,083 cases and none was printed on paper. The "paperless" rate reached 100%.
Document management system		Electronic documents such as internal and external regulations, official documents, forms, education and training materials, and shared information are included and managed in the system database. Approximately 93,850 files were stored in 2019.
Official document online approval system		Use electronic signature for approval of official documents and perform the official document signing operations online. Users can log into the electronic official document system to review from a mobile device to reduce the use of paper.
Electronic comprehensive monthly billing statement		The Company promoted electronic interactive billing statements, integrated billing information, notifications regarding consumer interests, and a wide variety of offers and other information. The electronic billing statements penetration reached 85% in 2019 and reduced the consumption of 8.39 million sheets of paper each year.
Electronic credit card billing statements		The interactive credit card electronic billing statements were launched to increase the customers' willingness to apply. Reduced the use of more than 770,000 sheets of paper in 2019.
Online account opening		3,304 accounts were opened by appointment, and the total number of accounts opened was 3,475, which reduced the consumption of 61,011 sheets of paper.
Online service applications		A variety of online service applications, including trust account opening, consent for joint marketing, investment attribute questionnaire, applications for designated transfer accounts, credit card purchase payment in installments agreement, credit card applications, and credit applications, reduced the consumption of 33,695 sheets of paper.
Mobile payment		In 2019, 2,722 cards were added to Taiwan Pay, 8,925 mobile financial cards were added, 10,799 cards were added for Google Pay, and 47,787 cards were added for Apple Pay. They reduced the consumption of 70,233 sheets of paper.
Reduced the use of approximately 8.664 million pieces of paper and reduced carbon emissions by 62.38 tons		

Note: Calculated based on the carbon emissions of 3.6kg Co<sub>2</sub>e for every pack of 70-pound A4 paper.

| MasterLink Securities Paper Reduction Measures in 2019

Item	Action
Electronic official document system	The electronic official document system was fully adopted and the official document submission process and verification process on the electronic signature system reduce the use of paper.
External action approval	Built an SSL VPN connection to allow mobile devices to log into the internal system, operate and view official documents and information, and for supervisors to make decisions.
Digital report storage	The customer information and internal reports are paperless. Reports and statements that do not need to be printed are stored in digital format to reduce the waste of paper.
Using recycled paper	Encouraged employees to place used paper such as paper with one side printed in the waste paper recycling bin for printing on the back for reuse.
Electronic billing statements	Daily and monthly account settlement information is delivered via emails for customers' securities transactions to replace the delivery of printed documents.
TDCC stock inventory management	Encouraged customers to download and use the "TDCC e-Passbook" and check the stock inventory through the electronic login system. This frees customers from the storage of paper-based passbooks and reduces the use of paper.
Mobile wealth management specialist platform	Introduced a wealth management specialist system platform on the wealth management app. Business personnel can use mobile tablet computers to provide customers with wealth management investment portfolio recommendations and reduce unnecessary paper printing.
Reduced the use of approximately 633,100 pieces of paper and reduced carbon emissions by 4.56 tons	

Note: Calculated based on the carbon emissions of 3.6kg Co<sub>2</sub>e for every pack of 70-pound A4 paper.

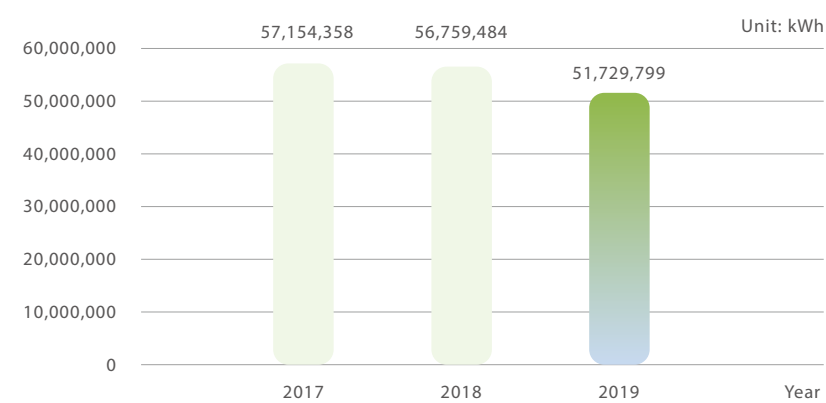
4.2.2 Energy and Resource Management

Since 2007, SKFH has launched a series of concrete actions to improve energy efficiency. With systematic management and the replacement of old equipment with energy-saving equipment, we effectively reduced power consumption and improved the energy efficiency of office buildings. In addition to saving energy, SKFH also supported green energy with actions. Its subsidiaries purchased 17 Taiwan Renewable Energy Certificates (T-RECs) in 2019 to contribute to slowing down global warming.

1. Power Saving Goals and Measures GRI 305-04

SKFH has set an energy saving target of reducing power consumption by 6% in 2025 from the baseline in 2019.

| Power Consumption of SKFH over Three Years



Power Consumption of SKFH in 2019

Item	Unit	2017	2018	2019
Total power consumption	kWh	57,154,358	56,759,484	51,729,799
	gigajoules	205,756	204,334	186,227
Total GHG emissions	T-CO <sub>2</sub> e	30,235	31,445	27,295
Electricity energy intensity	gigajoules/person	11.23	10.64	9.03
GHG emission intensity	T-CO <sub>2</sub> e/person	1.65	1.64	1.32

Note 1: The electricity emission coefficient from 2017 to 2019 were 1kwh = 0.529kg CO<sub>2</sub>e, 0.554kg CO<sub>2</sub>e, and 0.533kg CO<sub>2</sub>e (2019 is provisionally calculated based on the coefficient for 2018).

Note 2: The power consumption of SKB prior to 2018 was calculated based on estimates. In 2019, information systems were used to compile more accurate electricity statistics and the total electricity consumption in 2019 dropped significantly.

Energy conservation measure 1: Upgrade to energy-saving lighting equipment

Lamps in SKFH and its subsidiaries' office areas are replaced with power-saving T5 lamps or LED lamps every year. The number of electric lamps lit in the office areas is reduced during the noon break to reduce power consumption.

In 2019, Shin Kong Bank began to replace lighting equipment in 16 branches with energy-saving lamps and replaced old lamps (tubes) such as incandescent lamps and halogen lamps with T5 and LED energy-saving lamps. A total of 1,505 lamps were replaced which contributed to a reduction of approximately 52.5 metric tons of carbon emissions a year. The results were excellent.

Energy conservation measure 2: Promote energy efficiency in the server room

As the space of the original computer room is almost full, Shin Kong Life adopts energy saving and carbon emissions reduction as its highest goal. It builds new computer rooms necessary for operations in the next ten years based on annual business growth. After continuous adjustments, the PUE of Shin Kong Life's computer room in 2019 was steadily maintained at between 1.69 and 1.89, reaching the bronze level benchmark specified by LEED International \*.

In addition, we also strive to build energy-saving computer rooms each year to cope with the power requirements for mainframe computers derived from massive information services. We achieved this by coordinating related resources in the virtual environment. As of the end of 2019, we have increased the Windows host virtualization ratio to 74.29%.

\* Note: LEED (Leadership in Energy and Environmental Design) Green Data Center Bronze Benchmark PUE: 1.67-2.

Shin Kong Bank launched the "New Green Energy Information Computer Room" construction plan in 2013 to implement energy-saving measures in the computer room and reduce the operating costs of the computer room. In addition, we continued to expand cloud-based infrastructure to cope with the power requirements for mainframe computers derived from massive information services. We have currently set up 641 virtual servers with a coverage rate of 68%.

The establishment of virtual servers reduced cabinet spaces by 1,282U (approximately 32 cabinets), reduced nominal power consumption by 1,285,162kWh, and reduced emissions by approximately 664t-CO<sub>2</sub>e.



Energy conservation measure 3: Control energy consumption

SKFH calculates the Company's energy intensity based on the energy consumption and the size of the company's floor area or the number of employees. It is one of the performance evaluation indicators for building energy conservation and carbon emissions reduction. We continue to revitalize existing buildings and equipment and provide budgets each year to execute related energy conservation and carbon emissions reduction projects including:

- We review and analyze the contract capacity regularly each year to reduce penalties for breach of the capacity contract.
- Equipment must have a power factor of more than 95%.
- Send energy management personnel to attend training to increase their energy management knowledge and encourage them to work hard for energy conservation.
- Remind all units to unplug electrical appliances that can be unplugged during Chinese New Year and consecutive holidays. e.g. water dispensers, refrigerators, computers, and printers.
- Add timer control for water dispenser or air conditioner power supply to reduce power consumption.
- Shut down certain elevators when there are fewer people in the office buildings.
- Reduce unnecessary lighting, save energy consumption, and avoid damaging eyesight with excessive lighting.
- The power of the rice cooker is limited to 10:00-12:00 (2 hours).
- Exterior advertising signs light up at appropriate times based on weather conditions.
- Time control is set for the supply and exhaust air in underground parking lot.
- The air-conditioning temperature is set to above 26 degrees. The system is set to keep the indoor temperature 3-5 C° lower than the outdoor temperature.
- The Company sets up a duty system in which employees of each department are responsible for switching lamps and air-conditioning on or off. Employees switch off their computers and other power-consuming devices after work. They also monitor the power consumption status and provide ideas for improvement.

Energy conservation measure 4: Save electricity to reduce carbon emissions and protect the environment

SKFH supports the international environmental protection initiative "Earth Hour"

SKFH supported the "Earth Hour" for the 11th consecutive years in 2019. We also participated in the City FM's "No light but the moonlight" campaign to turn off lights for one hour. We use real actions to support energy conservation and carbon emissions reduction. A total of 27 buildings owned by SKFH such as the Shin Kong Life Tower, as well as unnecessary lighting equipment of 104 branches of Shin Kong Bank and 47 branches of MasterLink Securities were shut down. Shin Kong Bank also played promotional video intensively on 630 ATMs across Taiwan and the Company's website before the Mid-Autumn Festival to encourage more people to switch off the lights at 8 p.m. for one hour on Mid-Autumn Festival and go outdoors to let the moon shine even brighter.

Corporate energy conservation activist "Light Summer Clothes for Increasing Air-Conditioning by 1°C"

SKFH has promoted the "Light Summer Clothes for Increasing Air-Conditioning by 1°C" initiative for 13 consecutive years. In 2019, Shin Kong Life responded to the "Energy Saving Month- Power Saving ± 1" campaign of the Ministry of Economic Affairs which focused on "Power Saving ± 1". SKFH encouraged everyone to work together to reduce power consumption, reduce peak power consumption in summer months, take consistent actions to use energy intelligently, continue to implement power-saving measures (+1), and avoid unnecessary waste (-1). We should all start with the small things in life to save electricity. During the "Light Summer Clothes" campaign, senior executives served as role models for male employees by not wearing their suits or ties and for female employees by wearing short-sleeved uniforms. They used real actions to encourage all employees to pass on the long-held company culture of energy conservation.





2. Reduce Transportation Fuel Consumption

In the process of providing financial products and services, business travel leads to the consumption of petrochemical fuels (mainly petroleum) of vehicles. Therefore, SKFH takes action to reduce vehicle fuel consumption and regularly compiles statistics and analysis of fuel consumption of vehicles used by senior executives. We also implement gradual plans to replace the old vehicles with high fuel consumption with more energy-efficient models to reduce greenhouse gas emissions from the use of fuel.

SKFH Official Vehicle Fuel Consumption in Three Years

Item	Unit	2017	2018	2019
Total fuel consumption	Liter	170,430	177,718	183,270
GHG emissions	T-CO <sub>2</sub> e	385.7	402.2	415
GHG emissions reduction ratios	%	-	-4%	-3%

Note 1: The energy factor of 2.2631 (kg/L) in the Greenhouse Gas Emission Factor Management Table Version 6.0.4 is adopted.  
Note 2: The oil consumption of SKB and MLS was calculated based on the actual number of liters. Those of other companies were converted based on the 2019 average price of 95 unleaded gasoline announced by the 2019 Bureau of Energy.  
Note 3: Due to the inclusion of MLS in 2018, the statistics of MLS in 2019 expanded from one official car at the head office to a total of 14 official cars in all business locations. The reduction ratio was therefore negative.

3. Reduce Water Consumption

100% of the water sources used by SKFH are from the local water plants. Domestic water is only provided for employees and some consumers. Domestic sewage is discharged into sewage system set up in local cities and does not cause risks of leakage or pollution of water sources.

Nevertheless, we are still committed to reducing the waste of water resources, advocating and implementing water conservation actions, and setting a goal for saving water consumption by a cumulative 6% by 2025 from baseline levels in 2019. In the future, SKFH will continue to plan more comprehensive water resource management policies to reduce water consumption.

SKFH Water Consumption in Three Years

Year	2017	2018	2019
Total water consumption	1,059,958	960,673	370,568

Note 1: The water consumption of a leased office located in a building is estimated based on the building's shared water fee  
Note 2: As SKB changed its methodology for calculating water consumption and adopted a more accurate system for calculation in 2019, the total water consumption in 2019 dropped significantly.  
Note 3: Information publicly disclosed in previous years has been recalculated and retrospectively adjusted according to the scope of statistics for the current year.

4. Reduce Waste Output

SKFH is a provider of financial services and its main waste consists of domestic waste produced by employees in daily operations. We adopt the concept of recycling and reuse as the starting point and set up recycling stations on all floors of office buildings. We also use environmental education and training to teach employees about waste classification and recycling, and how to implement resource recycling and reuse.

We actively promote recycling of waste resources, waste separation, extending the useful life of profit-generating equipment. We implement “resource recovery management” on profit-generating appliances to be scrapped and we dismantle and reuse parts to effectively implement and improve waste management. We also use 2019 as the baseline year for setting a goal of reducing waste production by 6% in 2025 from levels in 2019. SKFH attained a 20% waste recycling rate in 2019.

SKFH Waste Statistics

	2017	2018	2019	Remarks
Total recycled waste	184,493	150,497	147,012	Recycling
Total incinerated waste	270,193	359,578	516,635	Total waste transported
Total compost waste	58,687	61,622	60,956	Restaurant food waste
Reuse of mixed construction materials	880	880	0	Bulk waste
Total waste quantity	514,254	572,577	724,603	-

Note 1: The scope of statistics for 2017 covers SKFH, SKL head office, waste recycled by SKB and SKPIA; domestic waste of SKB head office and MLS head office were added to the scope of statistics for 2018; all branch offices of MLS were added in 2019.  
Note 2: Information publicly disclosed in previous years has been retrospectively adjusted according to the calculation method of the current year.

SKFH Environmental Expenditures

Year	2017	2018	2019
Total environmental expenditures	53,895,008	131,960,500	85,515,753
Remarks	-	Including MasterLink Securities (head office)	Including MasterLink Securities (all business locations)

Note 1: Environmental expenditures include preventive expenditures for environmental protection (disinfecting ponds, cleaning external walls, and maintenance of raw drinking water) and environmental management expenditures (e.g., waste disposal and cleaning manpower/supplies).  
Note 2: SKL statistics only include expenditures from SKL's own buildings.  
Note 3: The environmental expenditures data of MLS covers only that of head office in 2018 and those of all business locations across Taiwan in 2019.

4.3 Supply Chain Management and Green Procurement

SKFH mainly provides a diverse range of financial products and services. Its value chain from proprietary procurement, product and service design, marketing operations, financial transactions, after-sales service, etc. are mainly performed by professionals. The value chain is thus different from traditional or technology industries in that there is no obvious upstream, middle and downstream supply chain system, and the external supply of required services only includes administrative services such as office supplies and equipment due to labor and administrative requirements.

Therefore, the communication and transactions between SKFH and suppliers do not have a major impact on social, environmental or work human rights. However, we are still responsible for accountable procurement, and we require suppliers to comply with government regulations and the code of conduct established by SKFH.

4.3.1 Supplier Sustainability Management

SKFH has added social responsibility clauses in supplier contracts since 2014. We require suppliers to assume responsibility for employees, society and the environment, and we formulated supplier management regulations. We established the “Supplier Commitment Letter” and invited suppliers to work together to implement CSR. In 2019, 100% of the new suppliers of SKFH and its subsidiaries have signed Supplier Commitment Letter for working together to promote sustainable environmental development, safeguard basic human rights, and fulfill corporate social responsibilities.

Shin Kong Life Insurance began supplier risk assessments and conducted onsite audits in 2019. In the future, we will also intensify sustainable management mechanisms and demonstrate our resolve on supplier sustainability management to fulfill our responsibilities for supplier management.

SKFH Supplier Management in 2019

Supplier Type		Labor Services	Finance Services	Construction Services		
Number of Suppliers		310	592	55		
Total		957				
Suppliers that Signed the Supplier Commitment Letter (number of companies)	New Suppliers (number of companies)	New Suppliers that Signed the Supplier Commitment Letter (number of companies)	Percentage of Signatures by New Suppliers	Number of Onsite Audits of Suppliers	Number of Supplier Risk Assessments	Percentage of Assessed Suppliers
524	103	103	100%	20	126	13%

Note 1: Financial service providers include suppliers of office software and hardware equipment, gifts, ads, printed materials, IT equipment, etc.; labor service providers include suppliers of outsourced manpower, education and training, system maintenance and processing, etc.; construction service suppliers refer to companies that build new buildings or conduct refurbishment operations in offices and related contractors in the projects.

Note 2: The suppliers' data of MLS covers only that of head office in 2018 and those of all business locations across Taiwan in 2019.

4.3.2 Exerting Procurement Influence

In addition to good supplier management, SKFH also actively responds to the goals in SDG 12 for sustainable consumption and production and actively exert our procurement influence. Our green procurement amounted to approximately NT\$210 million in 2019 with approximately 98% in local procurement which helped created green business opportunities and promote the development of Taiwan's consumer market.

When SKFH makes purchases, we will give priority to local suppliers and choose products with certified environmental protection and energy-saving labels for related office supplies or equipment. Newly-established or decorated units also use green building materials, and we endeavor to continuously increase the proportion of green procurement within the budget.

- Shin Kong Life Insurance has received the "Private Enterprise and Organization Green Procurement Award" from the Department of Environmental Protection, Taipei City Government for four consecutive years since 2016.
- Shin Kong Bank also prioritizes the procurement of environmentally-friendly and energy-saving products such as choosing photocopiers with power-saving functions that automatically enter the power-saving mode to reduce power consumption after 15 minutes of idling. The policy is implemented in all branches in Taiwan and the cumulative power savings were also exceedingly impressive.



2019 Procurement Statistics

Unit: NT\$

Company	Local Procurement Amount	Local Procurement Ratio
SKFH	38,969,657	100%
SKL	1,582,039,945	98%
SKB	1,024,479,096	98%
MLS	15,385,890	100%
SKIT	13,052,144	93%
SKPIA	702,986	97%

Note : Local refers to Taiwan.







## Employee Happiness

- 5.1 Talent Attraction and Retention
- 5.2 Remuneration and Benefits
- 5.3 Career Development
- 5.4 Diverse Communication Channels
- 5.5 Working Environment



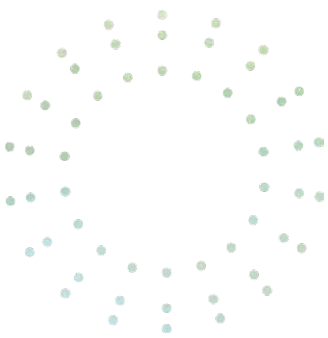
### Key Performances

- ★ Provided NT\$246 thousand in subsidies for indigenous employees to return home
- ★ Implemented industry-academia collaboration with 58 colleges and universities
- ★ Provided internship opportunities to 445 students
- ★ Provided NT\$3.86 million in maternity subsidies to 350 employees
- ★ Average salary increased 3% in recent three years
- ★ Female managers account for 55.8% of all management positions
- ★ Number of indigenous employees and employees with disabilities account for 1.7% of all employees

05

Employee Happiness

SKFH believes that corporate sustainable development must start with the welfare and benefits of employees. We use the “seven hearts” ideas including “attentiveness, love, dedication, thoughtfulness, perseverance, truthfulness, and sincerity” to create a happy workplace.



5.1 Talent Attraction and Retention

SKFH recruits talents based on merit and professional skills. We recruit partners suitable for the development of each company and provide competitive salaries, benefits and training opportunities for employees and the company to grow together and make SKFH the best choice for outstanding talents.

5.1.1 Employment Status

Our recruitment and salary review provide equal pay for equal work. We do not discriminate based on their gender, race, physical condition, religion, political affiliation, marital status, and union membership. All local senior executives are Taiwanese. Recruitment of new employees is based on the organization's manpower requirements. We recruit through open recruitment channels in accordance with the Labor Standards Act, the Employment Service Act, and the Act of Gender Equality in Employment to protect employee rights.

Human Resources Structure of SKFH and Its Subsidiaries in 2019

Category	Taiwan		Overseas		Taiwanese		Foreign national		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
	Number of employees								
	5,648	14,929	28	23	5,662	14,935	14	17	20,628

Note: The employee statistics in the above table include full-time (official) employees and unofficial employees which include office and field unofficial employees.

Employment Status of SKFH and Its Subsidiaries in 2019

Category	Full-time employees		Unofficial employees		Subtotal		Total
	Male	Female	Male	Female	Full-time	Unofficial	
	Number of employees						
	5,041	11,401	635	3,551	16,442	4,186	20,628
% of all employees	24.44%	55.27%	3.08%	17.22%	79.71%	20.29%	100%

Note 1: Full-time employees are official employees. Unofficial employees include commission only sales representatives, temporary workers, contractor personnels, part-time employees, and student workers.

Note 2: Due to the characteristics of the life insurance industry, sales personnel are mostly contracted (unofficial employees). However, as certain SKL sales personnel are directly employed (official employees), the proportion of contracted unofficial employees is lower than the industry average.

Full-time Employees of SKFH and Its Subsidiaries in 2019

Category	Gender	Male			Female			Total	Proportion of each category	
		Under 30	Over 30 and under 50	Over 50	Under 30	Over 30 and under 50	Over 50		Male	Female
	Rank									
Subtotal	Senior-level managers	0	8	45	0	4	9	66	0.32%	0.08%
	Mid-level managers	0	84	174	0	44	46	348	1.57%	0.55%
	Entry-level managers	92	557	187	52	697	599	2,184	5.08%	8.20%
	General employees	1,033	2,104	757	1,463	5,368	3,119	13,844	23.68%	60.52%
Proportion of each age group		6.84%	16.74%	7.07%	9.21%	37.18%	22.95%	100%	30.66%	69.34%

Note: Senior-level managers include the President, (Senior) Vice President, Senior Assistant Vice President, heads of Divisions, heads of head office departments, etc.; mid-level managers include heads of departments, branch managers (department supervisors), and department managers (15-day salary); entry-level managers include project managers, district managers, section supervisors, and course directors.

New Full-time Employees of SKFH and Its Subsidiaries in 2019

Category	Male				Female				Total
	Under 30	Over 30 and under 50	Over 50	Subtotal	Under 30	Over 30 and under 50	Over 50	Subtotal	
Number of employees	637	519	38	1,194	683	989	87	1,759	2,953
% of all official employees	3.9%	3.2%	0.2%	7.3%	4.2%	6.0%	0.5%	10.7%	18.0%

Note 1: SKB has 15 new employees in overseas regions, accounting for 0.40% of the Bank's total official employees.

Resigned Full-time Employees and Turnover Rate of SKFH and Its Subsidiaries in 2019

Category	Male				Female				Total
	Under 30	Over 30 and under 50	Over 50	Subtotal	Under 30	Over 30 and under 50	Over 50	Subtotal	
Number of employees who left the Company	387	529	110	1,026	437	900	530	1,867	2,893
Turnover rate	2.4%	3.2%	0.7%	6.2%	2.7%	5.5%	3.2%	11.4%	17.6%

Note: SKB has 11 resigned employees in overseas regions, accounting for 0.29% of the Bank's total official employees.





Resigned New Employees of SKFH and Its Subsidiaries in 2019

Category	Male				Female				Total
	Under 30	Over 30 and under 50	Over 50	Subtotal	Under 30	Over 30 and under 50	Over 50	Subtotal	
Number of employees who left the Company	128	120	12	260	110	232	20	362	622
Turnover rate	4.3%	4.1%	0.4%	8.8%	3.7%	7.9%	0.7%	12.3%	21.1%

Note: SKB has 5 resigned new employees in overseas regions, accounting for 0.13% of the Bank's total official employees.



Statistics of Female Managers of SKFH and Its Subsidiaries in 2019

	% of Females in all management positions	55.8%
	% of Females in junior management positions	61.7%
	% of Females in top management positions	13.6%
	% of female managers in revenue generation departments	65.8%

Note: According to DJSI definitions, senior-level managers are managers within 2 levels of the President.

5.1.2 Equal Employment Opportunities GRI 405-01

SKFH respects the right to work of people with disabilities. In 2019, the mandatory number of employees with disabilities was 152 and the actual number of employees with disabilities was 191, more than what is required by applicable law. Number of indigenous employees and employees with disabilities account for 1.7% of all employees.

SKFH respects the indigenous peoples' rights to employment and work. In 2019, we employed a total of 164 indigenous workers (52 more than the mandatory number). SKL established the "Regulations for Incentives for Increased Recruitment of Indigenous Employees" to provide employment opportunities and benefits for indigenous peoples. In addition, they are provided with an additional special leave and subsidies for returning home for annual festival as a gesture of our appreciation for their hard work. Indigenous employees were provided with a reward of NT\$9.281 million in incentives and NT\$246,000 in subsidies for returning home in 2019.

5.1.3 Human Rights Protection GRI 402-01, 406-01, 412-01, 412-02, G4 Sector-specific disclosures FS2

To protect the basic human rights of employees, support and follow international human rights conventions of the United Nations, and create a work environment that values personal dignity and value, SKFH has formulated the "Shin Kong Financial Holding Co., Ltd. Human Rights Policy" in order to fulfill its corporate social responsibilities and protect the basic human rights of all employees, customers, and stakeholders.

SKFH values employees' right to work and freedoms of assembly and association, and strives to protect the dignity and privacy of all employees. We filed no cases of discrimination and, as specified in the Labor Standards Act, we never hire child labor, and no forced or compulsory labor incidents in 2019. In accordance with Article 98 of the Shin Kong Financial Holding Work Rules, employees would be notified of operational changes before such changes are implemented.

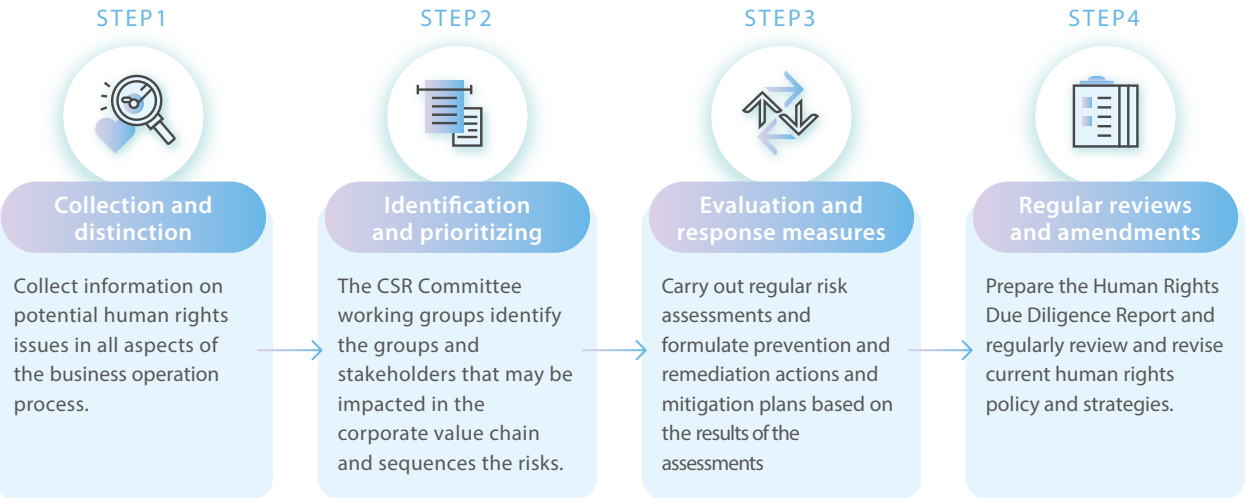
In 2019, SKFH and its subsidiaries held a total of 17 human rights-related education training sessions, including training for anti-money laundering and counter terrorism financing operations, best business practices for the Personal Data Protection Act, Financial Consumer Protection Act and Fair Customer Treatment Principles, human rights policies, legal compliance regulations and analysis, internal and external personnel reporting and processing regulations, Code of Ethical Conduct and Employee's Code of Conduct, and prevention of sexual harassment at the workplace for 28,469 trainees. All employees have completed education and training related to legal compliance and human rights policies.

Human Rights Due Diligence Process

SKFH values human rights issues and strictly abides by related labor regulations of its locations of operations. The Company also complies with its Human Rights Policy and established the Human Rights Due Diligence Process. Through internal and external communication channels as well as human rights issues development trends home and abroad, we collected potential human rights issues in the business operation process. After identifying potential human rights issues in the corporate development process, we identify the groups and stakeholders (e.g., all employees, customers, suppliers, and local communities) that may be impacted in the corporate value chain. We assess the issues based on the "probability of occurrence" and "severity of the impact on the value chain". For issues with higher probability of occurrence and more severe impact on the organization, we assign related units to conduct regular risk assessments. For high-risk groups, the units shall formulate prevention and



remediation actions and mitigation plans to manage and reduce identified. SKFH regularly reviews and amends the current human rights policy and strategies to meet regulations and prevailing moral standards of the society. SKFH also investigates and verifies the effectiveness of the execution, compile results into the Human Rights Due Diligence Report, and submit the Report to the Corporate Social Responsibility Management Committee for reference.



Human Rights Due Diligence Process




Human Rights Due Diligence Results and Management Measures

In 2019, in compliance with the human rights due diligence process, SKFH and its subsidiaries jointly identified five major human rights issues including "work hours", "labor-management relations", "Anti-discrimination and gender equality", "safety and health", and "dignity of work" and carried out risks assessments. For high-risk groups, the Company and subsidiaries established related management and mitigation plans for implementation.

Human Rights Issue	Affected Individuals	Evaluation Method	High-Risk Groups in 2019	Management/Mitigation Plans	Implementation Status of Mitigation Plans
 Work hours	Employees	1. Establishment of Work Rules 2. Attendance monitoring 3. Encourage employees to take vacations and balance work and life	1.2%	<ul style="list-style-type: none"><li>"Work Rules/Personnel Management Rules" stipulates that employees' regular working hours shall not exceed 8 hours per day and 40 hours per week, and provides a vacation system. (According to the Labor Standards act, overtime work shall not exceed 46 hours per month).</li><li>Regularly review the department's overtime status every month and notify the supervisor so that the supervisor can provide care and assistance to colleagues working overtime.</li><li>Review the use of special vacations every month and notify the supervisor. Remind supervisors on the internal website to assist colleagues in arranging rest where appropriate.</li><li>The attendance management system checks the attendance records every week and reviews abnormal working hours.</li></ul>	100% execution
 Labor-management relations	Employees	1. Internal/external communication channels (internal complaints and official letters from external entities) 2. Human resources service window	0.1%	<ul style="list-style-type: none"><li>Strictly observe labor laws and regulations and specify regulations in the Work Rules and related regulations.</li><li>Regularly organize labor-management meetings, properly communicate with employees, and maintain smooth labor-management communication channels.</li><li>Regularly organize courses on labor regulations to help employees understand their labor rights and help managers understand labor regulations and establish appropriate management methods.</li></ul>	Refer to 5.4 for details

Human Rights Issue	Affected Individuals	Evaluation Method	High-Risk Groups in 2019	Management/Mitigation Plans	Implementation Status of Mitigation Plans
 Anti-discrimination and gender equality	Employees	1. Internal/external communication channels (internal complaints and official letters from external entities) 2. Human resources service window 3. Sexual harassment prevention training	0.0%	<ul style="list-style-type: none"><li>Specify the prohibition of discrimination and sexual harassment in the Work Rules and related regulations, and provide an equal workplace environment.</li><li>Provide relevant complaint channels and maintain smooth communication channels.</li><li>Establish a sexual harassment complaint committee to review related cases</li><li>Regularly organize education and training on sexual harassment prevention.</li></ul>	Refer to 5.1.3 for details
 Safety and health	Employees	1. Investigation of workplace violence 2. Health examination for employees 3. Investigation of illnesses caused by abnormal workload 4. Organize "onsite physician service" activities	0.9%	<ul style="list-style-type: none"><li>Establish a plan to prevent workplace violence and complete risk assessment and monitoring for each department. Incorporate online courses on "prevention of workplace violence" into education and training courses for new employees, and give lectures to senior executives and mid-level managers to specify the Company's "zero tolerance" on workplace violence in order to prevent employees from being physically or mentally violated by the actions of others when performing their duties, and to properly maintain the physical and mental health of employees.</li><li>Implement health examinations for employees every year and provide corresponding health services and follow-up management for high-risk groups. The health manager shall encourage employees categorized as high-risk level 2 management cases to actively seek medical treatment to avoid the deterioration of the disease. Organize annual health promotion activities to improve the health of employees that are not in good health. To improve management effectiveness, we plan to introduce a background health management system and an app for staff in 2020.</li><li>Regularly implement investigations on illnesses caused by abnormal workload and provide the "exceptional workload-induced illness prevention plan questionnaire" as a self-assessment tool for employees' overwork issues. The Company can begin with a preliminary review of the "personal overwork factors" and "work-related overwork factors" of employees and specifically arrange interviews and health counseling with physicians for high-risk groups.</li><li>Organize "onsite physician service" activities every quarter to provide comprehensive health consultation services for employees.</li></ul>	Refer to 5.2.3 for details

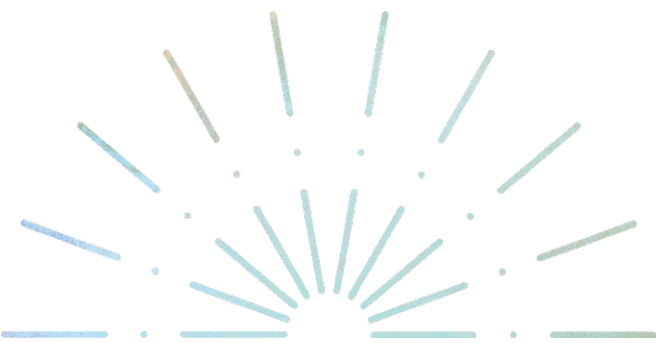
Human Rights Issue	Affected Individuals	Evaluation Method	High-Risk Groups in 2019	Management/Mitigation Plans	Implementation Status of Mitigation Plans
 Dignity of work	Suppliers and their employees	1. Supplier conference 2. Supplier CSR self-assessment questionnaire 3. Supplier risk assessment analysis 4. Supplier CSR onsite audit	0.7%	<ul style="list-style-type: none"><li>Require suppliers to sign Supplier Commitment Letter.</li><li>Organize supplier conference and invite professionals to explain human right concepts.</li><li>Learn about the supplier's understanding and implementation of human rights through the human rights questionnaire in the supplier CSR self-assessment questionnaire.</li><li>Apply supplier risk assessment to analyze whether there are potential crises in human rights issues among existing suppliers; understand the potential labor human rights issues of suppliers, and actively follow up on related measures taken by suppliers.</li><li>Interview suppliers during onsite audits to understand the actual human rights conditions of the laborers, and provide suppliers with assistance by explaining human rights concepts, international human rights trends, and common human rights issues in Taiwan.</li></ul>	Refer to 4.3.1 for details

5.2 Remuneration and Benefits

SKFH's overall compensation strategy emphasizes that salaries are determined based on responsibilities, performance and capabilities; also, market conditions are well considered and differentiation is highly valued. To provide target salaries in line with market standards, new employees shall be given salaries based on job responsibilities, market trends, and their experience and education. The salary is not determined by differences in age, gender, race, religion, political affiliation, marital status, or disabilities. As a principle, employees' salaries are adjusted once each year. The adjustment shall be submitted to the Chairman for approval.

5.2.1 Employee Remuneration and Benefits

In the past three years, the average salary of general office staff of SKFH and its subsidiaries has been adjusted by about 3%, and professional and technical incentive allowances and bonuses have been provided to motivate employees to improve their professional skills. In addition, we are also one of the few companies in the industry to provide basic salaries for official sales personnel. Before the official appointment, a monthly allowance of NT\$4,750 would be provided for better protection for inexperienced new employees' basic living needs. SKPIA has an "allowance based on the number of cases" system for salespersons who are provided with rewards if they achieve a certain number of solicitations each month.





Average Benefit Expenses for Non-Manager Employees of SKFH and Its Subsidiaries in the Past Three Years

Unit: NT\$ thousands

Company	2017	2018	2019
SKFH	988	1,067	1,100
SKL	1,357	1,362	1,362
SKB	946	979	1,005
MLS	982	1,015	1,110
SKIT	963	831	748
SKPIA	684	1,304	889






Note 1: Employee benefits include employee salaries, commission expenses, severance pay, victim compensation, employee remuneration, bonuses, company-provided benefits, labor/health/group insurance premiums borne by the Company, allocated pension, and deferred annual paid leave, and employee educational subsidies.

Note 2: Employees refer to official employees and do not include unofficial employees, commission only sales representatives, outsourced service providers, contracted employees, or student workers.

Note 3: The scope of total benefit expenses only includes official employees, office staff, and general positions, but does not include those for management roles (section managers, project managers, department managers, Vice Presidents, Senior Vice Presidents, and the President).

Compensation Ratios for SKFH by Employee Level in 2019

GRI 202-01, 405-02

Company	 Senior-level manager	 Mid-level manager	 Entry-level manager	 General Staff	 Entry-level employee
	Female: Male	Female: Male	Female: Male	Female: Male	Entry-level employee average basic salary: minimum wage
SKFH	0.76 : 1	0.99 : 1	0.74 : 1	0.93 : 1	-Note 6
SKL	1.17 : 1	1.03 : 1	0.91 : 1	0.82 : 1	1.30 : 1
SKB	0.96 : 1	1.04 : 1	0.98 : 1	0.91 : 1	1.40 : 1
MLS	0.70 : 1	0.95 : 1	0.79 : 1	0.86 : 1	1.13 : 1
SKIT	-Note 4	0.91 : 1	-Note 5	0.81 : 1	-Note 6
SKPIA	-Note 4	-Note 4	-Note 5	0.87 : 1	1.39 : 1
Total	0.86 : 1	0.95 : 1	0.90 : 1	0.85 : 1	1.30 : 1

Note 1: Entry-level employees refers to new employees who have no work experience and academic qualifications based on college education (only office staff are included for SKL because there is no difference between salaries for male and female sales personnel).

Note 2: The minimum wage refers to the minimum wage of NT\$23,100 promulgated by the Ministry of Labor on September 5, 2018 and implemented from January 1, 2019.

Note 3 : Senior-level managers include the President, (Senior) Vice President, Senior Assistant Vice President, heads of Divisions, high-ranking heads of departments, etc.; mid-level managers include heads of departments and regional sales office managers; entry-level managers include project managers, sales office managers, section supervisors, and course directors.

Note 4 : There were no female managers.

Note 5 : The organizational structure does not include entry-level managers.

Note 6 : No new entry-level employees were hired.




The number of SKFH's full-time non-management employees and the average salary of full-time non-management employees in 2019, and the difference of the two statistics compared to the previous year are as follows:

Year	Number of full-time non-management employees (persons)	Average salary of general staff (NT\$)	Median salary of general staff (NT\$)
2018	14,398	960,000	776,000
2019	14,829	981,000	795,000
Difference	431	21,000	19,000

5.2.2 Performance Management System

GRI 404-03

SKFH introduced the “Management by Objective (MBO)” system in 2004, established a culture of accountability, and formulated the “Regulations Governing Performance Management and Development” to set goals, conduct performance reviews and performance evaluation every year. Except for employees on extended leave, a performance review was conducted for all employees in 2019. We hope to help employees and the Company grow together by continuously improving their personal work performance and the Company's overall operating performance.

Performance Communication	Contents
 Set goals at the beginning of the period	The supervisor sets annual performance indicators and work goals with employees. They also establish the annual development plan of the employee through bilateral communication.
 Interim performance review	The supervisor and the employee review the achievement status of work items and discuss the work plan for the second half of the year.
 Final performance evaluation	The supervisor and the employee review the achievement status of work items and discuss the work plan for the next year to support employees in their work and allow them to learn and grow.

SKFH has established rules for various rewards. We granted a total of 302 merits and distributed NT\$4,729,083 in bonuses to employees in 2019. SKL selects excellent office and sales personnel and publicly praises them each year in accordance with the “Personal Insurance Outstanding Employee Reward Regulations”. In 2019, 10 office and 26 sales personnel were selected as outstanding employees and presented with medals and gifts from the President and top-level managers.

Company	Number of Employees with Outstanding Performance and Merit or Recognition (persons)	Bonuses Distributed in 2019
SKFH	7	NT\$68,164
SKL	80	• Individual bonus issued: NT\$133,000 • Departmental group incentive bonus: NT\$3.082 million
SKB	208	NT\$1,215,919
MLS	7	Individual bonus: NT\$230,000

5.2.3 Complete Benefits System GRI 201-03, 401-02

SKFH upholds the business philosophy of “integrity and feedback” and maximizes its contribution to employee benefits. In addition to designing an appropriate benefit system based on job categories, we also upgraded and add benefit items each year. All employee benefit measures provided are superior to legal requirements including health examinations, employee preferential deposit (lending) interest rate, leave system and retirement conditions, etc.

1. Vacation benefits

We provide employees with annual leave, marriage leave, bereavement leave, official leave, occupational injury leave, paternity leave, sick leave, menstrual leave, paid personal leave, public welfare leave, annual festival leave, maternity leave, pregnancy checkup leave, paternity leave, family care leave, natural disaster leave, epidemic prevention leave, epidemic care leave and other types of leave. The salary payment standards for maternity leave, natural disaster leave, and epidemic prevention leave are superior than the standards in labor regulations. We also offer more annual leave than the statutory requirement.

2. Insurance benefits

We provide employees with Labor Insurance and National Health Insurance and provide accident insurance, travel insurance and other protections paid by the company for the personnel with specific roles and overseas personnel. We also provide employees and dependents with preferential rates for different types of group insurance (life insurance, accident insurance, medical insurance, and cancer insurance). In addition, if an employee has children insured for medical treatment, regardless of the number of insured, only the fees for one child is charged.

3. Retirement benefits

According to the Labor Standards Act, we continue to allocate labor pension preparatory fund each month for workers who chose the old pension system and those who chose the New Labor Pension System but retained the seniority under the old system. In addition, we provide workers who chose the new pension system with an allocation of 6% of their monthly wage in accordance with the Labor Pension Act. When employees attain criteria for retirement, they would receive the pension as prescribed by related laws, and retirement souvenirs from the Company. Our retirement conditions are superior to those specified in labor regulations to help employees make better choices for their careers. In addition, to encourage employees to plan for early retirement, we actively promote the "Pension 3C Retirement Knowledge Program". To educate the public and promote the raising of the employee retirement benefit rate, and to provide relative subsidies to employees who are insured under the "LOHAS Winners Scheme".

4. Healthcare benefits

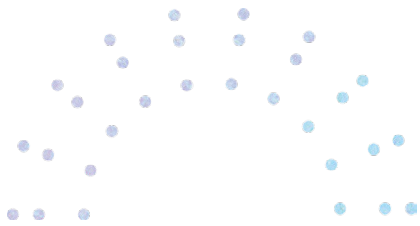
SKFH provides employees with annual health examinations, medical consultation, disaster hospitalization subsidies, preferential hospitalization rates, health lectures, and CPR first-aid training. We also provide epidemic prevention care such as administering flu vaccines, setting up hand sanitizers, measuring body temperature, and providing masks and other epidemic prevention items. In addition, SKFH also provides employees' family members with a 15% discount for health examinations and inpatient ward charges at designated hospitals. To promote employees' development of good fitness habits, the Employee Welfare Committee also encourages employees to exercise regularly and achieve work-life balance by subsidizing a number of sports clubs. Employees who walk more than 10,000 steps a day are eligible for a NT\$10 discount when they purchase beverages at the employee cafeteria.

SKL	Adopt a “four-dimensional” health policy to provide comprehensive protection for the healthy workplace:
	<p>Physical health</p> <ul style="list-style-type: none"><li>SKL provides a variety of health examinations that are superior to regulatory requirements. The inspection rate of all employees in 2019 reached 83.1%, of which the total inspection rate of office staff reached 92.4%. SKL classifies employees based on health examinations and health risks and implement follow-up healthcare services with 100% tracking rate.</li><li>Worked with a professional pharmacist team to provide 4 health education videos for broadcast in business units across the country.</li><li>Organized regular visits by occupational medical specialists to provide workplace health advice and employee consultation services in 183 cases.</li><li>In the annual health and weight management campaign, the total weight loss was 992.3 kg; the average weight loss of the participants was 2.84 kg, an increase of 0.8 kg compared to the previous year. The effectiveness of the campaign has increased year by year.</li><li>SKL organized health and safety promotion seminars in response to local needs totaling 4,157 participants and 73 sessions.</li><li>In order to alleviate the musculoskeletal aches caused by bad posture and long-term office work, SKL provides masseur services and introduced physical/functional therapist consultation visits in health centers across Taiwan. They provided services to 342 cases.</li></ul>

SKL	<p>Mental health</p> <ul style="list-style-type: none"><li>SKL worked with professional EAP consultants to provide integrated staff work-life coaching services and newsletters for sharing information. The free telephone consultation services were used 128 times last year.</li><li>To help new employees adapt to the workplace environment faster, 3 hours of workplace happiness training was added to training programs for new hires.</li><li>To enhance the connection between EAP consultants and internal corporate culture, SKL appointed internal psychologists in 2019 to provide more comprehensive mental health service planning.</li></ul> <p>Healthy atmosphere</p> <ul style="list-style-type: none"><li>Set up a health ATM (HATM) to provide customers and employees with blood pressure measurement services.</li><li>SKL set up the “Shin Kong iHealth” measurement station at key buildings to provide measurements of blood pressure, weight (including body fat), forehead temperature, and physical and mental indicators. The features can be used with an app for employees to track and record their own health status at any time. The services were used 10,484 times.</li><li>SKL cooperated with social welfare organizations to provide “Shin Kong Massage Center” with massage services provided by masseurs with visual impairment. Employees can enjoy up to two 20-minute free massage services per person per month as needed.</li><li>Implement smoke-free workplace policies and provide information on tobacco hazards prevention.</li><li>Set up sufficient AEDs in company's own buildings; promote the establishment of “safe places” and continuously maintain the certifications for safe environments. Conduct CPR &amp; AED retraining in relevant buildings every two years. The number of license holders in relevant sites reaches 80% of the number of employees onsite.</li></ul> <p>Health protection</p> <ul style="list-style-type: none"><li>Organize questionnaire surveys on musculoskeletal diseases (human factors) prevention, abnormal workload prevention, and workplace violence prevention during annual health examinations. Conduct risk evaluations and formulate improvement plans based on cross-examinations of the results of health examinations.</li><li>SKL cares about the needs of mothers. In addition to setting up high-quality breastfeeding rooms, the Company encourages female colleagues of child-bearing age to actively accept “maternal health protection” and provides pregnancy gifts and mother gifts. A total of 83 gifts was distributed in 2019 and mother's gifts are planned for 2020 to expand recipients to female colleagues who have provided raised their child for more than one year.</li></ul>
	<ul style="list-style-type: none"><li>The Bank conducts regular health examinations for all employees and analyzes the results of health examination reports to implement health management and protect the physical and mental health of employees in the workplace. The health examination rate in 2019 was 97%.</li><li>SKB contracted doctors to provide health services at the Bank once every three months to protect the physical and mental health of employees. In 2019, 100 consultations were provided.</li><li>The Bank implemented a workplace health promotion plan. Health managers provided guidance on preventive care and health issues. In 2019, 381 nursing consultations and 662 health services were provided.</li><li>The Bank provided 9 health information education materials in 2019 to increase workplace health awareness.</li><li>The Bank tracked occupational accident cases and developed a return to work (RTW) plan to implement workplace health management. There were 35 traffic accidents in 2019.</li><li>The Bank implemented infectious disease prevention awareness campaigns and assisted in handling emergency events to reduce the risk of accidents.</li><li>The Bank responded to the government's breastfeeding policy and oversaw the construction, maintenance, and management of breastfeeding rooms to create a friendly workplace environment. The rooms were used 1,548 times and it was awarded the “Excellent Breastfeeding Room Certificate” (2016-2019).</li><li>In 2019, SKB implemented risk assessments on hazard prevention programs for issues such as “human factors”, “abnormal workload”, “workplace violence”, and “maternity protection at work”. The Bank provided health management measures to improve workplace healthcare.</li></ul>
MLS	<ul style="list-style-type: none"><li>Employees can go to the contracted clinic health examination center once a year for free for physical and mental health examination.</li><li>The Company provides breastfeeding rooms and usage regulations to create a gender-friendly environment for employees.</li><li>The Company set up health care stations, and placed first-aid kits on each floor. It also provides blood pressure measuring devices for employee health management.</li></ul>
SKIT	<ul style="list-style-type: none"><li>SKIT organizes employee health examinations every year with superior inspection items than those required for labor physical fitness examinations to ensure good health control.</li></ul>







5. Self-directed learning benefits

Company	Self-directed learning incentives
SKFH	<ul style="list-style-type: none"><li>• Provide Commonwealth Innovation Academy online courses and encourage employees to learn by themselves to achieve mobility, energy conservation, and carbon emissions reduction.</li><li>• Encourage employees to obtain licenses and provide subsidies for related expenses. Encourage employees to continue to improve their foreign language skills and establish regulations for employee foreign language study subsidies.</li><li>• Organize regular lectures on financial trends in conjunction with resources of subsidiaries to maximize training effectiveness.</li><li>• To motivate leaders to upgrade their personal management skills, increase the performance of individuals and companies, and expand the leadership network of leaders, SKFH established regulations for providing subsidies for EMBA and on-the-job master courses (including on-the-job graduate students).</li></ul>
SKL	<ul style="list-style-type: none"><li>• To cultivate professional talents and improve their professional skills, SKL established the “Regulations Governing Rewards for Professional and Technical Personnel” to provide benefits such as professional license rewards, continuous incentive pay, registration fees, annual fee subsidies, and study leave to encourage employees' self-directed learning.</li><li>• A total of NT\$22.88 million was distributed in professional license rewards and bonuses in 2019.</li></ul>
SKB	<ul style="list-style-type: none"><li>• To encourage employees to obtain professional certification and qualifications, the Bank established the “Shin Kong Bank Professional Certification Reward Guidelines” to provide different levels of subsidies for sign-up fees, registration fees, and rewards based on the degree of difficulty in obtaining professional certification. A reward of up to NT\$180,000 is provided for each license or certification. These rewards enhance the professional skills of employees.</li><li>• Introduced the “CommonWealth Innovation Academy” video and audio learning platform, which provides courses on finance, management, trends, and personal growth. Employees can use different electronic devices to study anytime, anywhere, creating an autonomous learning atmosphere for all employees.</li><li>• A total of NT\$1.45 million was distributed in professional certification rewards and bonuses in 2019.</li></ul>
MLS	<ul style="list-style-type: none"><li>• To cultivate talents necessary for business development, MLS established the “Education and Training Management Regulations” to encourage employees to actively apply for participation in internal and external training courses for improving their professional capabilities and the Company's operating performance.</li><li>• The Company began collaboration with the “CommonWealth Innovation Academy” online learning platform in 2019 to respond to the onset of digital learning. The program provides digital courses on innovation, management, leadership, and international perspectives and allows employees make good use of fragmented time to connect with the world anytime, anywhere. They can learn about the latest trends in the industry and improve their business advantages.</li></ul>
SKIT	<ul style="list-style-type: none"><li>• The Company established the “Employee Domestic External Training and Expense Subsidy Regulations”. Employees may participate in training courses organized by the Company or units, and they may also be assigned by the Company or independently apply for training courses in Taiwan.</li></ul>
SKPIA	<ul style="list-style-type: none"><li>• The Company encourages employees to obtain professional certifications and provides rewards for professional insurance agent licenses. Those who have obtained qualifications and completed relevant training at the Association will be given a monthly signatory fee of NT\$10,000 after obtaining their practice licenses.</li></ul>

6. General benefits

SKFH provides subsidies for weddings and funerals, employee cafeteria, contracted laundry services, resort accommodation discounts, cooperative group purchases, resource sharing with affiliate companies, and special corporate discounts at contracted stores, domestic hotel, language institutions, and daycare institutions. SKFH provides birthday gifts, Chinese New Year gifts, Dragon Boat Festival and Mid-Autumn Festival gifts, and subsidies for the first purchase of tablet computer for employees ranked project managers or above up to NT\$10,000 per person. A total of 16 people applied for subsidies in 2019.

In addition, the Shin Kong Life Employee Welfare Committee launched the cooperative group buying website “Shin Kong Friendly Shopping Station” in May 2013 to provide a full range of affordable shopping services for employees to purchase items at lower prices. The profits generated by the website are used by the Employee Welfare Committee to improve employee benefits.

7. Benefits for enhancing employee relations

To thank the employees for their efforts, enhance team cohesion, promote employee relationships, and strengthen support from employees' family members, SKFH held annual parties (with lucky draws), provide benefits for employees such as travel subsidies and group recreation subsidies. We also organize annual employee family days to strengthen family value and promote friendship and exchanges between colleagues and family members.

In addition, we encourage employees to invite their family members and customers to sign up for the Shin Kong Life Tower Run Up, or form teams for the contest to enhance the relationship between family members and employees. We also invite employees' family members to take part in activities such as hiking, employee travel, and movie screenings.

8. Marriage and childbirth benefits

SKFH cares about female employees and actively protects employees' right to work and opportunities. In addition to providing an unpaid parental leave for raising child(en) in accordance with relevant laws and regulations, we also provide maternity / parental subsidies. In 2019, a total of 350 people applied for maternity subsidies and we distributed NT\$3.86 million; 521 people applied for parental subsidies and we distributed NT\$5.21 million.




SKFH supports new mothers in the workplace with real actions. We set up breastfeeding rooms for employees to breastfeed during office hours. We also adjust work hours and provide childcare benefits for employees to take care of their children.




Breastfeeding Room Equipment and Performance




Subsidiary	Breastfeeding room equipment	2019 Performance
SKL		<ul style="list-style-type: none"><li>• Received the “Excellent Breastfeeding Room Certification” from local health authorities</li><li>• Breastfeeding room usage: 8,908 times</li></ul>
SKB	1. Backrest chair, table, washstand, mirror, and cozy space design 2. Diverse parenting, breastfeeding, and health publications	<ul style="list-style-type: none"><li>• Obtained the “Excellent Breastfeeding Room Certification” from Taipei City Government</li><li>• Breastfeeding room usage: 1,548 times</li></ul>
MLS		<ul style="list-style-type: none"><li>• Obtained the “Excellent Breastfeeding Room Certification” from Taipei City Government</li><li>• Breastfeeding room usage: 1,338 times</li></ul>



Unpaid Parental Leave for Raising Child(en) Statistics in 2019 GRI 401-03

 Number of employees eligible for unpaid parental leave in 2019 (A)		 Number of applicants for unpaid parental leave in 2019 (B)		 Rate of application for unpaid parental leave = (B)/(A)	
Male	Female	Male	Female	Male	Female
368	993	14	182	4%	18%

 Expected number of employees to return to work in 2019 (C)		 Actual number of employees returned to work in 2019 (D)		 Reinstatement rate = (D/C)	
Male	Female	Male	Female	Male	Female
14	173	9	122	64%	71%

 Number of employees returned to work from unpaid parental leave in 2018 (E)		 Number of employees returned to work in 2018 who have continuously worked for more than one year (F)		 Retention rate = (F)/(E)	
Male	Female	Male	Female	Male	Female
11	127	7	92	64%	72%

Note 1: The “number of employees eligible for unpaid parental leave in 2019” refers to the number of employees who have applied for maternity leave or paternity leave in the past 4 years (2016 to 2019).

Note 2: The “expected number of employees to return to work in 2019” includes the number of employees who applied for unpaid parental leave from 2017 to 2019 and were scheduled to be reinstated in 2019.

Note 3: The “number of employees reinstated in 2019” includes the number of people who applied for unpaid parental leave from 2017 to 2019 and returned to work in 2019.

Note 4: The “2019 retention rate” = number of employees reinstated in 2018 who have continuously worked for more than one year / number of employees returned to work from unpaid parental leave in 2018.

Note 5: The number of employees that did not return to work include those who continued to apply for unpaid parental leave.

9. Promote work flexibility

SKFH, SKL, and SKB have planned flexible working hours systems since 2015 to assist employees to balance work and family life. We set up flexible working hours with two shifts and three shifts which were launched in 2016 to allow employees in the office to adjust office hours based on the needs of their family such as picking up children or caring for elders. We help employees support the needs of family members while working. In addition, we also established related measures for employees to work from home to respond to global digitization trends and special requirements of the Company or employees for working from home.

5.3 Career Development GRI 404-02

SKFH invests a substantial amount of education and training resources every year to strengthen the professional skills of employees and improve the Company's overall competitiveness.

In response to digital finance trends, SKFH established the “SKFH digital financial project” task force while SKL and SKB have fully implemented the E-learning system and recruited talents with different backgrounds in the digital finance sector (e.g., big data analysis, digital marketing, and IT talents). We established comprehensive digital finance teams and information technology teams and we also planned a diverse range of seminars and courses on digital finance trends to improve employees' knowledge and understanding of digital finance.

SKL activated competency-based talent management mechanisms to build a key talent pool through a modular and systematic management mechanisms. It plans various physical and digital courses that meet the needs of employees in different roles and provides other practical training to enhance employee competency. It received the “Best Insurance Education Contribution Award” as well as the “Best Professional Consultant Award”, and “Best Insurance Achievement Award” in the insurance quality category in the 21st Faith, Hope & Love Awards of Insurance.

Employee Training Hours of SKFH and Its Subsidiaries in 2019 GRI 404-01

Training hours per person (hours)						
Management		General Staff		Average		
Male	Female	Male	Female	Male	Female	Average
60.16	40.05	114.59	118.20	102.21	108.25	106.40

Note 1: The training hours specified in this table include internal training, external training, overseas training, online courses, and education and training for new recruits.

Note 2: Internal training is organized by the Human Resources Department; external training is conducted by external institutions (for both office and field personnel); overseas training is training sponsored by the Company (for both office and field personnel).

Employee Training Cost of SKFH and Its Subsidiaries in 2019

Training cost per person (NT\$)						
Management		General Staff		Average		
Male	Female	Male	Female	Male	Female	Total
15,950.79	8,803.61	16,718.64	19,236.43	16,543.93	17,908.65	17,490.24

Note: The training expenses specified in this table include internal training, external training, overseas training, online courses, and education and training for new recruits.

5.3.1 Talent Cultivation Strategy

SKFH adopted the Kirkpatrick Model to regularly track and evaluate the development of various talent training projects in accordance with the missions, vision, and operating strategy of each subsidiary. Our aim is to create a culture of accountability and effectively implement overall medium- to long-term talent asset development plans.





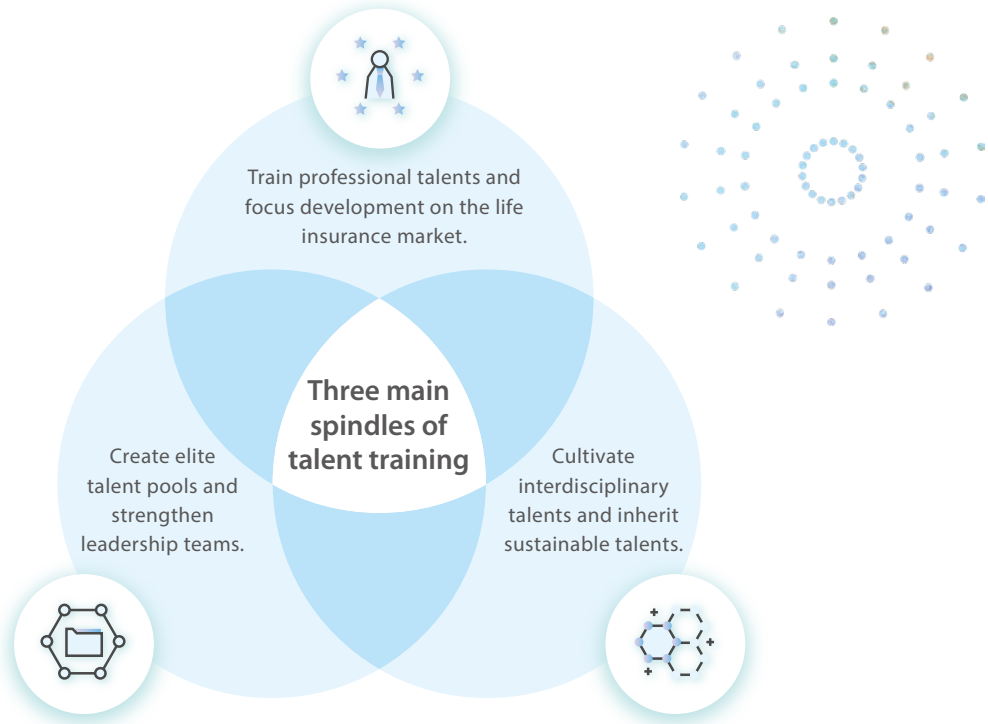
Evaluation Level	Evaluation Target	Evaluation Method	Current Key Training Programs	Evaluation Indicators and Results 2019
(L4) Results level	Participants' actual contributions to the organization	Practical work	Internal lecturer training	Saved NT\$2.16 million in external training expenses.
(L3) Behavior level	Changes of participants' behavior at work	Practical work	Target talent selection	Actual application in the recruitment process.
			Management associate program	The implementation of the management associate (MA) recruitment and training program, include personal development plan, special programs, coaching guidance, and the corporate mentor system. The combination of the observations, evaluations, timely care of the HR Department, and the seniority assistance system help MA candidates establish correct understanding and attitude to quickly acquire outstanding talents needed for the organizational expansion. We also increased the retention rate by 50%.
			Manager training program	Senior executives regularly recommend entry-level managers with potential for serving as heads of head office departments and branch managers for training and development. Training and development were provided for 184 entry-level managers and nearly 30% were promoted to managers.
(L2) Learning level	Participants' skills, knowledge, and attitude	Tests and written reports	Office courses	The assignment submission rate reached 100%.
			New depository and remittance personnel training	7 to 8 days of the courses included the professional contents for depository and remittance businesses of the branch and also hands-on exercises. Participants must pass the exam on the final day. The test pass rate was 100%.
(L1) Reaction level	Participants' reaction and satisfaction to the training itself	Satisfaction questionnaire surveys	New Star Camp	Satisfaction score: 4.6.

Note: The cost savings of external training are estimated based on the average market price of NT\$12,000 per hour for external lecturers.

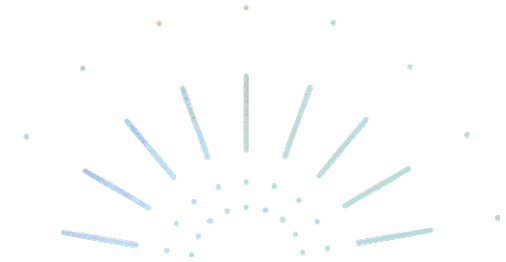


Shin Kong Life Insurance(SKL)

SKL's training system is mainly divided into two categories, including the sales system (sales personnel) and administrative system (office staff). The planning of training maps is based on the training needs of core personnel to effectively open up career development paths. SKL provides talent training for both office and sales systems in accordance with the following three major strategies to strengthen the talent pool and facilitate sustainable operations:



Six Major Strategic Guidelines for SKL Sales System in 2019



Eight Major Strategic Guidelines for SKL Administrative System in 2019

Risks	The insurance industry faces a transformation crisis with the arrival of the Fintech wave	
Opportunities	Insurance talent cultivation plan in response to the Fintech trend	
Eight Response Strategies	Regularly assign employees to join the training at Taiwan AI Academy	<ul style="list-style-type: none"><li>Assigned 13 employees to manager training courses</li><li>Assigned 7 employees to technical leadership courses</li></ul>
	Assign employees to regular training at the Fin & Tech Innovation Village and Bellwether Forum	<ul style="list-style-type: none"><li>Assigned 8 employees to comprehensive information security personnel training programs</li><li>Assigned 5 employees to the Fintech Elite Training Camp</li><li>Assigned 3 employees to the Fintech seed teacher program</li><li>Regularly allow employees to register for Fintech related courses at their own initiatives, such as Fintech Transboundary Salon, Fin &amp; Tech Digital Financial Transformation Forum, Financial Industry AI Application and Data Science Talent Cultivation Program.</li><li>Appoint employees regularly to attend Fintech seminars at the Bellwether Forum each month</li></ul>
	Introduce digital courses	<ul style="list-style-type: none"><li>Introduce a series of Fintech E-Courses from Taiwan Academy of Banking and Finance and plan a system for required and elective courses to encourage all employees to learn about Fintech</li><li>Introduce the "CommonWealth Innovation Academy video and audio courses" to encourage employees to take the initiative in learning and improving their competitiveness</li></ul>
	Expand the cultivation of social media and big data professionals	<ul style="list-style-type: none"><li>Promote Basic Test on the FinTech Knowledge and provide cloud-based sales training resources</li><li>Use the iPad to integrate the business development system and provide sales personnel with diversified and convenient e-services</li><li>Organize seminars on new trends such as smart city, digital revolution, and financial innovation to let employees understand the applications and development of the Internet of Things (IoT) and big data in the insurance industry</li></ul>
	Big data process redesign and establishment of dedicated organizations	<ul style="list-style-type: none"><li>Combine technology, social media, and big data analysis to redesign processes and actively cultivate FinTech professionals</li></ul>
	Connect job functions to lead changes for workshops and quickly replicate successful experiences	<ul style="list-style-type: none"><li>Develop technologies through workshops and apply them to new products</li><li>Continue to organize Registered Financial Consultant (RFC) courses to enhance professional finance skills, empower talent transformation, share successful experiences of expert, and improve professional finance skills and service quality</li></ul>
	Agent + sales personnel transformation and e-management	<ul style="list-style-type: none"><li>Establish an education cloud section to create efficient digital management mechanisms and create opportunities for mobile learning</li></ul>
	Observe international companies to enhance international perspectives	<ul style="list-style-type: none"><li>Continue to assign staff to participate in overseas studies in Singapore and learn from international trends</li><li>Learn about the development and market demand of FinTech based on to professional studies and visits</li></ul>

Shin Kong Bank (SKB)

SKB provides a variety of learning channels including off-job training (OFF-JT), digital learning, on-the-job training (OJT), job rotation, individual development plans (IDP), and encouragement for self-directed (SD) by employees. SKB's main talent training programs are as follows:

1. Establish a management team with capacity for strategic planning and execution

In addition to assigning staff to participate in senior manager training for finance specialists and international financial talent training courses provided by domestic training institutions, the Bank also organizes leadership training courses and strategy consensus camps for mid-level to senior-level managers to improve the strategic thinking capacities of the management team, consolidate management teams to form consensus on strategic goals, and expedite the implementation of strategic goals.

2. Talent training for future supervisors at all levels

To continuously designate successors for supervisors at all levels, the Bank regularly organizes talent evaluation for mid-level to senior-level managers and selection of talents for future branch managers. The Bank also assigns managers to serve as mentors, implement IDPs, organizes presentations for talent learning results, and manages training for management skills. It provides various external training courses according to individual learning and development needs to build a complete talent pool.

3. Establish learning maps and development plans for professional staff

The Bank established a learning map for employees of all levels in sales and logistics units, and organized professional training courses for them to systematically cultivate and improve the professional skills of employees. In 2019, the Bank offered sales skill, customer service skill, and persuasion courses through the wealth management sales course and increased monthly income from service fees by 14% from the previous year.

4. Digital finance and AI talent training

In response to the digital transformation, all employees will be given a general education course on digital financial trends, training courses for new recruits, and sent a "Dr. FinTech" newsletter from time to time. The Bank will also conduct onsite training at business units and arrange for executives and employees to attend Taiwan AI Academy and data intelligence book clubs and training camps. In 2019, the Bank planned digital talent training programs to improve digital transformation capabilities and respond to future artificial intelligence development trends.

5. Create an internal culture of innovation and change for employees




The Bank continues to promote the employee proposal system and provides substantive incentives for the proposals accepted and fully implemented by the Bank. To create a culture of innovation and change, the Bank organized the "Innovation Leadership" course for mid-level to senior-level managers. The Bank encourages managers to learn and use innovative practices adopted in the industry or other industries to become catalysts and practitioners of team innovation. In addition, to enhance employees' innovation and thinking, we organized the hands-on course "Innovation Workshop" to help employees transform creative thinking into feasible action plans that specifically transform innovation into practice banking practices. An innovation proposal proposed in the Innovation Workshop in 2018 has improved the payment function in online banking, and the number of payments increased 6-fold in 2019 compared with the previous year.





MasterLink Securities (MLS)

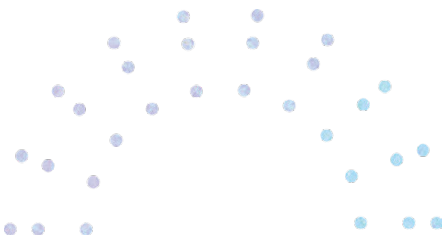
MLS regards employees as important talent assets of the Company. Through knowledge inventory, it has established courses required for various positions in various departments. Meticulous education and training systems has been constructed and implemented by coordinated planning. MasterLink Securities' education and training system is closely linked to its short-, medium-, and long-term business strategies and annual development goals of SKFH and MLS. They include management development training, professional training, and project training.

Training System	Description of Main Themes
 Management development training	<ul style="list-style-type: none"><li>MasterLink Securities organizes manager training camps and management development training for entry-level, mid-level, and senior-level managers to reach consensus with precision, strengthen team leadership and motivation, and innovate management thinking and skills.</li><li>The Company organizes self-management seminars, health seminars, and positive energy seminars to care for the physical and mental health of employees, promote a balanced work and family life, and create a friendly workplace environment.</li><li>In 2019, the Company selected the “CommonWealth Innovation Academy — 100 Management Secrets” for appointed managers and supervisors. The courses included accountability, teamwork, coaching, and performance, along with management mindset and techniques.</li></ul>
 Professional training	<ul style="list-style-type: none"><li>For business units such as brokerage, wealth management, e-commerce, and futures, the Company organizes related business training courses to effectively improve the business capabilities and skills of business units.</li><li>In 2019, the Company organized professional training with a “FinTech seminar” in accordance with SKFH's “AI Shin Kong Elderly Future” strategy. The seminar was held to discuss how the securities industry should respond to the Fintech wave. In view of the innovation and transformation of the business model of the securities industry, managers and senior executives shall have sufficient professional knowledge and precise execution in personnel management. The Company organized the “Mandatory Knowledge of Labor Regulations for Managers/Senior Executives” to effectively grasp the working conditions of both employers and employees and strengthen countermeasures and management.</li></ul>
 Project training	<ul style="list-style-type: none"><li>The Company organizes project training seminars including “potential industry seminars”, “focus industry (AI) seminars”, “foreign exchange practical courses”, and “professional training for investment departments” to instantly connect international political and economic conditions and global investment prospects.</li></ul>




5.3.2 Clear Learning Map

SKL develops a variety of professional courses based on the functional development of each rank of office and field staff for each employee to win in the highly competitive insurance market and for the Company to continue to cultivate professional insurance management personnel.

The Company revitalized the leadership team and promoted the talent development for operational performance in 2019. The top executives and strategic units provided key issues in business operations or annual strategic operation issues under their jurisdiction, and arranged workshops for the topics for subsequent output of programs. They then followed up on the management of targets and benefits and revitalized the leadership team to ensure that the organization continues to implement innovative strategies.



Actual Implementation and Operation Workshops

Workshop	Topic Title	Benefits
 Data Analysis and Application Workshop	SKL's digital client management and Internet user analysis	<ul style="list-style-type: none"><li>Increased the membership.</li><li>Increased service transaction volume.</li></ul>
	Analysis of potential high-end customers	<ul style="list-style-type: none"><li>Identify potential high-end customers that bring high premium income to the company.</li></ul>
 Process Improvement Workshop	Promote the improvement of the "one-stop inventory maintenance and management" service process for financial asset investment operations	<ul style="list-style-type: none"><li>Inventory and adjustment of the operation completion time for related financial asset investment systems.</li><li>Planned and developed investment management report subsystems to reduce the number of reports and repeated work.</li><li>Portia system phase out timing and annual software license fees savings.</li></ul>
	Construction of digital service cloud education and promotion model	<ul style="list-style-type: none"><li>Outside the company: won sustainable management awards and improved customer service satisfaction.</li><li>Inside the company: growth rate of digital service indicators and reduction of hard copy in after-sales services.</li></ul>
 Canvas Workshop	Friendly γ (Gamma) customer services expand and optimize the call center service.	<ul style="list-style-type: none"><li>Improved the answer rate (number of calls answered/ number of callers transferred to service personnel).</li><li>Reduced the abandonment rate. [number of calls where the caller gave up waiting / (number of callers transferred to service personnel + number of voice messages)].</li><li>Improved customer satisfaction.</li></ul>

To continuously strengthen learning development and talent management, SKB has established a Learning Road Map with "core competencies, professional competencies, and management competencies" based on roles of each employee. The Learning Road Map helps employees to learn the skills they need for work in separate stages and check the professional skills and corresponding training plans of the roles at any time. It also allows their supervisors to easily understand the learning status of the employees. Starting from 2016, the Bank has planned Learning Road Maps for employees of each branch that specialize in consumer finance, corporate finance, deposit and remittance, wealth management, and customer service and began training courses.

Shin Kong Bank Learning Road Map



Thoughtful Service Course

To improve customer service experience, SKB organized the Thoughtful Service courses to deliver positive energy, improve the professional skills and service quality of front-line service personnel, and improve service quality, thereby creating a high-quality and friendly workplace environment:

Core	Name	Contents	Progress
Service attitude	Service quality training	Trainees: All new employees Online courses: 3 video courses • Key to improving performance in the finance industry: Solve customers' problems and exceed customer expectations • [Cheers Lecture Hall] 5 ways to create thoughtful services • Find your own innovative advantages from the customer's perspective	100% completed training
		Trainees: Head office employees handling direct business transactions with customers Face-to-face courses: 5 sessions in total with 7 hours per session Course name: Customer service skills and handling customer complaints	<ul style="list-style-type: none"><li>• 100% completed training</li><li>• Post-course satisfaction rate: 4.73 points (on a scale of 5 points)</li></ul>
	Thoughtful services	Trainees: Specialists of the Service Department and Customer Service Department Training hours: Approximately 11 sessions across Taiwan with 2 hours per session Course format: Open face-to-face interactive teaching with case studies and role-play exercises	<ul style="list-style-type: none"><li>• 100% completed training</li><li>• Post-course satisfaction rate: 4.38 points (on a scale of 5 points)</li></ul>
Professional services	Professional competency tests	Tested personnel: Branch service personnel Test contents: SKB "Deposit and Remittance Operation Handbook" Test method: Tests on the E-learning system	<ul style="list-style-type: none"><li>• 1,000 employees tested</li><li>• Average score of 97 points</li></ul>
Service quality	Service Expert Competition	Eligible candidates: Branch employees in Taiwan Selection process: A selection team composed of branch customers, service quality improvement teams, members of the "Shin Kong Bank Fan Group" and senior executives who selected the top 10 best service experts	The best service expert of the year was selected by 45,000 customers, approximately 30,000 members of the fan group, and senior executives
Service verification	Branch service quality inspections	Inspection method: Inspect the quality of counter services at 105 branches across Taiwan and include results in the KPIs of branches <b>Inspection items:</b> • Observation of customer service quality over the counter • Promoting regulations by the head office and sharing service case studies <b>Management mechanisms:</b> • Except for items that must be improved within a specified time and KPI point deductions, the findings of monthly inspections are shared via video conferences • Implement solid improvements, submit the improvement form, and include it in the performance evaluation	100% completion of inspections of branches in Taiwan

5.3.3 Comprehensive Training for New Employees GRI 404-01

SKFH attaches great importance to the cultivation of new employees and established a comprehensive talent development plan to help new recruits quickly integrate into the Shin Kong family and train active finance professionals.

SKL attaches great importance to the training for new employees and has established a comprehensive training program for new office and sales personnel. Through a comprehensive navigator system, a brand-new "New Hire Training Program", new employee salary and security standards, overseas training opportunities and career development paths, the implementation of a multi-faceted system, the new hire retention rate of SKL was 95.9% in 2019.

To help new employees learn about the mandatory financial regulations, human rights regulations, and information security risk control, SKB has a complete education and training for finance skills, financial product knowledge, service etiquette, and related regulations. In addition to organizing regular training courses for new employees, it also holds core value experience camps every quarter to help new employees learn about the corporate culture through immersive learning. The Bank also provides exclusive counselors who lead new hires through the adaptation period to the stability period and quickly integrate into the team to improve work satisfaction and productivity, and create good working relations.

For new employees to more effectively fit into the work environment, MLS focuses on three key aspects including learning about the company, understanding relevant industry regulations, and learning about the department's operations. It provides new employees across Taiwan with training through digital courses. To help train young partners to become future super salespersons, it launched a comprehensive securities wealth management specialist training program in 2014 to bring in new blood into the organization.

5.3.4 Training the Next Generation of Leaders

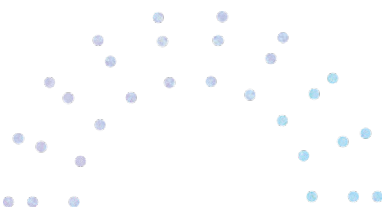
To establish the leadership talent team, SKFH and its subsidiaries have established scientific tools such as "elite talent standards / successful role models", "tools for selecting elite talents" and "diverse development plans for cultivating elite talents".

SKL launched a leadership development project in 2010. Through interviews, knowledge, experience and personality traits surveys, it identified the abilities and conditions required for each position, established leadership standards, and nurtured candidates for management roles. It continued to strengthen the internal talent pool in 2019 while expanding the coverage of the leadership team to comprehensively improve management functions and help SKL expand to new horizons and increase market value.







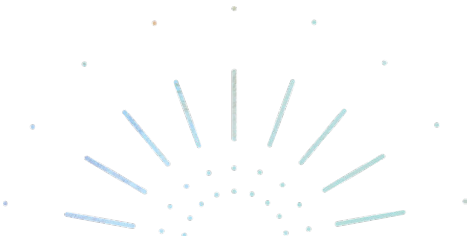
Risks / Opportunities	Actions Taken	Performance Results
Increasingly challenging financial operating environment with high demand for cross-strait industrial leaders and the aging of human resources in enterprises	Leadership development plan	<ul style="list-style-type: none"><li>• Selected 2 employees with great potential to attend an open seminar for mid-level and senior-level managers in Singapore to expand their international perspectives and enhance competitiveness.</li><li>• Organized seminars or course themes on issues such as leadership, strategy development, and team communication. Observed and learned from the experience of successful companies.</li></ul>
How to effectively take stock of the abilities and conditions required for each role in order to sustain the talents of the Company and respond to competition in the industry	Business leadership development echelon	<ul style="list-style-type: none"><li>• From 2011 to 2019, a total of 973 employees have been trained and 336 of them have been promoted (office + field), with a promotion rate of 35%.</li><li>• Laid the foundation for cross-generation talent development with a solid leadership curriculum.</li></ul>
Risks of generation shifts of talents for meeting future talent requirements	Project Y	<ul style="list-style-type: none"><li>• Heads of units are responsible for cultivating talents and establishing independent learning mechanisms and inspection mechanisms.</li><li>• Planned 4 main courses and management courses.</li></ul>



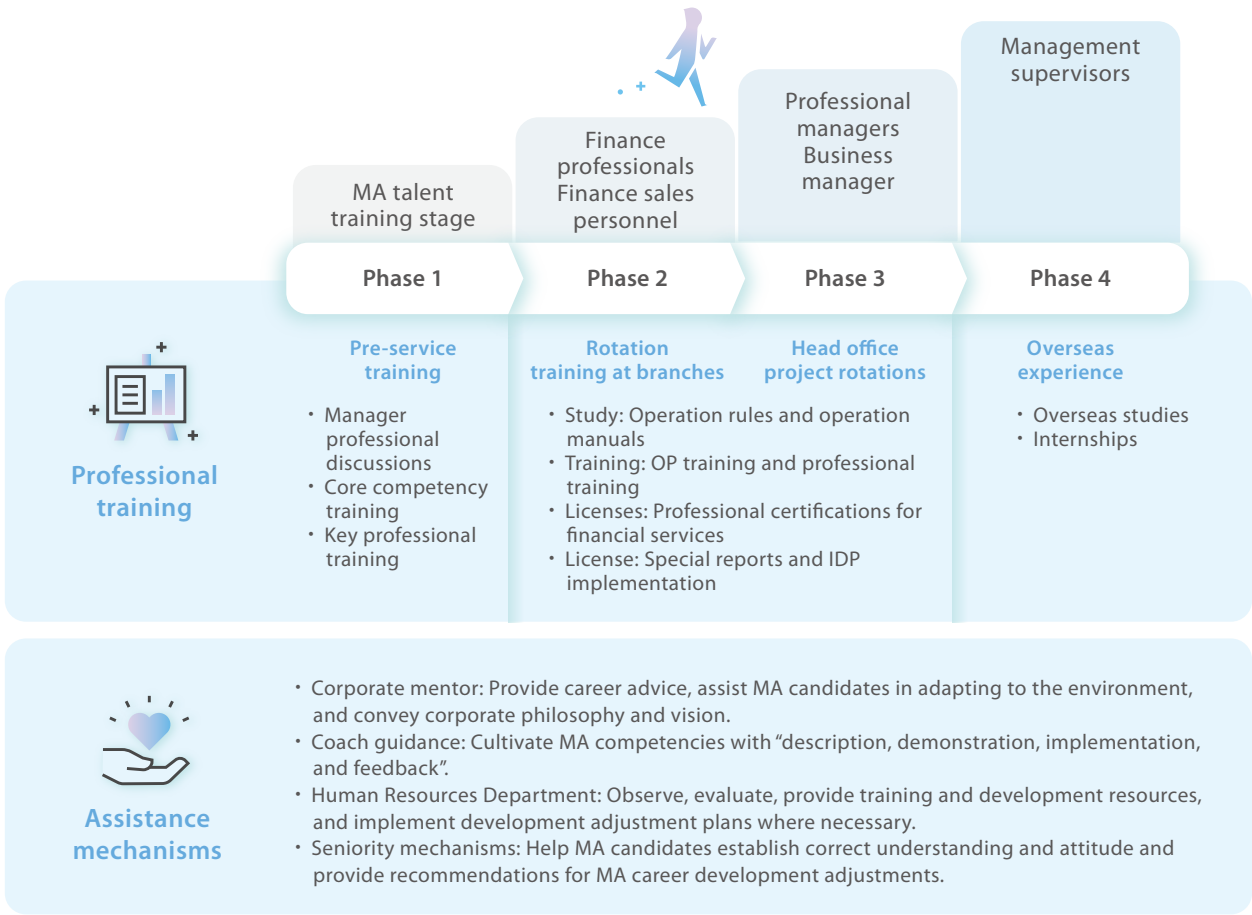


To cultivate professional talents, SKB has established a management team with capacity for strategic planning and execution. In addition, with the goals of improving the strategic conceptualization of the management team, enhancing the height and vision of talent management, strengthening staff coaching skills, and honing leadership management skills, SKB also established the leadership echelon. The echelon plans systematic and structural training programs for supervisors and key talents at all levels to improve organizational competitiveness.

Strategy	Description
 <b>MA personnel training</b>	<ul style="list-style-type: none"><li>• The implementation of the management associate (MA) recruitment and training program, include personal development plan, coaching guidance, and the corporate mentor system help the Bank quickly acquire outstanding talents needed for the Bank's organizational expansion. As of 2019, 79 MA candidates have graduated from training.</li><li>• Continue to implement the wealth management specialist expansion plan and teach employees to gradually become professional wealth management specialists through deposit and remittance training, product knowledge, and sales skills. Since 2015, five rounds of the program have been organized and it has trained more than 162 outstanding talents.</li></ul>
 <b>Talent training for branch supervisors of all levels</b>	<ul style="list-style-type: none"><li>• Establish complete and systematic training mechanisms to establish a talent pool, cultivate outstanding crew members, and actively capitalizing on talents' strengths.</li><li>• Talent pool training courses are held regularly every year. In addition to practical bank operations and leadership management, the courses also provide external training courses based on individual learning and development requirements (e.g., Commonwealth Economic Forum... etc.).</li></ul>
 <b>To create successors</b>	<ul style="list-style-type: none"><li>• Starting from 2016, the Company has selected 16 employees with great potential to attend seminars for mid-level and senior-level managers in Singapore.</li><li>• The Company conducted mid-level to senior-level potential talent assessments in 2015, 2017, and 2019 to assess gaps in professional competencies and leadership styles. The 2017 candidates began a one-year Individual Development Plan (IDP) in 2018 and have been assigned senior executives as mentors to strengthen their capabilities.</li><li>• Leadership style evaluations were conducted on 31 mid-level and senior-level managers in 2018 and 18 in 2019, helping them learn about individual leadership styles and organize actual personnel leadership.</li></ul>
 <b>Training overseas talents</b>	<p>The Company organized overseas seminars or business internships to learn from the management experience of competitors and other industries. A total of 9 employees participated in the events in 2019 which helped cultivate overseas talent vision and strategic thinking across borders.</p>



Management Associate (MA) — Cradle of Professional Bankers



5.3.5 Actively Conduct Campus Activities and Help the New Generation Connect with the Workplace

SKFH has always actively trained and recruited talents. We organized dozens of campus recruitment activities in Taiwan in 2019 based on the theme of "Work Hard to Change the World and Illuminate the Future with Light". To meet the disruptive innovation brought by the digital era and follow the policies of the competent authorities to strengthen corporate governance, SKFH recruited talents with finance backgrounds in 2019 and we also extended our recruitment to a diverse range of talents from digital finance, customer group management, actuarial statistics, legal compliance, risk management, information technology, information security, and wealth management. We created openings for 3,000 insurance sales elites, 100 digital finance IT and marketing specialists, and more than 500 professional office positions. We also trained 50 main business executives and MA management elites, encouraging talents from various fields to help Shin Kong achieve even better results.

To help young students find employment and develop their abilities for entering the workplace earlier, SKL began organizing corporate internship programs, summer internship programs, practical insurance courses, Shin Kong Dream Activation Camp, company visits, and College Student Financial Growth Camp for students in 2019. We use a diverse range of courses and exciting activities to share knowledge and experience and help students understand themselves and plan their future. In addition, we also worked with colleges and universities in launching the North Region "Fintech Innovation Elite Training Base" project. In the future, we will provide internships and employment opportunities, innovative technology applications and operations, and collaborative teaching with experts and scholars.

To help young students on campus connect with the workplace early and develop skills for employment, SKB organized the information internship project in 2019, head office summer elite projects, and deposit and remittance internships to help talents on campus develop work skills. SKB also continues to participate in the Ministry of Labor's "Youth Employment Pilot Program" and provides vacancies in the banking industry on government websites to help young students apply for finance-related jobs.



MLS launched the internship program in 2016 to enhance campus presence and cultivate outstanding securities talents. The program included summer internships and senior student internships during the semester. The scope of internship extensively included research, trading, sales, and IT departments, which provide students with a better understanding of the securities industry and offer internship opportunities that connect them with the corporate workplace to apply what they have learned. MLS began participating in the “Public Interest Program for College Students’ Financial Career” organized by Taiwan Depository & Clearing Corporation and the Securities & Futures Institute in 2016. The Company provided openings in the securities industry on the employment matchmaking system website (established by the SFI) to help graduates enter the securities industry.



5.3.6 Cultivation of Internal Lecturers

SKFH has established internal lecturer management measures and actively trained internal lecturers to effectively pass on corporate knowledge, technologies, experience, and culture, and improve the quality of the organization's manpower and corporate competitiveness.

SKL currently has 30 full-time lecturers and 162 accredited part-time lecturers. We have completed 33 course plans and we will continue to invest in professional development plans for lecturers for continuous improvement and growth.

SKB has actively trained internal lecturers since 2016 to effectively pass on financial expertise and successful experience. It used the accreditation courses to train instructors' education plan designs, PowerPoint presentation skills, and teaching skills. It has trained 108 lecturers in internal training courses and encourages employees to develop a habit of sharing and enjoy sharing to create an open and diverse learning organization.



5.4 Diverse Communication Channels GRI 407-01

SKFH encourages employees to express their ideas and provides diverse communication channels for them to do so. We also established open communication channels for each subsidiary company in accordance with the culture and industrial characteristics of each company so that employees' personal opinions can be adequately supported and understood. These measures enhance their sense of identification with the Company and the cohesion among employees.

Labor-management meetings	To create harmonious labor-management relations, SKFH and SKB established the “Labor-Management Meeting Organization Regulations”, and organize labor-management meetings every three months to facilitate labor-management communication, promote labor-management cooperation, and create a win-win situation.
Dedicated employee communication mailbox	The Company established the dedicated employee communication mailbox in 2015 to encourage direct communication between employees, management, directors, or the Audit Committee to ensure adequate feedback of employees' views on important decisions about the Company's operations and financial position or those that involve employees' interests.
Opinion area	The internal website has an opinion area and a dedicated unit is responsible for responding to opinions to provide employees with a convenient platform for consultation.
Exit interview	Each resigning employee is invited to an exit interview which provides problem resolution and care about the employee's conditions and allows recommendations of the employee to be delivered to related units so that such conditions do not recur in the future.
Employee compliant channels	SKFH established comprehensive internal and external complaint channels and whistleblower protection mechanisms. Where an investigation shows material violations or causes the Company to suffer damages, the unit that received the report shall report the matter, processing method, and follow-up review and improvement measures to the Board of Directors.
Union consultation	To enhance labor-management communication, SKL employees have established labor unions in Taipei, New Taipei City, Hsinchu City, Nantou County, Yunlin County, and Kaohsiung City. Held a labor-management meeting every 3 months to actively interact with employees and maintain good relations. No collective bargaining agreements have been signed.

Note: SKFH does not have any business location or supplier that may violate the workers' freedom of association or the right to collective bargaining, or pose significant risks to their rights.





5.4.1 Employee Engagement Survey

To fully understand each employee's opinion of the Company and work-related issues, SKFH and its subsidiaries conduct an "employee engagement survey" regularly. By listening to the voices of employees, we learn about the employees' approval and their recommendations for the Company. We then organized subsequent meetings to draw up remediation actions which shall be used as the basis for continuous improvement of the management team to maintain employee cohesion and approval of the company.

5.4.2 Handling of Employee Complaints GRI 407-01

To enhance labor-management relations, promote labor-management harmony, labor and management must uphold the principle of harmony and good faith between and work together to resolve problems through negotiation. SKFH regularly organizes labor-management meetings every 3 months in 2019 and directly communicates on labor-management coordination and cooperation matters. They adequately reflect the employees' opinions on the Company's operations or important decisions involving employee interests.

SKL established the "Employee Complaint Response Team" and "Major Labor Dispute Handling Team" in 2012. It also formulated the "Shin Kong Life Employee Complaint Handling Regulations". Employees set up labor unions in Taipei, New Taipei City, Hsinchu City, Taichung County, Nantou County, Yunlin County, Changhua County, and Kaohsiung City. SKL holds a labor-management meeting every quarter to replace the intense labor-management negotiations or mediation with regular meetings and friendly communication with the union. In 2019, 5 employees' complaints (including consultations and cases transferred to business units for assistance) were formally accepted and effectively resolved. The number of labor disputes decreased from 8 in 2018 to 3. In addition, SKL has established policy statements, complaint, investigation, and processing mechanisms for preventing sexual harassment. Two sexual harassment reports were received in 2019. One case was closed and another one is still under investigation. The procedures for cases include acceptance, investigations, and review. The establishment and execution of a case are determined based on the results of the review.

SKB provides employees with smooth internal communication channels to enhance employee cohesion and harmony and reduce labor disputes. Employees can voice opinions on problems through the following channels: (1) employee complaint mailboxes; (2) employee surveys across the Bank; and (3) labor-management meetings. In addition to the aforementioned channels, the Bank also established the "Sexual Harassment Prevention, Complaint, and Disciplinary Measures" to protect employees' rights.

A SKB employee filed a complaint in 2019 and it has been effectively resolved through investigation, negotiation, and communication. In the future, the Bank will continue to review the standard operating procedures for processing employee complaints, strengthen two-way labor-management communication through employee opinion surveys, and promote labor-management harmony.

MLS has established Work Rules in accordance with the Labor Standards Act to provide clear outlines for the rights and obligations of both employers and employees. The Company encourages employees to communicate directly with the management through department meetings, dinners, monthly company meetings, and regular labor-management meetings. Employees can provide recommendations on the Company's operating decisions and achieve good communication between employers and employees. Where changes in operations may cause material impact on employees, they shall be notified in an appropriate manner. MLS also established Employee Complaint Regulations, employee mailboxes, sexual harassment prevention and disciplinary measures, and a dedicated line for accepting complaints to protect employees' basic rights.

In 2019, MLS, SKIT, and SKPIA did not have any employee complaints. SKIT set up a formal employee complaint mailbox and complaint handling procedures in 2016 to provide employees' opinions with more protection and transparency.

5.5 Working Environment GRI 403-03

Although employees of SKFH and subsidiaries engage in administrative and sales services and are not exposed to high risks, we still attach great importance to the health of employees. We pay attention to the safety and health of the workplace environment at all times, implement labor environment measurement, and enforce professional training in safety and health. We take real actions to take care of employees and strengthen the health and safety of the workplace. We promote the implementation of employee care plans safety, sanitation, and health, so that all employees can have a safe and comfortable workplace.

Dimension	Company	Actual performance
	SKL	<ul style="list-style-type: none"><li>SKL implements regulations that are stricter than the requirements in relevant occupational safety and health regulations. It assigns supervisors of various units to attend 42-hour training for "Type A Occupational Safety and Health Manager" to improve the awareness of safety and health of the supervisors of each unit and protect the safety of employees.</li><li>Employees at various workplaces receive 18-hour training for "certified first responder" to obtain certificates, and can provide first-aid measures in an emergency in the event of an emergency.</li><li>Established emergency rescue support measures for large-scale internal activities and provided necessary emergency rescue services when organizing large-scale activities to make the activities better and safer.</li><li>The President signed and announced the "Prohibition of Workplace Violence Statement", which expressly prohibits all types of violence at the workplace.</li><li>SKL Insurance became the first life insurance industry to obtain ISO45001: 2018 international occupational safety and health management system certification, and it will continue to maintain the validity of the certification.</li><li>Two fire drills and live building evacuation drills are held every year to strengthen employees' emergency response capabilities such as fire prevention and disaster prevention.</li></ul>
	SKB	<ul style="list-style-type: none"><li>SKB regularly organizes the "Building Public Safety Inspection Certification and Report" and "Fire Safety Equipment Maintenance and Report" to prevent fires and protect public safety.</li><li>Established an emergency response team to respond to natural disasters (typhoons, earthquakes, etc.) and manage the damage of buildings and personnel safety.</li><li>Each branch holds regular "security maintenance and anti-robbery drills" every six months to enhance the anti-robbery alert of bank clerks and strengthen the safety of premises.</li><li>Each branch is equipped with security personnel to perform security maintenance tasks to reduce accidents.</li><li>Meetings of the Occupational Safety and Health Committees are held every quarter to review, coordinate, and recommend safety, sanitation, and health-related issues, implement meeting instructions, and review follow-up actions.</li></ul>
	MLS	<ul style="list-style-type: none"><li>Implemented education and training on work environment improvement and safety maintenance. The Company's business locations are covered by public accident liability insurance and it regularly organizes labor safety education and training.</li><li>Employees were assigned to receive training for three types of certificates including "Type B Safety and Health Manager", "First-Aid Personnel" and "Fire Safety Manager".</li><li>Set up a self-defense fire safety team, provided various safety protective gear, and strengthened the ability of employees to escape from danger in response to emergencies. Fire prevention personnel receive retraining at least once every two years in accordance with the Guidelines for the Establishment and Management of Professional Institutions for Fire Prevention Management Personnel established by the Ministry of the Interior. The Company also organizes regular fire drills.</li></ul>
	SKL	<ul style="list-style-type: none"><li>Appoint measurement institutions approved by the Ministry of Labor to measure the CO<sub>2</sub> concentration in the office every six months. The test results were in compliance with legal standards. The Company provides employees with a healthy and comfortable work environment.</li><li>Appoint professional measurement institutions to monitor the level of Legionella pneumophila in the cooling water tower in buildings with cooling water towers for air-conditioning equipment. Completed inspections for 65 air-conditioning cooling water towers in 37 buildings in 2019 to prevent the spread of bacteria in the air-conditioning systems and maintain good air quality.</li><li>Appoint an inspection agency approved by the Environmental Protection Administration each quarter to test the quality of drinking water machines at all business locations in Taiwan to ensure the safety of drinking water for all employees.</li><li>Implement indoor air quality monitoring and measurements for new offices and measure the CO<sub>2</sub>, CO, O<sub>3</sub>, PM10, PM2.5, formaldehyde, TVOC, temperature, and humidity. The results of each test must meet the requirements before the office can be used.</li></ul>
	SKB	<ul style="list-style-type: none"><li>Appointed a measurement institution approved by the Ministry of Labor to monitor the CO<sub>2</sub> concentration and the illuminance of lamps and lanterns in the business locations and offices. All results met standards.</li><li>Appointed an environmental inspection institution approved by the Environmental Protection Administration to inspect the number of E. coli colonies in the water dispensers throughout the bank every three months. All results met standards.</li></ul>
	MLS	<ul style="list-style-type: none"><li>The Company appoints a qualified safety and health management consultancy company to inspect the permitted concentration of carbon dioxide and illumination (lumens) every six months. The results of the tests met the requirements of the Occupational Safety and Health Act.</li><li>The Company purified toxic substances in the air (such as carbon monoxide, formaldehyde), dust generated by office machinery, etc., to protect the health of employees. It also places plants in the office on each floor and installs air purifiers in the photocopying room.</li></ul>
	Please refer to 5.2.3 Complete Benefits System	

5.5.1 Workplace Safety GRI 403-01 403-02 403-03

SKL and SKB have established the “Occupational Safety and Health Committee”. The President serves as the chair and is responsible for promoting health and safety management programs. The labor representatives of each Committee account for more than 1/3 of the each Committee.

The Committee meets every three months to discuss safety and health issues and to track the effectiveness of various resolutions. SKL introduced an occupational safety and health management system (ISO45001: 2018) in 2018. It strengthened the Company's safety and health management and passed third-party certification operations in early 2019, becoming the first insurance company to pass this management system certification.



Note: SKIT, SKPIA, and SKFH belong to the third category of business and they have less than 3,000 employees. Therefore, the establishment of the Occupational Safety and Health Committee is not required.

Occupational Accident Data and Absenteeism Statistics in 2019

Company	Incident rate IR		Lost day rateLDR		Absentee rateAR		Disabling injury frequency rate FR	Disabling injury severity rate (SR)	Frequency severity indicator (FSI)
	Male	Female	Male	Female	Male	Female			
SKFH	0.00	0.00	0.00	0.00	0.000	0.001	0.000	0	0.00
SKL	0.00	0.04	0.00	2.74	0.010	0.011	0.140	10	0.04
SKB	0.79	1.02	23.18	14.59	0.005	0.007	4.632	90	0.65
MLS	1.02	0.46	2.03	7.95	0.006	0.006	3.265	29	0.31
SKIT	0.00	0.00	0.00	0.00	0.005	0.007	0.000	0	0.00
SKPIA	0.00	0.00	0.00	0.00	0.001	0.004	0.000	0	0.00
Total	0.30		6.09		0.0089		1.498	244	0.60

Note 1: The types of occupational injuries (common diseases) in SKFH in 2019 included applications for injury benefits for incapacity to work full-time; the work injury cases of the subsidiary SKL in 2019 were work injury cases specified in the Occupational Accident Statistics System of the by the Ministry of Labor; all cases were traffic accidents in injury category.

Note 2: Incidence rate (IR, the second decimal place is unconditionally rounded off) = occupational injury (cases) X 200,000 / total working hours (hours)

Note 3: Loss day rate (LDR, the second decimal place is unconditionally rounded off) = total lost workdays (days) X 200,000 / total hours worked (hours)

Note 4: Absentee rate (AR) (including sick leave, occupational injury leave, and personal leave) = (total absence days / total number of working man-days) x100%

Note 5: Disabling injury frequency rate (FR, the second decimal place is unconditionally rounded off) = total occupational injury (cases) X 1,000,000 / total hours worked

Note 6: Disabling injury severity rate (SR, the second decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked (hours)

Note 7: Frequency severity indicator (FSI) = square root of (FR X SR / 1000)

Note 8: The 200,000 above in Note 2, Note 3, and Note 8 refers to the proportion of every 100 employees based on 50 weeks of work and 40 hours of work per week.

Note 9: Absentee days: Including sick leave, occupational injury leave, and personal leave taken by employees who are absent from work due to disability but not limited to work-related injury or disease and excluding statutory leaves such as festivals and holidays, training, maternity/paternity leave, and bereavement leave.

Note 10: Total workdays: Expected total number of employee workdays (total number of people \* annual workdays)

Note 11: Total hours worked: Expected total number of employee hours worked (total number of people \* daily working hours \* annual workdays)

5.5.2 Safety and Health Training

Since 2013, SKL has delegated management responsibilities to various business unit managers, and arranged large-scale training for Type A Occupational Safety and Health Managers. All units in Taiwan currently have 370 qualified first-aid personnel who work with health managers to quickly form a joint first-aid network when an accident occurs. SKL also regularly plans diverse courses to provide on-the-job education and training for employees. In addition to at least one hour of safety and health online training course for the Company's legal compliance personnel each year, the Company organizes physical training and EDM promotions from time to time. SKB conducts a two-hour labor safety and health course for new employees to improve employee safety and health knowledge.

Contractor safety management

SKL established the “Regulations on Contractor Work Safety and Health Management” to manage contractor operations and safety. The Company requires contractors to do its best to meet relevant occupational safety and health regulations in contracted outsourced operations. Contractors are required to provide necessary personal protection and training for employees. With the introduction of the ISO system, we help contractors to perform hazard identification and risk assessments, share experience in implementing safety and health management, and formulate related improvement strategies through communication and exchange of ideas.

When professional construction work is carried out in workplace areas of SKL, warning areas must be set up with information of the relevant hazards to prevent employees from injuries or hindering the progress of the construction by accidentally entering the construction area. In addition, we also provide environmental hazard factor notification sheets to let the contractor follow environmental precautions to prevent accidents, and establish a friendly partnership with the contractor.

..... Epidemic prevention system for severe infectious diseases .....

A novel coronavirus pneumonia (COVID-19) epidemic struck in Taiwan in January 2020. In order to ensure the health and safety of all employees, SKFH immediately established the “Epidemic Prevention and Control Team”. The President serves as the convener to oversee plans and execution of all emergency response measures, direct disease prevention work in the Company, and supervise the subsidiaries in the implementation of response measures. The Epidemic Prevention and Control Team continued to carry out various epidemic prevention education and enhanced the cleanliness of the public environments. The Company regularly wiped and disinfected the accessible surfaces (elevator buttons, door handles, handrails, etc.) and prepared infrared thermal imaging devices, forehead/ear, and automatic alcohol hand sanitizers in various office locations as well as masks and other health management equipment for employees. Staff at the service counters all wear masks to reduce direct contact opportunities with customers to establish a complete epidemic protection network.

In addition, SKFH also established deputy and remote/work-from-home mechanisms to ensure the smooth operations of human resources, core business, information systems, financial investment support. SKFH seeks to protect company operations and domestic and foreign investment transactions from the impact of the epidemic to protect the interests of shareholders, investors, and customers.

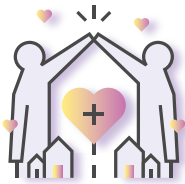






# Social Engagement

06



## Social Engagement

- 6.1 Stakeholder: The Elderly
- 6.2 Stakeholder: Children
- 6.3 Stakeholder: Women
- 6.4 Stakeholder: Youth
- 6.5 Stakeholder: Disadvantaged Groups
- 6.6 Stakeholder: The Public
- 6.7 Stakeholder: Volunteers
- 6.8 Stakeholder: Environmental Conservation Groups



### Key Performances

- ★ Social investment amounted to NT\$112.79 million and benefited approximately **1.32 million** people
- ★ Organized **456** “Community Care Everywhere” events and mobilized 5,437 volunteers to care for 4,927 elderly people
- ★ Taiwan-Myanmar Medical Cooperation Program established 45 clinical training facilities for general practitioners
- ★ Creative elderly care project benefited **13,087** participants
- ★ Organized 52 smallholder farmer’s markets with sales revenue of approximately NT\$**9.5 million** for 626 booths
- ★ Volunteer participation hours amounted to 18,743 hours
- ★ 3,332 bags of blood were donated in the blood donation drives



06

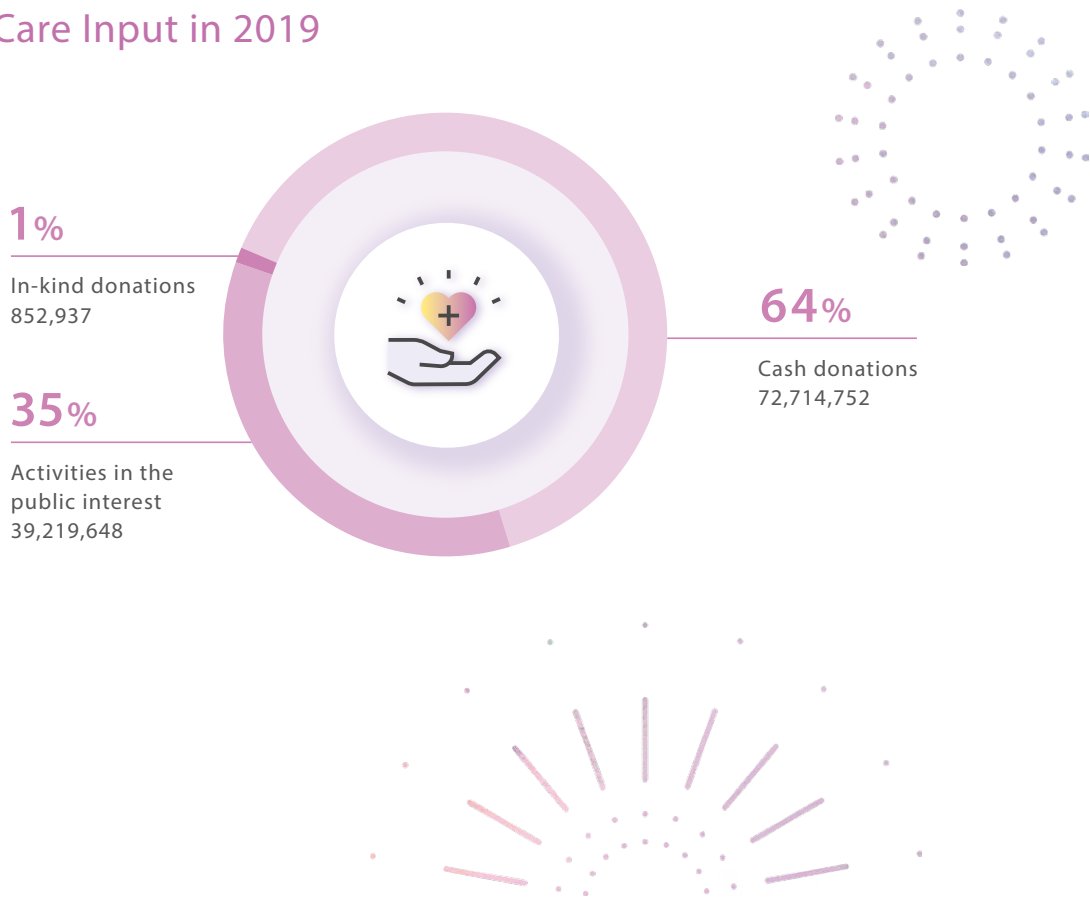
06 Social Engagement

SKFH upholds its company ethos for giving back to the society and makes long-term contributions to charity and activities in the public interest. In 2019, we unveiled a diversity action plan centered around “Being there is the warmest thing in the world” and integrated and inventoried the resources of our subsidiaries and affiliate companies to initiate various care activities in multiple places. We sought to fulfill our motto of “Our light and heart are always with you” as a part of our responsibility to “Be passionate about charities and give back to the society”.

To enhance social engagement, we established the “Shin Kong Life Foundation” and “Shin Kong Bank Culture and Education Foundation” to engage in long-term “strategic charity plans”. We construct interfaces for communication with a diverse range of stakeholders and activities in the public interest. We accompany the elderly, children, youth, women, the general public, disadvantaged groups, groups living in remote areas, and take real actions to fulfilling corporate social responsibilities.

We will continue to intensify social engagement and promote more comprehensive strategies with the aim of becoming a stabilizing power in the society and seek the common good for the land, people, and everything in Taiwan.

| Social Care Input in 2019



| Input for Stakeholders in 2019

Stakeholders	Amount of contributions (Unit: NTD)	Number of participants (beneficiaries)
The ederly	5,817,525	40,816
Children	4,419,601	34,078
Women	234,710	109
Youth	27,312,117	63,353
Disadvantaged groups	11,387,607	28,833
General public	62,232,349	1,153,425
Volunteers	776,256	21
Environmental conservation groups	607,172	313
Total	112,787,337	1,320,948

Note: The amount of contributions includes event expenditures (including administrative expenses), advertising fees, in-kind donations, and sponsorship.

6.1 Stakeholder: The Elderly

Shin Kong lights up smiles on faces of the elderly with warmth and care

SKFH has always paid attention to the issue of the aging society in Taiwan and we uphold the ideal of “providing Shin Kong services wherever they are needed by the elderly”. The Chairman personally called to employees of Shin Kong to organize the “Shin Kong lights up the elderly everywhere” campaign and invited children to visit community centers, nursing homes, and disadvantaged groups all over Taiwan. Through Legacy Art Works programs, DIY of small lanterns and other interactive activities as well as the paper folding art added this year to accompany the elders in folding bamboo dragonflies in tung blossom shape. By taking them down memory lane to their childhood games, we filled the elderly with happiness and warmth and we also encouraged the children to learn about long-term care at an early age and pay attention to this issue. A total of 456 sessions of the event was organized. We assembled 5,437 volunteers who led 2,403 schoolchildren to provide care for 4,927 senior citizens.



Shin Kong Concert creates warm interactions across generations

Shin Kong Bank teamed up with “Xiulang Elementary School Orchestra” in Yonghe for the first time and organized the “Lighting Hearts Christmas Charity Concert” at “Keelung Bor-ay Sweet Home”. To let the elderly living in the nursing home enjoy Christmas spirit and the full-hearted care of Shin Kong employees and experience the positive energy and influence in interactions between generations, we invited the Xiulang Elementary School Orchestra i to perform for more than 100 elderly people at the nursing home. The event was joyful and heartwarming. After the end of a series of performances, Shin Kong Bank employees connected the children with the elderly and chatted with them. They folded the Shin Kong “Endless rats (homophone of counting) turning (homophone of earning) endlessly” lucky lanterns. Handicraft stimulates brain functions and trains hand and eye coordination. The participants enjoyed a vibrant and heartwarming time together.





## Creative-aging programs that are up-close and heartwarming

In 2005, the CEO of Shin Kong Life Foundation introduced the methodology for providing services to the elderly from the National Center for Creative Aging and Elders Share the Arts in the United States. It evolves into 2 programs "Legacy Art Work" and "History Alive" and has been implemented in Taiwan for fourteen years. It is the first elderly service program organized with creative aging in Taiwan.

We entered a long-term collaboration with the Godot Theatre Company in the "History Alive" program and used art as a medium for creating interactions between people from different generations. We personally experienced the sparks in interactions across generations. We helped the younger generation learn the value of old age and the elderly find their position in society and live a life of wisdom, confidence, and glory as they age. The "history" of the previous generation is thus passed down in the form of "storytelling" and "story listening". The elderly registered 2,575 participations; students registered 1,646 participations; and the audience registered 2,733 participations. The performing arts were used to relive the life stories and value of the elderly and serve as testaments to the life of the elderly.

"Legacy Art Work" mainly involves group courses and artistic creation. We help the elderly think back to their past life experience and use art creation, relive their memories, and turn them into a series of artistic creations with story and heartwarming scenes. They can thus create the final miles in their self-actualization as we infused unprecedented creativity and love to elderly care. A total of 344 Group activities with 6,133 elderly participants were conducted in 2019. We registered 338 Legacy art work leaders, 1,389 volunteers, and 14,609 volunteer service work hours.

SKFH began supporting the social enterprise "New and Alive Art Service Co., Ltd." based on its company ethos in 2010. We helped young entrepreneurs who aspire to create "social enterprises" achieve stable development when they first start their businesses. We provide small and medium businesses with opportunities for development to create a business environment conducive to prosperity for all. The company has succeeded in creating a 7-stage leadership certification system in recent years. It takes steps such as lectures, internships, and licensing as well as professional guidance to evaluate the capabilities and skills of coaching and ensure the quality of services. It also established an advanced LAW leaders system to increase the efficiency of internship valuation and provide opportunities for achieving new milestones to leaders with international certification in Legacy Art Work.

After obtaining the international certification as an advanced LAW leader, the instructor can take Legacy Art Work interns on two internships to expand Legacy Art Work services more rapidly in all regions across Taiwan. In terms of international awards and recognition, New and Alive Art Service's innovative service model was selected as one of Asia's top 100 social enterprises of the Social Venture Challenge Asia by Singapore in 2019. The American Association of Retired Persons (AARP) in 2019 published the 2018 Valuing the Invaluable report, in which Taiwan is included for the first time and the results of the History Alive program organized by the Foundation is introduced.

## 6.2 Stakeholder: Children

### Financial education and activities for children

In the wake of Typhoon Morakot in 2009, SKFH organized employees of the Group and raised more than NT\$15 million in donations to help Liouguei Elementary School rebuild their campus and build a new library. The new library was named "Liouguei Shin Kong Knowledge Library" and we donated large quantities of books to Liouguei Elementary School. To help students develop reading habits, SKFH and Mandarin Daily News began a partnership in 2013 for the "Happy News" project, which was implemented for 5 consecutive years. The project started from Liouguei Elementary School and was expanded to 19 schools and remote areas in Northern, Central and Southern Taiwan in 2019. Shin Kong Investment Trust took part in the anniversary and school fair of Shangren Elementary School in Keelung. It used wealth management games and group Q&A contests to teach children basic concepts of wealth management for them to learn the correct ways to manage wealth, savings, and investments at an early age. A total of 126 children participated in the event.

Shin Kong Bank organized two financial primary school activities for elementary schoolchildren in remote areas of Miaoli and New Taipei City during summer vacation in 2019 to teach them correct spending ideas and wealth management knowledge. It also invited 37 children from "Taiwan Gengxin Academy Cultural and Education Association" to visit the recreational farms and participate in ecological and financial education activities. They had a great time with 27 volunteer employees.

Masterlink Securities focused on caring for local communities, education, and promotion of important initiatives. It integrated financial education in activities in the public interest in multiple areas. In addition to helping students learn the concepts regarding saving money, it also aims to provide economically disadvantaged families with different views on money and help them change their lives. A total of 48 events were completed in 2019 with the participation of 300 employees and 1,878 beneficiaries.



## Shin Kong Christmas charity lights up Taiwan and inspires love



SKFH has focused on its development in Taiwan for more than 50 years. We uphold our company ethos for giving back to the society and make solid contributions to the society with love and care. During Christmas in 2019, SKFH and subsidiary companies including Shin Kong Life Insurance (SKL), Shin Kong Bank (SKB), Masterlink Securities (MLS), Shin Kong Investment Trust, and Shin Kong Property Insurance Agency jointly held a Christmas charity event to bring love to every corner.

Each year on Christmas Eve, SKFH and subsidiary companies call for present donations for charitable causes. We used the GIVE543 gifting platform for matchmaking in 2019 and assembled 30 boxes of Christmas gifts for the Canlove Social Service Association, Association of Spinal Cord Injury Taipei, social welfare associations, and schools in remote areas to deliver love to institutions that needed help. We also sponsored Kaohsiung City Government's "financial relief account" and provided the elderly who live alone and nursing homes with purchases of general necessities. We use real actions to support long-term care and fulfill our motto of "Our light and heart are always with you".

In addition, SKFH organized a Christmas charity party in Taipei and Kaohsiung and invited multiple charitable organizations to hold charity sales. The events included performances by famous singers and attracted many participants. We also encouraged people to donate uniform invoices, which all went to the "Delivering Newspaper to Mountaintops" program initiated by the Mandarin Daily News and Childhood Cancer Foundation. The donations will help schoolchildren in remote areas improve their reading and actively "eliminate inequality in education and ensuring students learn the necessary knowledge" as we seek to achieve SDG 4.

## Children's drawing contest with "bright future with my superpower dreams"

SKFH focuses on the growth and development of students and provides them with a stage to express themselves in every stage of schooling. We encourage them to express their creativity and create exciting lives. The 15th "Shin Kong National Painting Contest" organized in 2019 focused on the theme of "Young Painters Create Ecological Green Home". The contest included the "Angels of Hope" and "LOHAS elderly" categories for both disadvantaged children and the elderly to explore their creativity and paint with their unique vision. We also invited winners to receive their awards on stage in award ceremonies in Northern, Central, and Southern Taiwan. Nearly 15,000 works were entered in the contest in 2019. The theme this year delivered the companies' expectations for caring about local communities and the homeland and strengthened environmental protection awareness in the younger generation. Old and young, painters were encouraged to use art as a bridge to connect with nature; and through the painting contest, we hoped to help create a better future for the next generation.



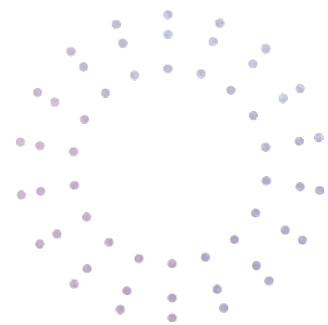
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## Pen Pal Project: Three pillars of protection for disadvantaged children

In 2008, SKFH began consolidating the powers of company volunteers and we launched the "new companionship - pen pal project" with schoolchildren of the Houshan Tribe in Hsinchu. However, we discovered after years of participation in charity programs that a large number of disadvantaged children still face inadequacies in life and education resources. Therefore, starting from 2017, we adjusted the program for children to include "children, indigenous peoples, and education" and expanded the contents and scope of the program to create a framework for protecting schoolchildren. We hope to bring warmth to more disadvantaged children.







Three pillars for protecting schoolchildren



Andrew Charity Foundation	Operating as a food bank, it provides food and emergency relief to approximately 5,000 disadvantaged schoolchildren in Taiwan each month.
Boyo Social Welfare Foundation	The Foundation provides 3,000 disadvantaged schoolchildren with academic assistance services in 78 locations across Taiwan.
Shin Kong Life Foundation	The Foundation invites companies and associations from all sectors in Taiwan to join as pen pals. It helps children find mentors in life and spread seeds for fulfilling their dreams.

We adopted the concept of “Being there is the warmest thing in the world” and referenced the approach adopted by i-Mentor, a New York-based institution. We invited companies and associations from all sectors in Taiwan to join the ranks of pen pals. They included 139 individuals from entities such as the United Daily News Vision Project, Lamigo Monkeys (now Rakuten Monkeys), former President of the R.O.C. Mr. Ma Ying-Jeou, Hsinchu Air Force Base (Air Force 2nd Tactical Fighter Squadron), Army Air 601st Brigade, Godot Theatre, Real Good Band, Wind Music, Taipei National University of the Arts, National Taiwan University of Science and Technology, New and Alive Art Service, Happiness Volunteers Associations, Shin Kong Bank, Taiwan Shin Kong Security, and Shin Kong Volunteers Association. We used warm words and the philanthrocapitalism approach to matchmake life mentors for 145 schoolchildren. We help them explore diverse aspects of the society, expand their imagination and dreams for the future, and plant seeds of dreams in their heart.

Children’s summer badminton camps

To build an image of a sound wealth management for SKB, deepen wealth management VIPs base, and attract potential customers, the Wealth Management Department of SKB partnered with the Taiwan Senior Badminton Association and Taipei Wanhua Sports Center in organizing 3 children’s summer badminton camps in northern, central, and southern Taiwan. The children were taught correct badminton moves and rules of the game. It encouraged schoolchildren to make exercise a habit, strengthening their physical health as well as parent-child relationships.

Masterlink Securities Christmas care activities



children treatment easier and help relief the pressure on the family members of the children. We hope that MLS’s actions can let more people in society see the non-financial needs of disadvantaged groups.

December is the month of love for MLS. In 2019, MLS visited the Children’s Hearing Foundation with whom it had collaborated for multiple years on Christmas Eve to visit children with hearing disabilities and give them presents. It visited Hualien Tzu Chi Hospital on Christmas and invited a magician to surprise children in the children’s ward. In addition, it also organized short theater performances to educate people on cough etiquette and the importance of washing hands which actively fulfilled the SDG of “Ensure healthy lives and promote well-being for all at all ages”. Finally, MLS gave out presents to the children in the hospital in hopes that every present would help make the

6.3 Stakeholder: Women

Support breast cancer prevention and protect women’s health

As Taiwan’s breast cancer screening rate remains low, we sought to remind women to take care of their physical health. Shin Kong Life Foundation launched the “Breast Care for Spreading Seeds of Love” campaign in 2005 and began a lasting partnership with the “Taiwan Breast Cancer Alliance”. We organized the “Breast Cancer Awareness Month” campaign and trained patients to be the best advocates for promoting breast cancer prevention. We connected with patient associations across Taiwan and made full use of internal resources of SKFH to promote and distribute digital information in 104 SKB branches, more than 600 ATMs, and the SKB fan pages.

To deliver the concept of prevention awareness to all corners of the society, we made a strategic choice to organize health education seminars in counties and cities in Taiwan with lower screening rates and organized a “Women Cancer Prevention Seminar” in Yunlin and Miaoli in 2019. A total of 109 participants attended the event. We have now organized 115 such events for 10,268 participants. Shin Kong will continue to care about women’s health issues and we will make use of group resources of SKFH to project positive influence and change the lives of more patients.

“Life is beautiful because of you (mother)” Mother’s Day activity

SKB entered a partnership with local agriculture in Taiwan on the eve of Mother’s Day in 2019 and organized the “Life is beautiful because of you (mother)” Mother’s Day activity. SKB purchased “Happiness Rice” made with Taiwan CNS grade 1 white rice and the campaign integrated local procurement and uniform invoice donations for charity drives. It raised 36,792 invoices in 104 branches which were all donated to the “Maria Social Welfare Foundation” for charitable causes. The actual reward amount for the uniform invoice was NT\$21,800.



6.4 Stakeholder: Youth

Financial education and activities for youths

SKL has promoted financial insurance education on campus for a long period of time. It organized the “Shin Kong College Student Financial Growth Camp”, “Shin Kong Dream Activation Camp”, practical insurance courses, and seminars to train professional talents for the financial services industry and help students improve their competitiveness for future employment. It provides various office and field work internship programs and help interns take the test for professional licenses. It uses practical industry and academic internships for students to enter companies directly for practical exchanges, help them gain valuable career experience, and prepare them for their careers.



MLS organized the “Masterlink Securities Potential Stock Contest” to enhance investment and wealth management and engage younger generations into the capital market. It also sponsored the Securities Studies Society of National Taipei University in organizing the “2019 Investment and Wealth Management Camp” and the Securities Research Society of National Taiwan University in the “4th Nationwide Individual Stock Analysis Contest” to help promote correct investment and wealth management concepts.



The founder's four decades of student scholarship

The founder Wu Ho-Su founded the Shin Kong Life Insurance Scholarship Foundation in 1973. It is the only scholarship in the life insurance industry provided for both the customers and non-customers. Scholarships are provided specifically to surviving children of insured to help them complete their studies. It organizes applications in March each year for students in high school and universities (including graduate students in master and PhD programs). It has distributed scholarships to 3,129 students in 2019 to reward those with good academic performance and help them complete their studies. The Foundation has provided scholarships to 126,557 students and children of policyholders and distributed more than NT\$280 million in the past 46 years to provide students with the most substantial support.



Cross-border exchanges with street dance contests

Having entered its 16th year, the “Shin Kong Cup Street Dance Contest” was the first street dance contest organized by a private Taiwanese company and it has the longest history. It provides street dance lovers with an international stage for fulfilling their dreams and it has received the support of street dancer in all age groups. Shin Kong has continued to encourage participation from all citizens and we encourage beginners who have just learned street dance to bravely pursue their dreams and register for the contest. The list of highly-qualified judges in the final round in 2019 included Henry Link from the United States, Akihito 杏 from Japan, and AYAKA and Kazuho Monster from the GDE Japan Street Dance Association and approximately 1,200 people participated in the contest. In addition, to encourage winners to compete in foreign countries for the glory of Taiwan, Shin Kong Cup also added rewards for participating in contests overseas. The top three teams in the event shall be eligible for an additional sponsorship of NT\$100,000 per team if they represent Taiwan in overseas contests within one year.



Rubik's cube contest encourages youths to use both their hands and brains

To fulfill corporate social responsibilities and to encourage youths engaging in leisure activities, SKL organized the first Shin Kong Cup Rubik's Cube Challenge and sponsored additional contests in 2019. It organized the first “Taiwan Rubik's Cube Tournament” to bring excitement to the Rubik's Cube market in Taiwan. It drew nearly 700 players of various ages from northern, central, and southern Taiwan. A total of 60 players entered the final round. The contest was held to train Taiwanese players and increase international visibility. It set Rubik's Cube fans in Taiwan the stage for performance, providing youths with a recreational activity to help stimulate their brains, inspire creativity, and enhance logical reasoning.



Masterlink Securities sponsor youths in sporting games

To help promote youth sports culture and help children from economically disadvantaged households fulfill their dreams for competing abroad, MLS sponsored the 23 players of the handball team of Yangming Junior High School in Kaohsiung City in July 2019 in the “Dronninglund Cup”, the international handball tournament for different age groups held in Denmark. The team won all 11 matches and won the world championship, bringing glory to the nation.

6.5 Stakeholder: Disadvantaged Groups

2019 Shin Kong Love Market

Since the Shin Kong Bank Volunteers Association was established in 2016, it has actively cooperated with social welfare institutions and sanctuary units and organized charity sales to encourage employees to buy charity products. It also cooperated with requirements for PR events for charity procurement. The Association invited individual charity organizations to set up booths for charity sales in 2019. The event was expanded to include Northern, Central, and Southern Regions and more charitable organizations were invited to join the “Shin Kong Love Market” so that more employees can take part in charity activities. The Association organized a total of 17 sessions in 2019 and invited 34 charity groups to take part, creating a revenue of NT\$506,013 from charity sales which was given to charitable organizations. We actively encourage our bank employees to make real purchases in support of the career development of people with disabilities and create a friendlier cycle.



“Hand-in-hand for the love of baseball” volunteer charity activity

SKB embraced the idea of caring for the local community as a “good neighbor” and worked with Lamigo Monkeys (now Rakuten Monkeys) to provide care to 32 children with mental disabilities in the local Renyou Sanatorium in Taoyuan and encourage them to embrace the world. SKB's 22 volunteer employees took them to a match, and personnel of the Lamigo Monkeys team offered a guided tour of the Taoyuan International Baseball Stadium and the red clay baseball field. They established a good atmosphere for promoting sports and charity and helped make the dreams of the children with mental disabilities for watching a game come true.

Full support for micro insurance to protect the rights and interests of disadvantaged groups

To provide disadvantaged families with coverage and to ensure disadvantaged groups have equal access to financial services (SDG 1), SKL began providing and actively promoting micro insurance policies since 2010. Since 2014, SKL has worked with local governments, Social Welfare Bureaus, farmers' (fishermen's) associations, social welfare associations, and township and village offices to provide micro insurance programs for people living in remote areas and economically disadvantaged groups through premium sponsorship. Since 2016, in order to expand the coverage, the program was changed to a group insurance program to increase the domestic micro insurance enrollment rate and strengthen basic insurance coverage for the economically disadvantaged. In 2019, we provided services to the economically disadvantaged and families with special circumstances in Hsinchu City, Chiayi City, Miaoli County, and Yunlin County, indigenous peoples in Keelung City, farmers' associations in regions of Pingtung and Taitung Area Farmers' Association, and the Associations for Victims Support. The program benefited 25,095 people and donations in the form of insurance premiums amounted to NT\$4,989,185. SKL received third place in the Micro Insurance Contest.



Sponsoring the Yilan Branch of the Taiwan Fund for Children and Families in charity activities for disadvantaged families

SKB sponsored the Yilan Branch of the Taiwan Fund for Children and Families in organizing the 2019 “Christmas Love Paradise” year-end charity fair event to fulfill our motto of “Our light and heart are always with you” and spread the warmth and brightness to economically challenged and disadvantaged families. We provide support to 920 economically challenged and disadvantaged families and 1,400 children and youths in Yilan County and distribute monthly general and education subsidies. We also organized visits and counseling and provided emergency relief funds, employment counseling, parenting education, family support, and psychological counseling services.

2019 “Let's Play Basketball” nationwide charity basketball contest

SKB employees learned more about people with mental disabilities through basketball practice and matches and they also learned how to interact with people with disabilities and accept them with open arms. The basketball activities enriched our life experience and helped people with mental disabilities engage with the society and express themselves. SKB volunteers practiced with them in 10 events in Taipei and Kaohsiung. Approximately 60 volunteers joined the event after work, and they took the chance to help approximately 145 youths with mental disabilities, thus establishing a good atmosphere for promoting sports and charity.





Masterlink Securities booked whole screenings of Taiwanese movies to increase awareness for mentally-challenged children

MLS has always paid close attention to issues of disadvantaged children and it has supported domestic art and cultural development in Taiwan. It held the “A Fool in Love, Love Like a Fool” film screening at the Chiayi Showtime Cinema in November 2019. MLS’s Chiayi Branch invited local customers and local charitable organizations such as Chiayi Physical or Mental Disability Comprehensive Campus Association, Early Treatment Center of Chia-Yi Christian Hospital, Chiayi City Home Service Center, Chiayi Family Caring Association, Chiayi Love Mental Disabilities Development Center, and Hsiu Yuan Children’s Home to attend and watch this movie which focused on mentally-challenged children. 318 employees, customers, and partners of charitable organizations enjoyed the warm and touching moments in the movie together. We hope that the move can help people gain a deeper understanding and care more for disadvantaged children in society.

Cancer awareness activities for promoting health and well-being

MLS has long focused on the medical and biotechnology industries in its operations. It is the first securities firm that has established venture capital in Taiwan and assisted a large number of biotechnology companies in listing on the TWSE and TPEx. In addition to routine donations to the Hope Foundation for Cancer Care, Taiwan Total Cancer Care Foundation, Taiwan Clinical Oncology Research Foundation, and Asia Pacific Psycho-Oncology Exchange Foundation for consecutive years, we also organized the physical activity “Golden Ribbon Braves Support” with the Childhood Cancer Foundation of R.O.C. in September 2019 to respond to the International Childhood Cancer Day in September and express the golden ribbon spirit. We encouraged the public to pay attention to childhood cancer issues and increased the awareness of related cancer issues. A total of 47 branch companies and 23 student volunteers participated in the event and we collected well wishes on golden ribbons from nearly 3,000 MLS employees, customers, and participants.



6.6 Stakeholder: The Public

Financial literacy education for the public

SKB and MLS organized the “2019 Financial Services Charity Carnival” in Tainan and Hsinchu to encourage people to learn about financial literacy and care for disadvantaged groups in the society, and to demonstrate the active social welfare and fulfillment of social responsibilities by the financial services sector. The event used games and public welfare themes to improve the financial knowledge of the people. SKL organized the “Pension 3C Happiness Retirement Seminar” to encourage companies to focus on employee pension preparation, establish correct retirement awareness for the people, and help citizens with their needs for a steady cash flow after retirement.

In addition, MLS also began organizing two free “Masterlink Securities Investment Classroom” seminars every month starting in July 2018 to improve the public’s financial literacy, spread investment and wealth management education. We organized various seminars to help the public gain a more comprehensive understanding of the stock market, reduce investment risks, and increase their willingness for investments. As of December 31, 2019, a total of 36 seminars were held for 6,244 participants.

Beautiful Life seminar

SKFH regularly organizes the “Beautiful Life” seminar that focuses on wealth management, leisure, and health. We have provided citizens of Taipei with free seminars for 14 consecutive years. We expanded our reach to Taichung and Kaohsiung in 2014 and regularly invited renowned figures in the society and elites from different fields to give speeches, share their experience and knowledge, and enrich our spirit. We spend time with people in such intellectual events before weekends. A total of 25 “Beautiful life” seminars were organized in 2019 for 5,746 participants.

Anti-fraud education

SKB promoted related control and management measures to prevent fraudulent digital withdrawals and strengthen information security including ATM drills and the enhancement of control and management mechanisms for related ATM IT equipment to improve ATM security. It also implemented police-civilian connections and its clerks actively helped prevent 31 fraud cases of approximately NT\$6.49 million in 2019. The figure was approximately NT\$1.86 million less than the amount of prevented fraud in 2018, an evident sign that the public’s fraud awareness has increased significantly with SKB’s efforts in preventing digital fraud and hard work in drills.

“Thank you for your blood and happiness donation” nationwide blood donation campaign

SKL and SKB have, since 2009, organized regular nationwide blood donation activities each year to help mitigate blood shortages. The “Thank you for your blood and happiness donation” blood donation campaign was organized in 25 places across the country in 2019 and 25,235 bags of blood have been collected in the past 10 years. In addition, space for a blood donation bus has been provided on Shin Kong Life Tower square since 2003. It has attracted approximately more than 190,000 participants and collected over 340 thousand bags of blood that help save more lives.



Nationwide charity hiking activities

SKFH has always focused on health and safety issues and we have organized various large-scale activities to lead employees in fulfilling corporate social responsibilities. SKL organized nationwide charity hiking activities in 2019 to promote a healthy lifestyle. It planned 31 hiking routes and invited approximately 20,000 employees and policyholders across Taiwan to go out and enjoy the outdoors. The activities also encouraged employees and policy holders to enjoy time with the elderly in their families. The main event in Taipei was organized at Tamsui Fisherman’s Wharf and was attended by nearly 3,000 employees and policyholders. The event included uniform invoice donations so that people can contribute to charity as their exercise and it made the hiking activity more meaningful.






Shin Kong smallholder farmers’ evening market

For improving Taiwan’s food safety and sustainable agricultural development, SKL used its core competencies to organize the "Shin Kong smallholder Farmers' Market" since June 2017. One Friday each month is dedicated to providing a long-term and steady supply of booths for young farmers as a sales platform at the Shin Kong Tower square, the site with the highest foot traffic in Taiwan. The market focuses on agricultural products with Food Traceability certification and processed organic products with the aim of using the most direct delivery and shortest food mileage to encourage consumers to purchase in-season locally-produced food. These efforts reduce food mileage and reduce energy consumption and carbon dioxide production so that we can protect the Earth and the environment. In 2019, 52 sessions were organized for 626 farmers across the country, and generated nearly NT\$9.5 million of sales. The revenue all belongs to the farmers, encouraging them to keep planting healthy agriculture produce. We also promoted local safe agriculture to the public to enhance the competitiveness of Taiwanese agricultural produce and achieve sustainable farm productivity in SDGs 2.3 by taking real actions.

Help dementia with Shin Kong

As Taiwan becomes an aging society, the number of people suffering from dementia will increase significantly. As dementia now affects a younger population, we need to pay closer attention to elderly people in the family and friends around us. SKB has paid long-term attention to care for the elderly and made many contributions to help people with dementia:



Shin Kong Bank (SKB) dementia friendliness charity activities

**Dementia awareness campaigns**

**Internal education**


- At least 3,800 employees of the Bank have received training on dementia through the employees’ internal digital learning system.
- We printed 2,300 copies of dementia-friendliness publications for frontline employees and provided training.
- We invited employees to watch movies regarding dementia such as the movie “Grandma is All Good” to demonstrate the current conditions and difficulties faced by families with members suffering from dementia and inspire compassion in the minds of the employees. A total of 150 people participated in the event.
- We organized a dementia-friendly bank education seminar where the Secretary General of Taiwan Alzheimer Disease Association Li-Yu Tang gave a lecture free of charge to educate people on how to be friendly to people suffering from dementia. A total of 29 people attended the seminar.

**External education**

- As the first bank to join the “Dementia-Friendliness Organization” of Taiwan Alzheimer Disease Association, we printed 20,000 dementia education brochures and placed them in 104 branches for visitors.
- As the first bank to join the Taipei City Government Care Information Station, we placed related information and education materials for social resources in all 33 branches in Taipei City for visitors.
- We set up the “Dementia Friendliness Section” on SKB’s official website: <https://www.skbank.com.tw/11624d6c15.html>
- We planned the production of micro movies for promoting friendliness for dementia. We also played them on social media such as YouTube and Facebook. As of February 27, 2020, these videos have been viewed at least 24,721 times.

**Loving Memory Concert**

We sponsored the “Loving Memory Concert” organized by Taiwan Alzheimer Disease Association and mobilized nearly 20 volunteer employees from across the country to provide onsite services. We helped create beautiful memories in this musical feast for nearly 500 people suffering from dementia and the family members who take care of them.



Shin Kong Bank (SKB) dementia friendliness charity activities

**Love Glitters in Colors — Memory Art Creations**


SKB began collaboration with “New and Alive Art Service”, a social enterprise, in organizing the “Love Glitters in Colors” memory art creative workshop since June 2019. We used the “glitters of love” and “dream piglet” as design elements and invited elderly people suffering from dementia and their family caregivers to jointly participate in art creations. We worked with local day-care centers and associations of family caregivers in organizing 10 sessions of “Love Glitters in Colors — Memory Art Creations” over 40 courses across Taiwan. A total of 492 senior citizens were invited to take part in these creative courses.

**Shin Kong Happiness Power in Memory Theater**

We organized a total of 10 screenings across the country. We worked with dementia institutions across Taiwan and invited people suffering from dementia and their family members to watch movies or documentaries related to dementia. We also organized post-screening seminars and exchanged ideas with them after the movie. More than 440 participants attended the events.

**“Protect and create memories” in the World Alzheimer's Month awareness campaign**

We worked with “Taiwan Alzheimer Disease Association” and invited families with members suffering from dementia and the general public to take part in the World Alzheimer's Month awareness campaign aiming to promote “dementia friendliness” to the general public. We also hope that caregivers for dementia patients can learn more about accessible social resources that can help them relieve the pressures of taking care of family members. Three major activities were designed for the event. The first activity was the education for testamentary trusts. We used simple questions to help the audience of the event, mostly elderly listeners or caregivers of dementia patients, understand the protection offered by such financial products. The second activity was the memory photography studio which allowed participants (particularly families with members suffering from dementia) to take photographs together as a good form of interaction. The third activity was the exhibition of the “Love Glitters in Colors - Memory Art Creations”. We selected the works of dementia patients and their caregivers that were created in this workshop course organized in Hualien, New Taipei City, and Yilan.







6.7 Stakeholder: Volunteers

Company volunteers

“Shin Kong LOHAS Volunteers Association” was established in 2009 to promote volunteer services , and it worked with different social welfare institutions in Taiwan including nonprofit organizations such as associations for people with disabilities, the elderly, single-parent families and women, school children of indigenous peoples, rare disease awareness, and environmental protection. It aims to develop diverse volunteer services and recruit volunteers for a variety of causes. The measures would satisfy the manpower requirements for social welfare organizations and help create a variety of volunteer training courses, which will in turn help volunteers improve their mental health and gain a sense of accomplishment for providing charity services.

We use real actions to encourage employees to take part in social services and fulfill social responsibilities with the aim of increasing their awareness for charitable causes and building a corporate culture for volunteer work. Since 2014, SKL has encouraged employees to become company volunteers and it set up an “exclusive volunteers website”. It provides 3 days of volunteer service leave each year and plans one company volunteers’ day each year for a specific cause. It also established the “Company Volunteers Regulations” and an incentive system. In addition, it works with different charitable organizations to provide company volunteers with different opportunities for providing social services and expand the scope of volunteer services. The Association received government recognition in 2018 for its efforts for giving back to charitable causes. President Tsai Ing-Wen personally presented the “National Outstanding Enterprise Volunteer Work Group Award”. In 2019, “Shin Kong LOHAS Volunteers Association” registered a total of 539 volunteers which provided 146 sessions of services and accumulated 7,088.4 hours of volunteer work.



In 2019, “Shin Kong Bank Volunteers Association” upheld its philosophy for caring for the local community as a “good neighbor” and actively worked with different charitable organizations in different places. It continuously and actively cares about disadvantaged groups in whole society, targeting three major groups - “disadvantaged children”, “physically and mentally challenged people”, and “senior citizens” - to provide care. It organized 88 activities in the public interest of various scales and accumulated a total of 2,891 volunteer service hours. The Association demonstrated the corporate value of “Our light and heart are always with you” and aims to continue to use the power of “light” to brighten all corners of the society.



6.8 Stakeholder: Environmental Conservation Groups

Wildlife conservation

Shin Kong has long been dedicated to ecological conservation. In 1986, SKL adopted “Bao Bao”, a gorilla that was considered to be part of an endangered species. Shin Kong Life Foundation has sponsored birthday celebrations for the gorilla “Bao Bao” since 1995. The true story of the rebirth of the gorilla “Bao Bao” inspired people’s care for the natural environment, called attention to the crises faced by gorillas which were on the brink of extinction, and increased the awareness of wildlife conservation.

With the assistance of Shin Kong Life Foundation, Taipei Zoo delivered “Bao Bao” to the Netherlands to become a pack leader and breed with the female gorillas in 2018. The program successfully won world recognition for animal conservation efforts in Taiwan and drew Taiwan closer to the international community.

In 2019, through cooperation with international environmental conservation organizations, Taipei Zoo got priority to gain a license for gorilla breeding. European Association of Zoos and Aquaria (EAZA) also introduced two female gorillas from the Netherlands in the same year to mate with the male gorilla “D’jeeco” in the Zoo to form a family, making Taipei Zoo an important gorilla breeding ground in the international community. In addition, Shin Kong Life Foundation also made donations to the gorilla residence refurbishment and design project in hopes of creating an environment suitable for breeding gorillas, so that its species can continue to breed.

Sponsorship for the “2019 Earth Hour” campaign of the Society of Wilderness

SKB spoke on behalf of “biodiversity” in online social media and used the power of the public and media to increase the people’s awareness, communication, and actions and inspire more people to pay attention to the importance of biodiversity and the biodiversity crisis. SKB worked with the Society of Wilderness in 2019 and invited people, associations, and corporate partners who care about the environment to take photos and videos to support the environment and share small things we can do for the Earth or other short stories in life on Facebook. We supported the Earth together for one hour and made Earth Hour the starting point of our efforts for protecting the Earth’s green future.

Promote marine environmental protection

In response to World Oceans Day and the “marine ecology” targets in SDGs, MLS organized three beach clearing activities with the “Masterlink Securities Beachhead - Help Keep the Ocean Clean” initiative in northern Taiwan. We worked with environmentalists, the Society of Wilderness, and Taiwan RE-THINK Environmental Education Association and invited employees, their family members, and customers to the event. We converted environmental protection ideals into real actions. MLS aims to inspire more people to dedicate themselves to environmental protection initiatives as it fulfills its corporate social responsibilities. We hope that beach clearing initiatives can be the beginning of our efforts to protect coastlines and the end of marine pollution. According to the statistics of the “Masterlink Securities Beachhead - Help Keep the Ocean Clean” initiative, 313 people participated in the three beach clearing activities and removed nearly one ton of marine waste.



GRI Appendix

GRI Standards	Topic		Chapter	Page Number
GRI 102: General Disclosures 2016	102-01	Name of the organization	2.1.2 About Shin Kong Financial Holding	22
	102-02	Activities, brands, products, and services	2.1.2 About Shin Kong Financial Holding	22-23
	102-03	Location of headquarters	About This Report	1
	102-04	Location of operations	2.1.2 About Shin Kong Financial Holding	23-24
	102-05	Ownership and legal form	2.1.2 About Shin Kong Financial Holding	22
	102-06	Markets served	2.1.2 About Shin Kong Financial Holding	22-24
	102-07	Scale of the organization	2.1.2 About Shin Kong Financial Holding 2.1.3 Financial Performance and Public Participation 5.1.1 Employment Status	23 25 82
	102-08	Information on employees and other workers	5.1.1 Employment Status	82-83
	102-09	Supply chain	2.1.2 About Shin Kong Financial Holding	23
	102-10	Significant changes to the organization and its supply chain	No significant change	-
	102-11	Precautionary Principle or approach	2.4 Risk Management	33-37
	102-12	External initiatives	3.4.1 Principles for Sustainable Insurance 4.1.2 Climate Change Management	56 67
	102-13	Membership of associations	2.1.3 Financial Performance and Public Participation	27
	102-14	Statement from senior decision-maker	From the President	4-5
	102-16	Values, principles, standards, and norms of behavior	2.3.1 Ethical Management	31
	102-18	Governance structure	1.2.1 CSR Committee 2.2.1 Board of Directors 2.2.2 Functional Committees	10-11, 29-30
	102-40	List of stakeholder groups	1.3 Stakeholder Engagement	12-13
	102-41	Collective bargaining agreements	We don't have collective bargaining agreements	-
	102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement	12
	102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement	12-13
	102-44	Key topics and concerns raised	1.3 Stakeholder Engagement 1.4 Materiality Assessment	12-15
	102-45	Entities included in the consolidated financial statements	2.1.2 About Shin Kong Financial Holding	22
	102-46	Defining report content and topic Boundaries	1.4 Materiality Assessment	14-17
	102-47	List of material topics	1.4 Materiality Assessment	15-17
	102-48	Restatements of information	None	-
	102-49	Changes in reporting	1.3 Stakeholder Engagement 1.4 Materiality Assessment	14
	102-50	Reporting period	About This Report	1
	102-51	Date of most recent report	About This Report	1
	102-52	Reporting cycle	About This Report	1
	102-53	Contact point for questions regarding the report	About This Report	1

GRI Standards	Topic		Chapter	Page Number
GRI 102: General Disclosures 2016	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	1
	102-55	GRI content index	GRI Appendix	128-129
	102-56	External assurance	Assurance & Verification Statement	134-137
GRI 103: Management Approach 2016	103-01	Explanation of the material topic and its Boundary	1.4 Materiality Assessment	16-17
	103-02	The management approach and its components	Material Topics and Management Approaches	130-133
	103-03	Evaluation of the management approach	Material Topics and Management Approaches	130-133
GRI 201: Economic Performance 2016	201-01	Direct economic value generated and distributed	2.1.3 Financial Performance and Public Participation	25
	201-02	Financial implications and other risks and opportunities due to climate change	4.1.2 Climate Change Management	68-69
GRI 205: Anti-corruption 2016	205-01	Operations assessed for risks related to corruption	2.3.1 Ethical Management	31-32
	205-02	Communication and training about anti-corruption policies and procedures	2.3.2 Anti-Money Laundering	32
	205-03	Confirmed incidents of corruption and actions taken	2.3.1 Ethical Management	31
GRI 305: Emissions 2016	305-01	Direct (Scope 1) GHG emissions	4.2.1 Carbon Emissions Reduction Actions	66
	305-02	Energy indirect (Scope 2) GHG emissions	4.2.1 Carbon Emissions Reduction Actions	66
	305-03	Other indirect (Scope 3) GHG emissions	4.2.1 Carbon Emissions Reduction Actions	66
	305-04	GHG emissions intensity	4.2.2 Energy and Resource	69
	305-05	Reduction of GHG emissions	4.2.1 Carbon Emissions Reduction Actions	66
GRI 404: Training and Education 2016	404-01	Average hours of training per year per employee	5.3 Career Development	86
	404-02	Programs for upgrading employee skills and transition assistance programs	5.3 Career Development	86-94
	404-03	Percentage of employees receiving regular performance and career development reviews	5.2.2 Performance Management System	82
GRI 417: Marketing and Labeling 2016	417-01	Requirements for product and service information and labeling	3.2 Legal Compliance of Products and Services	44
	417-02	Incidents of non-compliance concerning product and service information and labeling	No critical incident	-
	417-03	Incidents of non-compliance concerning marketing communications	One misconduct received an order of correction from the competent authority	-
GRI 418: Customer Privacy 2016	418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3.3 Protection of Customer Privacy	52-55
GRI 419: Socioeconomic Compliance 2016	419-01	Non-compliance with laws and regulations in the social and economic area	2.3.4 Breaches and Improvement Measures	33

Material Topics and Management Approaches GRI 103-02, 103-03

GRI	Topic	Management Approaches	Purpose	Policies
201	Economic Performance	SKFH considers overall economic changes and amendments of regulations at the end of each year to maintain long-term stable profitability and dividend distribution. The goals for profitability and important business goals of subsidiaries in the next year are established in accordance with the Company's overall operating strategy. We regularly hold business performance management meetings of each subsidiary, during which we track and review the performance, implementation of strategies and projects that have not achieved business goals, and put forward suggestions for improvement.	We ensure that the subsidiaries achieve the annual business plan and budget goals, decide whether to adjust the Group's strategies, or help the subsidiary achieve the goals with the support of the Group based on changes in the financial environment.	"Corporate Governance Best Practice Principles" and SKFH Operation Outlook
205	Anti-corruption	To implement ethical management, we have established regulations such as the "Anti-Corruption Policy", "Ethical Corporate Management Best Practice Principles", "Code of Conduct", whistleblower protection system, internal and external reporting channels, and integrity consultation. We supervised subsidiary companies and other companies or legal persons under direct or indirect control in the establishment of related regulations and compliance to establish a corporate culture of ethical management.	SKFH ensures all employees to adhere to the principles of fairness and integrity and abide by related confidentiality regulations to curb unethical conduct and corruption and establish ethical management corporate culture.	"Anti-Corruption Policy", "Guideline for Ethical Corporate Management Best Practice Principles" "Code of Ethics" "Employee Code of Conduct" "SKFH The Company's Internal and External Personnel Whistleblowing Procedure" "Anti-Money Laundering and Counter - Terrorism Financing Plans"
305	Emissions	We established an Environmental Protection Task Force under the CSR Committee and set up carbon emissions reduction, electricity conservation, water conservation, and waste reduction goals which are included in the KPIs of the employees, department supervisors, and senior executives for regular follow-up each quarter.	All employees of the Company work together to reduce carbon emissions.	"Shin Kong Financial Holding Co., Ltd. Environmental Protection Management Policy"
404	Training and education	Plan medium to long-term overall talent asset development plans in accordance with the missions, vision, and operating strategy. Activate competency-based talent management mechanisms to build a key talent pool through modular and systematic management mechanisms. Plan various physical and digital courses that meet the needs of employees in different roles and provides other practical training to enhance employee competency.	Strengthen employee's professional knowledge and expand their capacity for their roles.	"Education and Training Implementation Guidelines" "Education and Training Management Procedures" "Faculty Management Regulations" "Professional Certification Reward Guidelines"

Commitments	Short-term Goals	Communication Channel/ Grievance Mechanisms	Evaluation Mechanisms and Results	Chapter
Prosper with shareholders, employees, the society, and the environment, and create corporate sustainability value.	<ul style="list-style-type: none"><li>Adjust structure for stable profit</li><li>Integrate resources and enhance synergy</li><li>Prioritize digitalization and lead mobile applications</li><li>Create new sources of revenue and expand markets</li><li>Enhance capital application and emphasize compliance and risk management</li><li>Fulfill corporate responsibilities and implement corporate governance</li></ul>	Contact telephone number: (02) 2389-5858 Contact email: ir@skfh.com.tw	1. The consolidated net profit after tax in 2019 was NT\$16.63 billion and the EPS was NT\$1.34. The total asset scale exceeded NT\$3.9 trillion, an increase of 9.1% over the end of 2018. The consolidated shareholders' equity was NT\$195.29 billion and the net value per share was approximately NT\$15.4. 1. Social investments amounted to NT\$111.4 million.	2.2 Corporate Governance
Create a corporate culture of ethical management, establish related internal anti-corruption regulations, and fully commit to meeting the requirements set forth in the United Nations "Act to Implement United Nations Convention against Corruption".	Implement counter-terrorism financing and money-laundering prevention measures, establish information security joint defense platform between subsidiaries, and perform regular capital stress tests.	A report mailbox is provided. If a major violation or risk of damage is discovered in investigations, the reporting unit shall submit the reported matter, the handling method and the improvement measures to the Board of Directors, and disclose them to the public. Independent director representative: id@skfh.com.tw Employee communication: skfh-hr@skfh.com.tw Whistleblower mailbox: audut@skfh.com.tw	The internal audit unit of the Board of Directors regularly conducts internal audit and tracks the improvement matters of negligence found in inspections. It also provides timely suggestions for improvement. It has completed the anti-money laundering and counter terrorism financing inspections 2019 and listed the discrepancies for follow-up and improvement.	2.3.1 Ethical Management, 2.3.2 Anti-Money Laundering
To maintain the balance of the global ecological environment and mitigate climate change, we are committed to actively respond to and implement environmental protection and ecological conservation principles and activities and strive to reduce the possible negative impact on the environment.	The goal is to reduce carbon emissions by 1% each year.	Promote energy saving and carbon emissions reduction in daily operations. Organize annual "Earth Hour" and "No light but the moonlight" energy conservation activities and apply energy conservation reward mechanisms to encourage employees to propose innovative energy conservation solutions.	In 2019, SKFH attained all goals in overall power saving KPIs.	4.1 Environmental Sustainability 4.2 Green Workplace
Improve the quality of the training environment and cultivate a first-rate team of talents.	Continue to create training plans for different specialties and plan on-the-job training and transformation training programs in response to digital financial trends.	Employee communication: skfh-hr@skfh.com.tw	Develop a performance development system that integrates job functions. All employees have been tracked and evaluated in 2019.	5.3 Career Development



GRI	Topic	Management Mechanisms	Purpose of Establishment	Related Policies
417	Marketing and labeling	We understand that legal compliance is the cornerstone of a company's healthy business operations. We continue to implement various operating activities while upholding compliance with laws and regulations, and we optimize the reporting mechanism for operating procedures and major events of laws and regulations of SKFH and its subsidiaries. When a subsidiary plans to launch a new product or service or applies to start a new business and such businesses are deemed by the competent authority as materials changes for financial products for which approval is required; or when they apply specific or large amounts of funding, they shall submit written opinions ensuring that such businesses meet regulatory requirements and internal regulations, and affix their signatures to be held accountable.	Business operations must comply with laws and regulations to reduce legal risks.	"Code of Conduct for Fair Customer Treatment", "Business Marketing Regulations", "Regulations Governing Joint-Marketing by Shin Kong Financial Holding Co., Ltd. and Its Subsidiaries", "SKFH and Subsidiaries Internal Operating Regulations for Advertisement, Business Solicitation, and Marketing Promotion Activities", "Regulations for Processing Consumer Disputes", etc.
418	Customer privacy	SKFH established a permanent and inter-departmental "Personal Data Protection Management and Execution Team" to plan and promote related personal data protection matters, and to adequately protect the privacy of customers. The members of the Team convene meetings to jointly plan and promote personal data protection and the Team regularly reports personal data security maintenance measures to the President. We continue to inform employees of related information specified in the Personal Data Protection Act and gradually guide each subsidiary to establish their own comprehensive personal data protection systems; promote related training and regulatory tests; and demonstrate our resolve and measures taken to protect customers' personal data.	Protect customer privacy, prevent leaks of personal data, and strengthen data security.	"Personal Data File Security Protection Regulations", "Operating Regulations Personal Data File Collection, Processing, and Usage and Exercise of the Party's Rights", "Shin Kong Financial Holding Co., Ltd. and Its Subsidiary Companies Joint Statement on Confidentiality Measures for Customer Data", "Information Security Policy", "SKFH and Its Subsidiaries Firewall Policy" "Subsidiary Companies Joint Marketing Management Regulations"
419	Socioeconomic compliance	We understand the importance of legal compliance for the Company's stable operations and continue to implement operating activities in accordance with laws and regulations. We comply with the latest regulations and revise related legal compliance systems to optimize the compliance procedures and reporting mechanisms for material incidents of SKFH and its subsidiaries.	Business operations must comply with laws and regulations to reduce legal risks.	"Legal Compliance Policy", "Legal Compliance System" "Legal Compliance Material Incident Reporting Regulations", "Legal Compliance Self-Assessment and Evaluation Regulations", "Regulations for Evaluation of Subsidiary Compliance Operations"

Commitments	Short-term Goals	Communication Channel/ Complaints Mechanisms	Assessment Mechanisms and Results	Chapter
Ensure customers understand product features, risks, guarantees and their rights.	Require all employees to abide by regulations and protect the interests of the Company and all stakeholders.	Opinions can be submitted through the competent authority, various business locations, and other complaint channels including telephone, email, letters, fax, and stakeholders' section. Contact Information : SKFH (02) 2389-5858 SKL 0800-031-115 SKB (02) 2171-1055 0800-081-108 SKIT 0800-075-858 Complaint/Report mailbox : Independent director ID@skfh.com.tw Report mailbox : audit@skfh.com.tw	<ul style="list-style-type: none"> <li>Employees of SKFH and its subsidiaries must obtain specific legal qualifications or licenses before engaging in joint marketing operations or product sales.</li> <li>SKFH and its subsidiaries may not use misleading, exaggerated or untrue information in promotions or advertisement.</li> <li>Shin Kong Life ranked 5th in the FSC Insurance Bureau's overall complaint score in 2018.</li> <li>There was one case of inappropriate solicitation in 2019.</li> </ul>	3.2 Legal Compliance of Products and Services
Committed to implementing personal data protection mechanisms to strengthen information security for the Company.	Continue to implement the control of personal data protection operations, and include the number of customer complaints in the KPIs of SKFH.		<ul style="list-style-type: none"> <li>Shin Kong Life obtained ISO 27001 information security certification and BS 10012 certification.</li> <li>All employees have completed annual training on personal data protection and passed the test.</li> <li>There were 6 incidents of negligence involving personal data in Shin Kong Life.</li> </ul>	3.3.3 Protection of Customer Privacy
Strengthen the Group's legal compliance system, establish a corporate culture of ethical management, and reduce the Group's legal risks.	To enlarge a pool of legal compliance talents, the SKFH shall appoint legal compliance officers who are required to receive 30 hours of training prior to service to avoid a shortage of manpower in compliance and regulations due to reassignments of business operations.		SKFH invited subsidiaries to legal compliance assessment meetings and organized 12 compliance operation meetings, 2 compliance training sessions, and 2 compliance self-assessment meetings in 2019. For details on penalties in 2019, please refer to the "Penalties imposed against the Company and subsidiaries, the discrepancies found, and improvements made in the last 2 years" in the 2019 Shareholders' Meeting Annual Report.	2.3 Legal Compliance

Assurance & Verification Statement



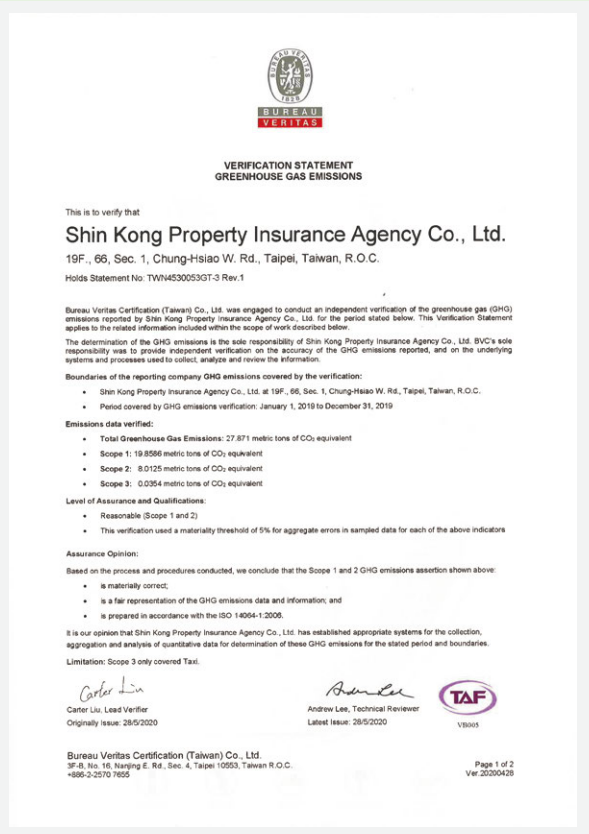
ISO 14064-1 Greenhouse Gas Emission - Shin Kong Financial Holding



ISO 14064-1 Greenhouse Gas Emission - Shin Kong Life Insurance



ISO 14064-1 Greenhouse Gas Emission - Shin Kong Investment Trust



ISO 14064-1 Greenhouse Gas Emission - Shin Kong Property Insurance Agency



ISO 14064-1 Greenhouse Gas Emission - Shin Kong Bank



ISO 14064-1 Greenhouse Gas Emission - MasterLink Securities



ISO 50001 Energy Management System - Shin Kong Life Insurance



Statement of COC Conformity - Shin Kong Financial Holding





ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG FINANCIAL HOLDING CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Shin Kong Financial Holding Co., Ltd. (hereinafter referred to as SKFH) to conduct an independent assurance of the Corporate Social Responsibility Report for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the SKFH's CSR Report of 2019 and its presentation are the responsibility of the management of SKFH. SGS has not been involved in the preparation of any of the material included in SKFH's CSR Report of 2019.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all SKFH's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for SKFH and moderate level of scrutiny for subsidiaries and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from SKFH, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within SKFH's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of SKFH sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

SKFH has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SKFH may consider having more direct two-ways engagements with its stakeholders.

Materiality

SKFH has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SKFH's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of SKFH's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang  
Senior Director  
Taipei, Taiwan  
26 May, 2020  
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