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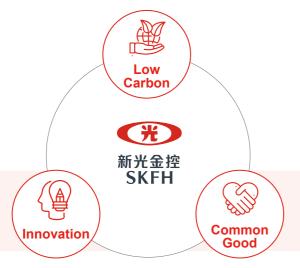
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From the Chairman and the President

The impact of climate change has become a common global risk. At COP 26 (the 26th United Nations Climate Change Conference) in Glasgow in 2021, world leaders have made a pledge to gradually reduce the use of fossil fuels, which means that the era of coal burning is coming to an end. All countries must accelerate the transition to a low-carbon economy. In addition to climate change, the COVID-19 pandemic continued to spread around the world in 2021. Taiwan also experienced a three-level alert state as part of the epidemic prevention measures for more than two months, which exerted a considerable impact on the consumer economy and people's everyday lives.

Despite the threat of the pandemic in 2021, with the joint efforts of all employees, SKFH improved its overall efficiency and delivered stable operating results. The consolidated after-tax net profit reached NT\$22.73 billion, and the earnings per share was NT\$1.67. Both the consolidated net profit after tax and earnings per share hit a record high. Consolidated shareholders' equity amounted to NT\$263.382 billion, with a net value of NT\$18.2 per share. The consolidated total assets also reached a record high of NT\$4.69 trillion, representing an increase of 7.5% over the previous year. In addition to our outstanding performance in profits, we were selected into the Dow Jones Sustainability Indices (DJSI) for the first time in 2021, and achieved the "Common Wealth's Corporate Citizen Award - Top 50 Large Enterprises", demonstrating the sustainable business philosophy and achievements of SKFH, which has been highly recognized by professional domestic and international evaluation institutions.



Low Carbon

SKFH draws up a sustainable strategy blueprint that is aligned with the SDGs of the United Nations Sustainable Development Goals, and sets "low carbon", "innovation" and "common good" as the company's core sustainable values. In terms of low carbon, in order to combat global climate change, we have introduced the Task Force on Climate-Related Financial Disclosures (TCFD) framework to disclose the financial impact of climate change on companies, strengthen resilience in the face of extreme climates, and reduces the operational impact caused by disasters. We also promote the internal carbon pricing system and active carbon reduction through the concept that carbon brings external cost, and accelerate the Group's low-carbon transformation. In response to the government's promotion of renewable energy strategy, we joined domestic enterprises to set up the "Taiwan Alliance for Net Zero Emissions" and works towards the global goal of net zero emissions. In 2021, SKFH and its subsidiaries have completed the ISO 14064-1 greenhouse gas inventory at all sites, and will continue to promote various measures to reduce greenhouse gas emissions and save energy.

Innovation

In regards to innovation, with the rapid changes in the digital age and modern life, digital transformation has become the key to enhancing competitiveness. As information security issues received greater attention, SKFH established the Information Security Department and the "Information Security Committee" to build a comprehensive information security protection mechanism, continue to optimize internal processes through innovative technologies such as RPA, AI and big data, and implement the Treating Customers Fairly Principles to strengthen privacy protection policies, optimize digital technology and improve customer experience.



Common Good

In terms of common good, SKFH implements workplace diversity, has zero tolerance for discrimination and harassment, and has a human rights policy to safeguard employees' human rights and welfare. SKFH regards employees as an important asset for the company's sustainable operation, therefore, we initiated the employee stock ownership trust in order to build up the cohesion of our employees, help them to improve their retirement benefits, and provide marriage and parental leave, vacation benefits, and maternity subsidies that are superior to which stipulated by laws. We are committed to creating a happy work culture. Besides, SKFH established five major public welfare strategies: "Health Promotion", "Care for the Disadvantaged ", "Financial Education", "Care for the Elderly", and "Community Engagement". We look forward to develop the corporate sustainable value, and affiliates to help promote the positive development of society. SKFH invested more than NT\$108 million in social engagement in 2021 which benefited approximately 1.49 million participants.

Looking Ahead Positively

While positively looking ahead, SKFH will use "Digital innovation," Sustainable inheritance" as its major strategies for 2022, as well as " Stabilize profitability to increase net worth ", " Integrate resources to deepen synergy", " Optimize the customer experience through digital transformation ", " Create profit sources and expand markets ", " Focus on compliance and risk control and enhance fair customer treatment ", " Implement corporate governance and promote sustainability " as the focus of long-term management. On one hand, we will deepen the customer base to improve the overall efficiency of channel management. On the other hand, we will accelerate and drive the growth momentum of FinTech development. At the same time, it is necessary to comply with the requirements of the International Accounting Standards (IFRS17), Insurance Capital Standards (ICS), and other international standards. Meanwhile, we will implement Fair Customer Treatment. We expect ourselves to apply ESG to build our corporate resilience, development the foundation of sustainable development, and promote the achievement of SDGs so that we fulfill our spirit of sustainability and our values in our motto, "Our light and heart are always with you"

Chairman

President Olivia Wu





About This Report



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

Boundary and Scope

The specific Sustainability achievements of Shin Kong Financial Holding Co., Ltd. (hereinafter referred to as "SKFH") in 2021 (January 1 to December 31) are disclosed in this Report. The scope of disclosure in this Report is focused on SKFH's operations in Taiwan as specified in the Consolidated Financial Statements. The contents and performance data include information of SKFH and all subsidiaries: Shin Kong Life Insurance(SKL), Shin Kong Bank(SKB), Masterlink Securities(MLS), Shin Kong Investment Trust (SKIT), and Shin Kong Property Insurance Agency(SKPIA), Shin Kong Venture Capital(SKVC) is not significant due to its extremely small scale, therefore only its number of employees and green investment performance data are included.

The scope of disclosure in the Report is not significantly different from the scope 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 departments of SKFH and processed through document management. In addition, financial performance data was published after the CPA's certification and is 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 Accounting Standards Board (SASB)-Insurance, Commercial Bank, 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 regard to corporate sustainability information disclosure.

Report Certification

To ensure the credibility of the information disclosed in the Report, SGS Taiwan Ltd. has conducted verification and assured that the contents meet AA1000 v3 Type 2 Moderate evaluation and requirements in the GRI Standards core option, as well as the disclosure framework of the Sustainability Accounting Standards Board (SASB). Its Independent Assurance Statement has been included in this Report.

The Company have engaged PwC Taiwan to corroborate its indicators of sustainability performance information compiled with the regulations of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", using the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to which PwC Taiwan has concluded with an opinion of limited assurance. This opinion is included in the appendix of this report.

Release Information

SKFH regularly publishes the "Sustainability Report" each year and provides a digital file of the Report on SKFH's CSR website for download.



Current Version Released in June 2022

Previous Version Released in June 2021

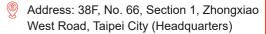
Next Version to be released in June 2023

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2021 Sustainability Achievements





FTSE4Good TIP Taiwan ESG Index

FTSE4Good TIP Taiwan ESG Index Constituent



Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Dow Jones Sustainability Indices

World Index Constituent



Corporate Governance Evaluation

Top 20% in the 8th Corporate Governance Evaluation



Common Wealth's Corporate Citizenship Award TOP 50 for Large Enterprises

新光金控 SKFH



Taiwan Corporate Sustainability Award

Top 50 Sustainable Corporate

Sustainability Report Platinum Award - Finance and Insurance Industry



Taiwan Sustainable Action Award

SDG3- Silver Award

2021 Sustainability Performances



- Conducted Board of Directors Performance Evaluation
- Strengthen Information Security Governance



- Customer Satisfaction reached 93.17%
- SKFH group's digital customers have exceeded 2.5 million persons
- · About 5.19 million pieces of inclusive financial products brought NT\$171.66 billion business benefits to enterprises
- Green investment amounted to NT\$70.182 billion











- All business sites have been ISO 14064-1: 2018 Greenhouse Gas Inventory Standard certified; GHGs Reduction was 10% from the base year.
- A total of 37.62 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 255.86 tons.
- Participated in the CDP climate change assessment and received a "B" rating









- Implemented Employee Stock Ownership Trust
- Improve maternity leave and paternity leave benefits that are better than stipulated by laws
- · The retention rate of key talents reached 95.9%, which exceeds the target of 90%
- **Employee Engagement Survey was** 73%, and the data coverage was 95%









- Invested more than NT\$108 million in social engagement which benefited approximately 1.49 million participants
- · Volunteer participation hours reached 11.652 hours
- 65% of investment in commercial initiatives











16 PEACE, JUSTICE AND STRONG



06

Measures taken by Shin Kong Financial Holding for COVID-19

Employee Epidemic Prevention Care

The 2021 novel coronavirus pneumonia (COVID-19) pandemic continues to be on a rise, and in response to the rapid changes in the pandemic situation. SKFH has set up an "Epidemic Prevention" and Control Team" to ensure the health and safety of all employees. 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. SKFH has established "SKFH Epidemic Prevention Guidelines" for subsidiaries to follow, such as notification procedures, home/off-site office, epidemic prevention in the workplace, employee care, and other mechanisms to ensure that the company's operations can run smoothly during the pandemic, such as: human resources, core business, information systems, domestic and foreign investment transactions, etc. in order to protect the rights and interests of shareholders, investors and customers, and build a sound health and epidemic prevention safety net.

Notification process

· An internal and external epidemic prevention notification mechanism has been established. and each department has set up a special notification window to report employees' health status every day. Employees who find suspected cases or overlapping footprints are all recorded, and a dedicated personnel continue to track and care for their health (including employees living with relatives and friends).

Home / off-site office in groups

· Work from home or off-site in groups, and require the off-site office staff not to communicate across buildings to reduce the risk of cross-infection.

Employee care

- · Encourage employees to administer booster vaccines and supplements to increase the vaccination rate and reduce the risk of infection.
- Provide rapid screening tests to employees for self-health management during the pandemic.
- Remind employees who are working from home to facilitate information security, pay attention to working hours, avoid prolonged sitting for a long time, and take 5-10 minutes of rest every hour.

Workplace epidemic prevention

- The staff of the building implements the contact tracing system. Each office has a temperature control at the entrance, and is equipped with infrared thermal imaging cameras, forehead/ear thermometers, and automatic hand alcohol sterilizers. Employees with suspected symptoms should recuperate at home until the symptoms are relieved. Only those who work in the building can enter the office; except for the contracted freight forwarder, employees who do not work in the building are not allowed to enter the relevant building.
- Indoor gatherings of 5 people and outdoor gatherings of more than 10 people will be suspended, and cross-building and cross-departmental meetings and activities will be held online.
- · Increase the frequency of cleaning and disinfection operations in public areas, and immediately arrange environmental disinfection operations in workplaces where there are footprints of confirmed cases (including contacts).
- Set up enterprise quick screening stations to provide on-site personnel for quick screening.

Customer Epidemic Prevention Care

SKL

Premium payment

 The policyholder affected by the pandemicNote shall personally submit an evidence document and apply to extend the payment of premium for 3 months.

Policy borrowing

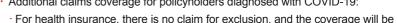
 The policyholder affected by the pandemicNote shall personally submit an evidence document and apply to extend the payment of the interest on the policy borrowing for 6 months.

When the pandemic is escalated to level 4 (or equivalent level), a

policyholder within the pandemic area will not have to submit a separate application, and the Company will take the initiative to provide an extension of the interest payment on the policy borrowing according to the region announced by the government.

Claim settlement operation -





- based on the guaranteed terms. In the event that treatments need to done in a negative-pressure isolated ward, if the policy covers the intensive care unit, the compensation will be paid in line with the intensive care unit standard, and if the policy doesn't cover the intensive care unit, the payment will be doubled upon the original terms and conditions.
- In the event that the policyholder is diagnosed with COVID-19 (if the rapid test result is positive, it must be confirmed by the PCR test result), if the medical institution has no space for the policyholder to receive hospital treatment, and the policyholder is therefore sent to a centralized guarantine center (including a quarantine hotel) for treatment (excluding home isolation or home quarantine), payments for general hospitalization will be paid along with certain specific documents. (For details of the certain specific documents, please see the information of Shin Kong Life website.)
- To submit a claim:
- Policyholders can use the online claim application service on the official website of SKL.
- · Use the "Online Claims EXPRESS", you can take photos of or scan the claim application documents and send them to the designated e-mail address. After the preliminary review, the eligible applications will be verified immediately, and the claim will be settled within 1 business day at the earliest.
- You can download the claim form from SKL's website .or mail to SKL's North. Central and South claim units.
- ·The "Insurance Chain" service operated by sales agents provides uninterrupted insurance services 24 hours a day, 7 days a week.

Note: Policyholders affected by the pandemic include but are not limited to persons who are confirmed or isolated at home, or remain at home for quarantine or implement independent health management.











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Customer Epidemic Prevention Care

SKB

Credit Card -



- · Actively develop the digital mobile payment ecosystem and penetrate into shopping scenarios through various channels in combination with the non-contact mobile payment.
- If a customer is having difficulties in making payments due to the pandemic, the customer shall submit a special application to extend the credit card accounts, and this is applicable to: first-line medical staff, patients who are confirmed and isolated, persons who are isolated at home or remain at home for quarantine, persons who are prevented by the pandemic from returning to Taiwan and other persons who are difficult to repay the loan due to the pandemic. They shall submit relevant evidence documents and apply to repay the accounts payable on the credit card for 3-6 months, without paying the liquidated damage and interest during the grace period.

Credit Business —



- When the pandemic broke out, the Company surveyed the information, risk exposure and subsequent impact of the credit customers of 18 full-function branches plus Hong Kong Branch, and classified them into three levels based on safety assessment.
- The Company enlarged the application of the digital loan application platform and opened up new commercial models. The Company integrated online consumer loan scenarios, covered more scenarios of consumer products and increased the loan application volume of the digital channel.
- The economic climate changed in wake of the pandemic and new startups and micro enterprises successively came out. The Company provided credit guarantee, revolving loan and other diversified credit products/services to these groups to enlarge the customer base and also promoted inclusive finance.
- The Company bailed out consumer loan customers who were difficult to repay loans due to the pandemic by allowing them to apply for the extension of the principal or interest for 3-6 months without paying the liquidated damage and overdue interest during the grace period.
- The Company has alleviated the negative impact of the pandemic with two strategies, including increasing
 the credit business and slowing down bad debts. Concrete measures included reinforcing the funding and
 loan demands from Taiwan investors who returned to Taiwan and accelerating the implementation of the
 financing bailout plan.

Labor Relief Loan



 In response to the government's policy of taking care of workers' livelihoods, the "Labor Relief Loan Program" provides a three-year loan amounting to NT\$100,000 to domestic workers who are at least 20 years old and are affected by severe and specific infectious pneumonia.

Investment Business ————



- The Company received a stable interest income after refining the asset allocation under the investment portfolio, seized the opportunity based on the market dynamics and obtained appropriate capital gains. Therefore, when the pandemic broke out, the Company gained the opportunity to enhance the overall investment income of Shin Kong Bank.
- The ESG issue has attracted continuous attention in recent years. Therefore, when making an equity investment, the Company will assess the ESG factor and integrate it into the criteria for stock screening. At the same time, the Company has actively participated in the green bonds investment and increased the participation in the ESG investment.

Wealth Management ———



- As for wealth management, the Company delivered the telephone care service and asked customers to allocate funds reasonably and appropriately to reduce high-risk asset positions.
- The Company provided the financial market dynamic report and served customers with diversified investment information and prudential operation strategy.
- To address the uncertainty due to market fluctuation, the Company launched prudential investment products and provided customers with stable investment income sources.

MLS

Proprietary Business —



 When the pandemic broke out, the Company held a systemic risk review and response meeting and asked the investment unit to immediately adjust the investment position, strictly implement the loss stop strategy and thus reduce the investment risk.

Brokerage —



- The Company was the first among its peers to have launched three personalized services, including online account opening, online signing and application and online trading. Customers saved the trouble to go out and go to the counter but took simple steps to complete relevant procedures, thereby achieving the purpose of preventing the pandemic at home.
- MLS has launched an activity that as long as customer open an account, they will have the coverage qualification of comprehensive vaccination insurance to work with customer to overcome the difficult period of epidemic prevention. If customer open securities and sub-brokerage account at one time online, meet the insurance qualifications and complete the insurance related procedures, they will have the coverage of one-year comprehensive vaccination insurance.

Investment Workshop ————

 We formerly invited famous lecturers every month to hold the MLS Rotating Classroom investment workshop for different groups. To provide customers with investment concepts and market information during the pandemic, we changed it to a comprehensive online broadcast and used the online message board to interact with the audience.



SUSTAINABILITY STRATEGY AND GOVERNANCE

- 1-1 SDGs Strategy
- **1-2** Sustainability Governance
- **1-3** Stakeholder Engagement
- 1-4 Material Issues Assessment



1-1 SDGs Strategy



Originating from the United Nations Sustainable Development Goals (SDGs), SKFH initiates strategic actions such as "innovating digital finance, optimizing customer service quality", "focusing on climate change, practicing low-carbon energy conservation", "expanding social participation and caring for disadvantaged groups",

reflecting the value proposition of "low carbon, innovation, and mutual benefit", uses our core competencies torespond to issues of concern to internal and external stakeholders, actively meets international standards to implement sustainable projects and responsibility as a corporate citizen, and increase corporate influence.



Caring for life

We promote sustainable finance with stakeholders, to make our world better.







Comprehensive consideration

Our purpose is to stay with our customers throughout their life, providing them the best and suitable solutions at different life stages.







Integrity Partnership

To become everyone's trusted financial partner, we provide individuals with access to financial service, building financial inclusive systems.







1-2 Sustainability Governance

1-2-1 Corporate Sustainability (CS) Committee

The Company set up the "Corporate Sustainability Committee" in order to promote and fulfill corporate sustainability development. CS Committee is a functional committee subordinated to the Board of Directors, and its members are nominated by the Chairman and approved by a resolution of the Board of Directors. The Committee shallconsist of 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 corporate sustainability plans and implementation. It shall report the corporate sustainability implementation status to the Board of Directors to fulfill the duties and values of corporate sustainability. The CS 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 the formulation, promotion and supervision of sustainable business strategies. The Management Committee includes seven execution teams which are responsible for developing and executing related projects.

Two meetings of the SKFH CS Committee were convened in 2021, and the attendance rate of the members is 90%. The Committee reported the corporate sustainability performance and future plans, as well as the corporate governance and integrity implementation status. For the Committee's 2021 operations in detail, please refer to the official SKFH website.

1-2-2 CSR Policy and Guidelines

To ensure the implementation of our CSR Policy, 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 details of the SKFH "Corporate Social Responsibility Policy" and

Social Responsibility Policy" and "Corporate Social Responsibility Best Practice Principles".



1-2-3 Sustainability Promotion and Public Influence

SKFH contributes to the sustainable development by actively advocating issues related to corporate sustainability. As a long-term member of the Taiwan Institute for Sustainable Energy, we support and participate in the promotion of corporate sustainability. In 2021, we joined hands with other enterprises to become a founding member of the Taiwan Alliance for Net Zero Emission, and promise to jointly promote the transformation of Taiwan's low-carbon economy to achieve the net zero emissions target in 2050.

To exert its public influence and promote the stable development of the industry, SKL joined in Life Insurance Association of the Republic of China and Institute of Financial Law and Crime Prevention, and 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 proposers, insured persons and beneficiaries. SKB joined in the Bankers Association of the Republic of China to promote the sustainable development of financial market through the association in the industry and the strength of the public organizations. Please refer to the appendix 7.1.1 for other associations that SKFH and thesubsidiary companies participated in.

Corporate Sustainability Committee Organization Chart



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Executive Secretariat











Sustainability









Sustainable Business Innovative Services and Responsible Finance

Green Actions

Employee Happiness

Social Care

Appendix

1-3 Stakeholder Engagement



SKFH has established a diverse communication interface. It carefully listens to the feedback from stakeholders and maintains good relationships with stakeholders. SKFH uses internal and external questionnaires to identify stakeholders that may be reached, affected, or impacted in the subsidiaries' business operations, and identified the following eight groups of stakeholders.

It also uses various channels to engage with stakeholders. The communication channels, frequencies and issues of concern to the stakeholders of SKFH are as follows, and the annual stakeholder engagament results are reported to the Board of Directors on December 28, 2021.

Methods and Issues of Stakeholder Engagement

Main Communication Channel / Frequency of Communication	Modes of Communication	Issues	Communication Results in 2021
Shareholders and investors			
 Company website / Permanent Institutional investors' conference / Quarterly Credit ratings / Annually Spokesperson / Permanent Investors' conference / Irregular Email / Permanent Service hotline / Permanent Shareholders' Meeting / Annually 	 Set up an Investor Relation section on the company website to provide comprehensive information for investors Host quarterly investor conference to fully communicate with investors Set up a dedicated contact window and email investor Relations Department contact email:ir@skfh.com.tw.To answer questions from investors and analysts via telephone and email and collect feedback 	 Information Disclosure Business Overview Dividend Policy Laws and Regulations Corporate Governance 	 8 investor conferences in both Chinese and English were held. In order to follow the pandemic prevention regulations, the Chinese investor conference was held online instead. Invited to participate in 6 investor conferences to communicate the direction of business performance and strategic development, and regularly report investor concerns to the management. Responded to more than 500 investor questions by phone and email. Update the credit ratings of SKFH and its major subsidiaries in 2021 The Annual General Shareholders' meeting was held on July 2nd, 2021.
Suppliers, cooperation partner	rs		
 Supplier Management Regulations / Irregular Price negotiation meetings / Irregular Project meetings / Irregular Contract negotiations / Irregular 	 Business seminars and price negotiation meetings Onsite audit, inspection and acceptance, and education of labor safety and health awareness 	 Open Tender Fair price negotiation Fair procurement	100% of new suppliers have signed the Supplier's Commitment Statement
☆ Key Investees and Borrowers			
 Personal visits / Irregular Institutional investors' conference / Irregular Attend Shareholders' Meeting / Annually 	 Visit the spokesperson or IR Attend on site or through video E-vote or attend in person Sign the Compliance Statement of Stewardship Principles for Institutional Investors 	 Industry Overview Financial Performance Environmental Protection Actions ESG Issues Related News 	SKL, SKB, MLS, and SKIT have all issued the Institutional Investor's Stewardship Report





Sustainable Business Innovative Services and Responsible Finance

Green Actions Emplo

Employee Happiness

Social Care

Appendix

Methods and Issues of Stakeholder Engagement

Main Communication Channel / Frequency of Communication	Modes of Communication	Issues	Communication Results in 2021
Employees			
 Internal website / Permanent Official document announcements / Irregular Newsletter / 1 time/month Service hotline / Permanent Email / Permanent Lecture / Irregular Employee engagement survey / Once every two years Club activities/ Irregular Communication publications / 6 times/year Meetings / Irregular Training / Irregular Unions / Irregular Labor-management meeting / Quarterly Exit interview / Irregular 	 Use the internal website, announcements, email notifications, meetings, and publications to notify employees of information in the Company. Set up employee communication channels, employee complaint channels, and "sexual harassment" complaint mailbox and helpline Conduct the anonymous "employee engagement survey" with an online questionnaire Provide Leader Campus of Commonwealth Magazine online courses and encourage employees to learn by themselves to achieve mobility, energy conservation, and carbon footprint emissions reduction Organize internal seminars in different fields including financial trends, workplace environment, physical and mental health, social care, or corporate governance topics Disaster prevention exercises, labor work environment evaluation, and the establishment of the "health center" Organize one labor-management meeting every 3 months to actively interact with employees and maintain good relations 	Compensation and Benefits Career Development Labor Relations Training Recruitment Workplace Environment Safety and health Human rights protection Channels of communication Performance management	 Employee Engagement 73% The Leader Campus of Commonwealth Magazine course have been viewed 4,550 times in 2021. Held 6 lectures on financial trends, social care, corporate governance and other related topics. Quarterly labor-management meetings were held, and 4 meetings were held in 2021 Held 2 experiential education training courses
Customers			
 Physical service locations. exclusive services, VIP activities, satisfaction surveys, care for policyholders / Permanent Online:Company website, 0800 customer service hotline, fans page, APP / Permanent 	 Counter services, automatic service equipment Web/app online service functions 24H Customer service center (online AI, audio, and email customer services) Social media Issuance of newsletters and digital brochures Organize finance seminars Special visit 	 Customer rights Service quality Complaint channels Product innovation Financial inclusion Green finance Digital services 	 Satisfaction with SKL: 88.14% Satisfaction with SKB: 88.04% Satisfaction with MLS: 90.31%





Sustainable Business Innovative Services and Responsible Finance

Green Actions Er

Employee Happiness

Social Care

Appendix

Methods and Issues of Stakeholder Engagement

Main Communication Channel / Frequency of Communication	Modes of Communication	Issues	Communication Results in 2021
Government and Regulatory Authorities			
 Official letters / Irregular Attend meetings organized by the competent authority / Irregular Court activities / Irregular Seminars / Irregular 	 Cooperate with the competent authority's verification, policy promotion, and related activities Directors and Supervisors have attended continuing education courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies Comply with policies of the competent authorities, attend related meetings, provide recommendations where necessary, and promote financial knowledge education 	Compliance with laws and regulations Cooperate with education on regulations and policy implementation Information Disclosure Tax payment	 Publish the General Shareholders' Meeting Annual Report both in Chinese and English Top 20% in corporate governance evaluation Attend regulators' policy publication and public hearings
Communities, community organization, NPO/N	GO		
 Lectures / Irregular Press conferences / Irregular Local art and cultural activities and activities in the public interest / Irregular Foundation / Permanent Website / Permanent Seminars in the public interest / Irregular Environmental conservation activities / Irregular Cash donations / Irregular Sponsorship and collaboration / Irregular 	 Participate in seminars Organize press conferences Sponsor art and cultural performances Organize related activities in the public interest Organize wealth management, health, and general seminars Academic or industry-related seminars Organize charitable and philanthropic activities Cooperate or participate in related environmental conservation activities Charitable donations or sponsorship for activities in the public interest 	 Environmental Protection Ecological conservation Employment opportunities Community development and care activities Academic promotion Social Welfare 	Social investment amounted to NT\$108 million and benefite approximately 1.49 million participants
Media			
 Rating and surveys / Irregular Seminars / Irregular Interviews / Irregular Press conferences / Irregular Press Releases / Irregular 	 Participation in rating and surveys organized by various institutions Invite the media to participate in material activities 	 Economic performance Corporate Governance Labor Relations ESG ratings for caring for disadvantaged groups 	 Participate in the competition for the Corporate Social Responsibility Award of Global Views and the Excellence in Corporate Social Responsibility Award of the CommonWeal Magazine 1 luncheon with the media was held

1-4 Material Issues Assessment _



In order to grasp the connection between stakeholders' concerns and the long-term value of the company, we identified material issues in accordance with the reporting principles of the GRI Standards and established related performance indicators to manage the material environmental, social and governance (ESG) issues, and included them into annual work plans of SKFH and set long-term targets to manage corporate sustainability.

Material Issues Assessment Approach and Procedure



- Research into international sustainability development trends, material issues of domestic and foreign financial industry, and compliance with the latest laws and regulations.
- Align SKFH 2021 strategies.
- 18 sustainability issues related to SKFH were listed.
- Issued questionnaire to the working group members of CS Committee of SKFH and its subsidiaries and invite them to conduct assessments based on the impact of various sustainability issues on the economy. environment, and society, and the level of concern of stakeholders with regard to the issues. There were 135 employees participating in the assessment.

Assessmen

Principle

Stakeholder

Inclusiveness

 Conducted an online survey and distributed questionnaires. 104 external stakeholder questionnaires were collected within 2 years. Analyze sustainability issues and rank important topics and concerns based on the results of the questionnaire, for the all working group members of CS Committee to review.

Ranking

Principle

Materiality and

Completéness

- Submit them to the executive meeting, and make suggestions after they are discussed by the President, executives and department supervisors.
- Confirm the completeness of the materiality matrix by executives.

Verification

and review

Principle

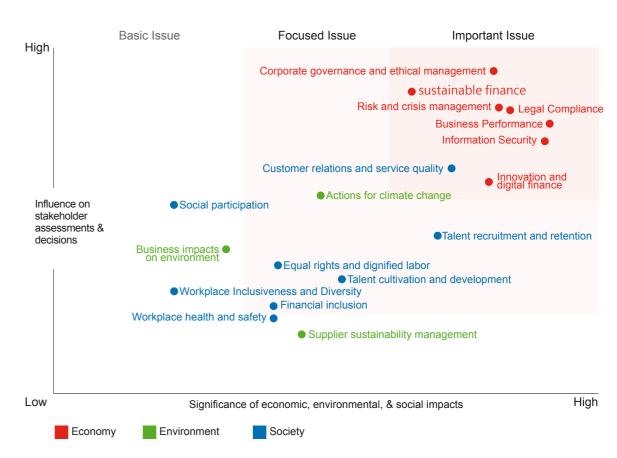
Completeness and

Sustainability Context

- The important issues of the materiality matrix shall be the key points in response to stakeholders, and we have disclosed strategic objectives, management methods and performance.
- For the focused issues, we have disclosed the results of continued management. For the basic issues, we have indicated relevant performance.

According to definitions in the GRI Standards, the X axis of the materiality matrix was set to the significance of economic, environmental and 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", "focused issues", and "basic issues" based on materiality.

SKFH 2021 Materiality Matrix



Green Actions

Material Issues and the		Represents	the indirect	impact of	organizatio	on activities	Represents the impact caused by business relationship
Materiality Issues	GRI-specific topic	CVELL	Shareholders /Investors	1	1 1	Investment credit object	Corresponding Sections and Chapters
Materiality: Important			'				
Business Performance	GRI 201 Economic Performances				0	0	From the President and Chairman / 2.1.3 Financial Performance
Corporate governance and ethical management	Material Issue Identified by SKFH					0	1.2.1 CS Committee / 2.2 Corporate Governance / 2.3.1 Ethical Management
Information Security	GRI 418: Customer Privacy						2.4 Information Security / 3.2.3 Protection of Customer Privacy
Legal Compliance	GRI 205: Anti-corruption / GRI 206: Anti-Competitive Behavior / GRI 419: Socioeconomic Compliance	•					2.3 Legal Compliance
Risk and crisis management	Material Issue Identified by SKFH					0	2.5 Risk Management
Innovation and digital finance	Material Issue Identified by SKFH						3.1 Digital and Innovative Finance
Sustainable finance	Material Issue Identified by SKFH						3.5 Sustainable Finance
Customer relations and service quality	GRI 417: Marketing and Labeling / GRI 419: Socioeconomic Compliance						3.2 Customer Relationship Maintenance / 3.3 Customer Service and Communication
Materiality: Focused		'	1	1			
Talent recruitment and retention	GRI 401: Employment						5.2 Talent Attraction and Retention
Actions for climate change	GRI 305: Emissions / GRI 201 Economic Performances	•					4.1 Environmental Sustainability / 4.2 Green Operation
Talent cultivation and development	GRI 404: Training and Education						5.3 Career Development
Equal rights and dignified labor	GRI 405: Diversity and equal opportunity / GRI 412: Human Rights Assessment						5.1 Employee Equality and Inclusiveness
Financial inclusion	GRI 203: Indirect Economic Impacts						3.4 Financial inclusion
Materiality: Basic							
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
Business impacts on environment	GRI 305: Emissions / GRI 306: Waste / GRI 307: Environmental compliance				0		4.2Green Operation
Social participation	GRI 203: Indirect Economic Impacts				0		6.1. Social Welfare Strategy
Workplace health and safety	GRI 403: Occupational Health and Safety				0		5.4 Happy and Friendly Workplace
Workplace Inclusiveness and Diversity	GRI 405: Diversity and Equal Opportunity / GRI 406: Non-Discrimination						5.1 Employee Equality and Inclusiveness

Strategy and Target of Material Issue

Business Performance -

Importance to SKFH

It reflects the pros and cons of the company's operating conditions, and shows potential in future growth and development.

Strategy

- · Optimize investment strategies and operate financial products with flexibility to achieve stable investment and profitability goals.
- · Develop diverse financial products and services and meet customer demands to provide customers with the best asset allocation suggestions.

long-term target

Targets to be achieved by 2025:

· Maintain a long-term stable profit and dividend distribution

2 Corporate governance and ethical management



Importance to SKFH

By implementing corporate governance policies and deepening the corporate culture of honest management, SKFH continues to enhance corporate value, reduce the company's operational risks, and achieve the company's sustainable business goals.

Strategy

- ·Improve the Board of Directors' structure and election process.
- Integrate the spirit of "honesty, ethical management, and credibility" into the corporate culture and implement the idea of ethical management.

long-term target

Targets to be achieved by 2026:

- Establishing a Nomination Committee
- Increase the number of female Directors, reaching over 20% of the all the Directors of the Board of Directors
- Increase the number of Independent Directors, reaching more than one-third of the all the Directors of the Board of Directors
- Continue to implement the dishonest behavior risk assessment mechanism, so that the risk matrix score calculated by multiplying the overall operation frequency by operation amount is less than 3 (the highest 9 points and the lowest 1 point for risks).

- $\, 3 \,$ Information Security —



Importance to SKFH

By continuously strengthening the information security protection capability we provide safe, convenient and uninterrupted financial services.

Promote the relevant information security governance plans of SKFH and its subsidiaries and establish a network security framework to improve information security and resilience and create an environment integrating business development and security protection.

long-term target

Targets to be achieved by 2025:

- Complete the overall governance organization for information security
- Establish a system for assessment on the overall maturity of information security governance
- Establish a Computer Security Incident Response Team (CSIRT)
- · Establish an information security and threat information sharing mechanism for the Group
- Continue to cultivate information security talents

-4 Legal Compliance $-\!-\!$



Importance to SKFH

Our Group is a financial institution that operates various financial products and services including insurance, banking, securities, and investment trust. Financial products and services are highly professional and technical, and are provided to unspecified individuals. There is information gap in between the parties to the contract. In order to protect the rights and interests of the Group's customers and maintain the Group's reputation, legal compliance is an important factor to achieve the above goals.

Strategy

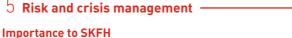
- Establish a legal compliance management system for the Group, and promote legal compliancedigitalization.
- · Communicate the Group's anti-corruption policy, ethical management and other concepts to reduce the losses to be caused by artificial and illegal

long-term target

Targets to be achieved by 2025

- Digitalize 50% of legal compliance businesses.
- The training rate related to anti-corruption policy and ethical management in the Group reaches 100%.

-5 Risk and crisis management -



In line with the IFRS17 and ICS international standards, emphasis should be placed on strengthening financial fitness and risk-taking ability to achieve sustainable operation.

Strategy

Gradually adjust commodity, investment, asset and liability management strategies to smoothly integrate with international standards.

long-term target

Targets to be achieved by 2026:

- · Achieve stable profit and net worth under the IFRS17 financial reporting
- Under the ICS supervision, the ICS ratio is above the capital adequacy standard

$-\ 6$ Innovation and digital finance -



Importance to SKFH

Rooted in digitalization, driving transformation: Guided by the financial holdings customer experience and strategic goals, the subsidiary has implemented "Zero troubles, digital all the way", and deeply cultivated the overall digital competitiveness. In addition, we will continue to transform the mindset of all employees, develop the exchange platform for potential financial talents, foster the Group's transformation culture, administer the spirit of digital transformation into the company culture, improve the overall operational efficiency with technology, accelerate the effectiveness of data-driven transformation, and build solid foundation for sustainability. We hope to establish a low-carbon, innovative and mutually beneficial value-based finance system.

Strategy

Formulate customer-focused experience strategy, creation of data value chain and expansion of technology application as the engines for driving transformation.

long-term target

Targets to be achieved by 2025:

- · SKFH's digital customers become more than 3.2 million
- Proportion of SKL's e-insurance becomes more than 95%
- Proportion of SKB's digital transactions becomes more than 88%
- Proportion of MLS's digital transactions becomes more than 83%

Strategy and Target of Material Issue

Sustainable finance -

Importance to SKFH

The development of sustainable finance will bring positive benefits and impact on future performance growth for SKFH in all aspects. We will continue to integrate ESG and decision-making processes to implement the spirit of sustainable finance.

Gradually improve sustainable finance-related policies and regulations, and develop sustainable finance from the aspects of investment, financing and products.

long-term target

Targets to be achieved by 2025:

- •SKL: Continue to improve sustainable investment procedures to achieve sustainable and stable investment results, and the five-year CAGR of investment in securities in compliance of with the Company's sustainable investment principle reaches 3%.
- ·SKB: Sign the Equator Principles. Continue to promote the financing for solar power plant projects, and the total financing balance grows to \$4 billion by the target year with a 103% increase from 2021.

8 Customer relations and service quality -

Importance to SKFH

Good service quality can improve corporate brand image, build customer trust in the company, and cultivate brand loyalty.

Strategy

Continue to use financial technology to improve our service quality and optimize the customer experience to meet customers' diverse financial needs and create value for the customers.

long-term target

Targets to be achieved by 2025:

- SKL: NPS reaches 80%
- SKB: NPS of OU digital account reaches 45%; NPS of online banking reaches 30%

9 Talent attraction and retention



Importance to SKFH

SKFH focuses on people. Talent is the most important asset in the financial industry, and it is also an important competitive advantage for the enterprise operation and reaching targets. We attach importance to talents, creates enterprise operation value, and ensures sustainable development.

- Deepen employer branding, recruiting, composition and integration of diverse talents
- Improve employee feedback, complete the human resources system. and provide a suitable development environment for the right talents
- Shaping a performance-oriented culture, differentiated talent management and development

long-term target

Targets to be achieved by 2025:

- The retention rate of outstanding talents reaches 90%
- Employee engagement rate reaches 72%

10 Actions for climate change -



Importance to SKFH

The impact of climate change has extended from the safety of personal life and property to affecting the operation of enterprises, and the impact level is very extensive. Therefore, SKFH attaches great importance to and actively evaluates and promotes the operation management related to climate change.

Strategy

Actively save energy and reduce carbon emissions and build green buildings to reduce the carbon emissions from corporate operations, improve urban resilience to climate, and support the development of green energy industry with financing strength.

long-term target

Targets to be achieved by 2025:

- Reduce 2% of carbon emissions per year (base year: 2019)
- Obtain 6 licenses for green buildings
- The investment growth rate of project investment in green energy-related businesses is 400%, as compared with 2020.

$-\ 11$ Talent cultivation and development -



Importance to SKFH

SKFH emphasize on cultivation and development of internal talents to respond to financial market, environment changes, to secure the sustainable development, external changes and various business development needs.

Strategy

- Integrate multiple education, training and development mechanisms
- Continuously refine the talent exchange and education, diversify training mechanism, and integrate group resources.
- Planned manage and develop high-potential talents

long-term target

Targets to be achieved by 2025:

- The average training hours per employee reaches 100 hours
- The rate of replacement for internal vacancy remains at 50%

12 Financial Inclusion



Importance to SKFH

As a financial services industry, we must fulfill our corporate responsibility and provide access to banking, insurance and financial services for all.

Strategy

· We plan diversified and 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.

long-term target

Targets to be achieved by 2025:

- Keep developing new inclusive financial products and services
- Keep winning microinsurance related awards

2 SUSTAINABLE BUSINESS

SKFH upholds the vision of "becoming the best comprehensive financial services institution that serves the Chinese communities" and is committed to the mission of "striving to maximize the rights and interests of customers, shareholders, and employees, to give back to the communities we serve, and to create a better living environment through charitable activities," continuing to make efforts for corporate sustainable management.

- 2-1 SKFH Overview
- **2-2** Corporate Governance
- **2-3** Legal Compliance
- **2-4** Information Security
- **2-5** Risk Managementformation Security

Sustainability Performances



Conducted Board of Directors Performance Evaluation





2-1 SKFH Overview



2-1-1 About SKFH



Brand Spirit

SKFH adheres to "innovation, service, integrity, and giving back" as its business ethos, values human life, and is dedicated to bringing happiness to the public. SKFH adopts a humble approach to provide local and down-to-earth services and give back to society.

Management Objectives



Digital transformation and

experience optimization.

Create profit sources and expand markets.

Emphasize legal compliance and risk control and treat customers fairly.

Implement corporate governance and promote sustainable operations



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), and Shin Kong Venture Capital (SKVC). The Group creates a comprehensive financial services network composed of life insurance, banking, securities, and mutual funds for more than six million customers. In 2021, there was no significant change in SKFH's scale, structure, and ownership.

Comprehensive Products and Services

SKL	Savings insurance, protection insurance, investment-linked insurance, medical injury insurance, group accident insurance, etc.
SKB	Deposits, loans, foreign exchange, wealth management, trust, credit card, derivative financial products, electronic financial services, etc.
MLS	Brokerage, underwriting, proprietary businesses, bonds, new financial commodities, wealth management, shareholder services agent, etc.
SKIT	Securities investment trust, discretionary investment, securities investment consulting, offshore fund sales, and futures trust.
SKPIA	Agency of vehicle insurance, fire insurance, marine insurance, and liability insurance.
SKVC	Investing in industries with potential.

** /** |\$

Margin

SKFH Value Chain



Fund Management	
Share capital	
Deposits	
Loans	
Fixed income	
	П



Risk Management	Investments	
Market risks	Asset	
Credit risks	management	
	Securities	U
Financial risks	investment	
Liquidity risks	Venture capital	
Compliance	investment	

risk

Sales and Marketing Insurance expansion Personal banking

Underwriting Corporate banking Digital channels

Customer **Service**

Claim services

Policy management

Transactions

Overview of Domestic Business Locations

Unit: Number of Locations

Service and Business Locations	Area with low population density ^{NOTE1}	Off-shore islands NOTE2	Total locations in Taiwan
SKL - Branch	2	. 1	. 23
SKL - Regional Sales Office and Branch Office	13	2	322
SKL - Service Center	1	0	39
SKB - Branch	1	0	104
MLS - Branch	1	0	47
SKIT - Location	0	0	3
SKPIA - Company	0	0	1

Note 1: Calculated in accordance with the area table of Taiwan Administrative divisions and population data at the end of December 2021. These areas include administrative regions in municipalities, counties, and cities with a population density of fewer than 100 persons/square kilometer including Hualien County and Taitung County.

Note 2: Off-shore islands refer to Kinmen County, Penghu County, and Lambai Island.

Note 3: Shin Kong Bank (SKB) relocated two branches to Liujia and Chinpu respectively in 2021.

SKFH Overseas Deployment

SKL SKB MLS In 2006, SKL set up Hanoi SKB has set up a branch in Hong MLS set up MasterLink Securities

representative office in Vietnam to collect information and maintain the relationship among industry, government, and academia.

In 2015, SKL set up Yangon representative office in Myanmar. It is the first Taiwanese life insurance company which set up a representative office in Myanmar.

Kong to provide services to overseas Taiwanese businesses from Hong Kong. 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.

(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.

2-1-2 Financial Performance

SKFH upholds a stable business strategy. We achieved a consolidated net profit of NT\$22.73 billion with an EPS of NT\$1.67. The total asset amounted to NT\$4.69 trillion with an annual growth rate of 7.53%. The consolidated shareholders' equity amounted to NT\$263.382 billion, and the net value per share was NT\$18.21.

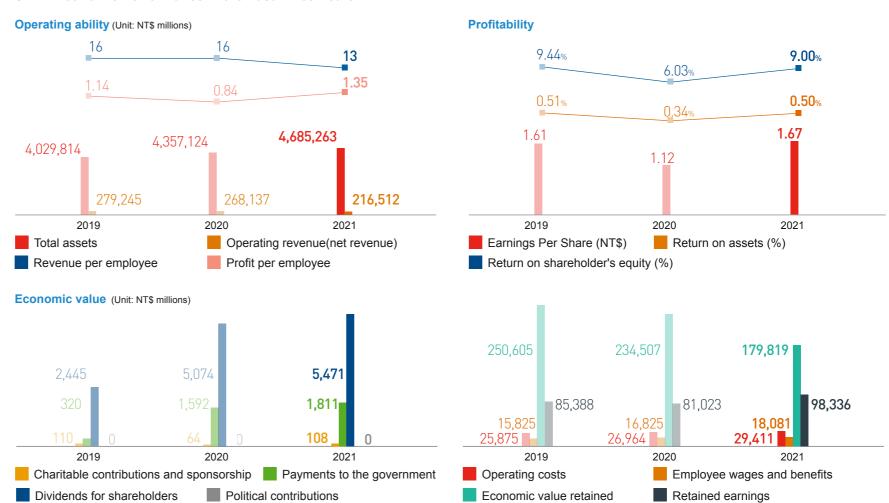
In 2021, Shin Kong Financial Holding recorded a consolidated net profit of NT\$216.5 billion. In particular, the life insurance sector contributed 87.0% of the profit, followed by the banking sector and the securities sector with a contribution of 8.1% and 4.6% respectively. The other sectors (including Shin Kong Financial Holding itself but excluding the long-term investment income, as well as investment trust, venture capital and insurance agent) contributed only 0.3% of the profit, and Shin Kong Financial Holding doesn't operate the property insurance business.



Note: The banking sector includes corporate banking, personal banking, and wealth management business. The securities sector includes proprietary and brokerage services, and investment trust is an asset management business

For the operating performance and asset portfolio of SKFH in 2021, please refer to "Chapter 5 Operational Highlights" in the SKFH 2021 AGM Annual Report

SKFH Economic Performance in the Past Three Years



Note 1: For the total liabilities, please refer to the operational highlights in the AGM Annual Report.

Note 2: Re-prepared the financial report in 2019, thus revised partial figures.

Note 3: Economic value retained: 'direct economic value generated' less 'economic value distributed'. Direct economic value generated: revenues. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.

2-2 Corporate Governance



SKFH pays close attention to the rights and interests of shareholders and stakeholders. We established the "Corporate Governance Best Practice Principles" and supervised our subsidiaries to ensure their compliance with the Corporate Governance Best Practice Principles established for their respective industries. 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. These results affirmed the performance of SKFH's corporate governance.

2-2-1 Board of Directors

SKFH Board of Directors has 15 Directors including 3 Independent Directors. A total of 13 meetings were convened in 2021 and the attendance rate of members of the Board of Directors was 99.5%. The Chairman of the Board does not serve concurrently in other roles in the management team. The average tenure of the directors at Shin Kong Financial Holding and its subsidiaries is 11.88 years.

To ensure SKFH 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, and leadership skills. Through the Directors' extensive experience in the finance industry and their skills, we aim to improve the corporate operation system and protect investor interests.

Basic Information and Diversity of Board of Directors

Male	Female
30 or under	
0	0
31 to 50	
0	0
51 or above	
14	1
Total	
14	1

Non-executive Director	Independent Director	Serve concur- rently as the Company's managerial officer
30 or under		
0	0	0
31 to 50		
0	0	0
51 or above		
12	3	0
Total		
12	3	0

To improve the operating efficiency of the Board of Directors, the Company has formulated the "Board of Directors and Functional Committees Performance Evaluation Regulations". We evaluate the performance of the Board of Directors according to the regulations, and the contents of evaluation include the overall performance of the Board of Directors, individual members of the Board of Directors, and functional committees. The evaluation method, frequency, and results are described below:

One internal performance evaluation of the Board of Directors every year

In 2021, the performance evaluation results of the Board of Directors and functional committees were "excellent" (5 to 4.6 points, maximum 5 points).

One external performance evaluation of the Board of Directors every 3 years

In 2020, we appointed the Taiwan Institute of Ethical Business and Forensics (TIEBF) for the performance evaluation. TIEBF evaluated the performance of the Board of Directors based on the four major dimensions including the professional competencies, decision- making effectiveness, degree of adherence and supervision to internal controls, and the attitude to sustainability and corporate social responsibility. The evaluation result was 4.34 points (maximum 5 points). The Company researches, discusses, and executes improvement measures based on the objective suggestions made by the external evaluation organization to continue to improve the effectiveness of the Board of Directors and strengthen corporate governance mechanisms.

Note: For the internal and external performance evaluation results of SKFH's Board of Directors, please refer to SKFH official website

2-2-2 Functional Committees

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. In 2021, 20 meetings of the Audit Committee were convened, and the average attendance rate was 100%.

Compensation Committee

Independent Directors of SKFH serve as members of SKFH Compensation Committee. The main task of the Committee is to assist the 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 the President. The Committee convenes at least two meetings per year.



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 with an attendance fee for each board meeting 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, which fully demonstrate the consistency in the goals of the Directors, managerial officers, and employees and sharing of profits.
- · The Chairman receives not only fixed compensation which is determined by the Board of Directors according to the extent of the Chairman's involvement in the Company's operations but also annual performance bonus (including the share trust awards for senior-level managers) and long-term incentive bonus based on the Company's operating performance.
- 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 and an attendance fee for each board meeting and each functional committee meeting 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 performance bonus and long-term incentive bonus for the President are effectively connected to the Company's business performance and the President's personal performance. Annual performance indicators are set according to the Company's operating and development strategies, and the indicators are classified into financial ones and non-financial ones.

Financial indicators Proportion:45%

The business performance of SKFH and its subsidiaries, such as financial revenue. ROE. insurance contract value, net worth, proprietary/brokerage/underwriting performance, deposits/financial management trust/scale of funds. investment/fund/commission performance, breakeven rate, hedging costs, employee productivity, management fees/income from handling fees, risk indicators (NPL Ratio, Coverage Ratio, BIS, etc.), and capital adequacy ratio.

Achievement Rate in 2021: 110%

Non-financial indicators Proportion:55%

Talent cultivation and exchange as well as culture establishment, achievement of promotion of digital finance and fair customer treatment as well as information security, implementation of legal compliance and effectiveness of internal control system, and ESG performance of SKFH and its subsidiaries.

Achievement Rate in 2021: 113%

The annual compensation for the Company's President and executive officers shall be determined by referring to the general level in the industry and referring to the achievement of the Company's performance goals and individual performance and contribution in the current year. In addition to fixed compensation, the major compensation is annual performance bonus (including the share trust awards for executive officers), long-term incentive bonus and compensation to employees.

- Annual performance bonus: The budget for annual performance bonus is based on net profits (40%) and the increase in shareholders' equity (60%), and it shall be adjusted by referring to the achievement of the performance indicators specified in the above table, and then paid depending on individual's performance; in addition, individuals may choose to acquire the company's shares by means of trust within a certain percentage of the annual performance bonus, and the company shall allocate the shares to be acquired fully based on individual's deposit amount.
- Long-term incentive bonus: The budget for long-term incentive bonus awards is based on net profits (40%) and the increase in shareholder's equity (60%), and the award quota is paid depending on the individual's performance. In response to the Company's long-term development strategies, the Company shall establish unlocking conditions for granting the awards and set up individual shareholding requirements. After the waiting period finishes, the award quota shall be adjusted based on the three-year total shareholder return (TSR) growth rate and paid according to the achievement of the Company's unlocking conditions as well as the ratio of individual performance, shareholding, and serving period. The longest time vesting period of long-term incentive bonus is 3 years. In 2021, the Company's unlocking conditions for granting long-term incentive bonus are: during the waiting period FY2022-FY2024, the ranking of the total shareholder return (TSR) rate relative to other listed financial holding companies (50%), ESG performance (10%), achievement rate of digital financial indicators each year (10%), achievement rate of capital adequacy ratio indicators each year (10%), and ranking of annual average after-tax ROE relative to other listed financial holding companies (20%).
- Compensation for employees: According to Article 32 of the Company's Articles of Incorporation, if the Company recorded profit for the respective year, no less than 0.01% but no more than 0.05% of the Company's profit of such year shall be reserved for employees' compensation. Employees of affiliated companies who meet certain qualifications may also be included in the distribution. Where the Company has accumulated deficits, it shall first reserve the amount needed to make up the losses before utilizing the remaining amount of the profit for employees' compensation at the aforementioned ratio.
- Cancel or clawback: 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 System

SKFH has established an audit system and an internal audit unit under the Board of Directors in accordance with the "Implementation Rules of the 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 reasonably ensure the effective implementation of the internal control system.

Audit Reports Submitted to the Audit Committee and the Board of Directors in 2021

Monthly report to the Audit Committee

Monthly audit report.

Quarterly report to the Audit Committee and the Board of Directors

Audit report of the guarter business

Annual report to the Audit Committee and the Board of Directors

- Meeting minutes between the Audit Committee Members (Independent Directors) and Auditors
- · Results of the effectiveness evaluations on the internal audits of subsidiaries



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 deliver 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.

- We held a total of 6 legal compliance operation meetings of SKFH and its subsidiaries in 2021
- · 2 compliance self-inspections
- 1 education and training program for the Directors, Supervisors, and executive officers of SKEH and its subsidiaries
- 2 legal compliance education programs for employees
- The unit legal compliance manager annual review meeting.
- The legal compliance implementation status is also reported to the Board of Directors and Audit Committee every six months.

In 2021, SKFH continued to evaluate the legal compliance of its subsidiaries in accordance with the "Regulations for the Evaluation of Legal Compliance Operations of Subsidiaries". The contents of the evaluation include the implementation status of the legal compliance system, anti-money laundering and counter the financing of terrorism, which improve the effectiveness of the legal compliance by SKFH and its subsidiaries.

When a subsidiary plans to launch a new product or service or applies to open 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 use specific or large amounts of funding, they must submit opinions stating that such businesses meet regulatory requirements and internal regulations and affix their signature to take responsibilities and implement legal compliance principles.

In 2021, SKFH and its subsidiaries did not violate any environmental and social regulations; for the cases where penalties were imposed by the competent authority, improvements have been made, and internal education and internal control have been reinforced. For relevant details, please refer to Appendix 7.1.6.

2-3-1 Ethical Management

SKFH has enacted regulations such as the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Policy and Best Practice Principles", "Code of Ethics", and Regulations for Internal and External Personnel Whistleblowing" 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" for compliance by all employees and all business partners.

To achieve the core value of honesty and integrity, and to expect that the Company's personnel, customers, suppliers, and other parties having contractual relationships with the Company can understand and jointly protect the ethical standards and culture of Shin Kong Group, the Company has established its "Code of Ethics" in 2005, covers directors, supervisors, managers and employees of the Company and the Company's subsidiaries. The group-wide Code of Ethics includes honest and moral behaviors, equal hiring and non-discrimination principles, healthy and safe working environment, prevention of conflict of interest, anti-bribery and anti-pursuit of personal gains, confidentiality responsibility, fair trading and anti-insider trading, anti-money laundering, safeguard and proper use of the company's assets, legal compliance, handling of material operating risks, encouragement whistleblowing of any illegal activities or any activities violating the Code of Ethics, disciplinary measures, etc. The Company also has established related mechanisms to ensure the effective implementation of the Code of Ethics, including clearly defining the responsibilities, accountabilities and reporting lines establishing a whistleblowing system (to be accepted by a dedicated unit, and disclosed on website), linking with the employee's performance appraisal system and remuneration. Through internal control systems and internal auditing mechanisms, the Company prevent and detect potential violations and improve the compliance of the Code of Ethics. The Company adopts zero tolerance for the acts against the "Code of Ethics". If there is any violation of the "Code of Ethics", the Company will handle it and take disciplinary actions in accordance with its human resourse management regulations and related laws and regulations.

In 2021, the SKFH group (including subsidiaries and joint ventures) have 100% completed education and training courses related to the Code of Ethics.

Course Content	Target	Hours	Coverage Rate	Training Completion Rate
SKFH				
Code of Ethics and Code of Conducts	All employees	0.5	100%	100%
Ethical Management Education— Important Types of Dishonest Behavior	All employees	1.3	100%	100%
SKL				
Anti Money-laundering and Counter the Financing of Terrorism, Code of Conduct for Insurance Sales Agents, Confidentiality of Information, Whistleblower Policies, Occupational Health and Safety, including Code of Ethics	Office staff	4.4	100%	100%
Untruthful Remarks and Inappropriate Marketing Materials Improper Solicitation, Personal Data Protection, Insurance Fraud and Premium Embezzlement, including Code of Ethics		6	100%	100%
SKB	'		1	
Employee Prohibitions and Due Diligence	All employees	0.3	100%	100%
Ethical Management and Code of Ethics	All employees	0.5	100%	100%
Regulations for Internal and External Personnel Whistleblowing	All employees	0.3	100%	100%
MLS				
Code of Ethics, Anti Money-laundering and Countering Terrorism Financing	All employees	1.5	100%	100%
Code of Ethics Training for Sales Personnel	Sales personnel	3 - 44	100%	100%
SKIT				
Code of Ethics and Ethical Management Policy and Principles	All employees	1	100%	100%
SKPIA				
Code of Ethics, Ethical Corporate Management Policy and Best Practice Principles	All employees	1	100%	100%

Note1: Coverage rate = Trainees / All employees

Note2: Training completion rate = People who completed the training course /Trainees

In 2021, SKFH incurred no corruption or bribery cases such as malpractice and acceptance of bribes. Listed below are the key 7 cases that the employees of the subsidiaries have breached the Code of Ethics, and all these cases have been investigated and substantiated. The subsidiaries have taken disciplinary actions against related employees, such as suspension of solicitation, revocation of registration, dismissal, suspension, a major demerit, etc.

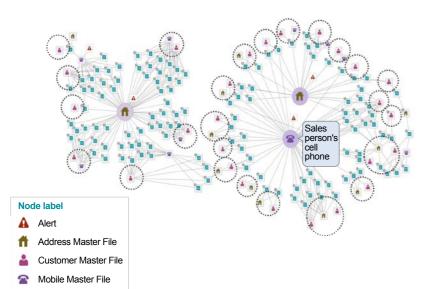
Breaches of Code of Ethics

Number of 2020 2021						
Area of cases breaches	Processing	Processed	Number of substantiated cases	Processing	Processed	Number of substantiated cases
Bribery	0	0	0	0	0	0
Seeking personal gains	0	12	12	0	6	6
Discrimination	0	0	0	0	0	0
Violation of confidentiality	0	0	0	0	0	0
Conflicts of interest	0	0	0	0	0	0
Violation of anti-competition / antitrust laws	0	0	0	0	0	0
Money-laundering	0	0	0	0	0	0
Insider trading or violation of fair tradin	0	0	0	0	1	1
Violation of Occupational health and safety	0	0	0	0	0	0
Total number of substantiated cases		12	•		7	•

Policy Master File

To proactively prevent violation of the above-mentioned Code of Ethics, SKL has prepared the "13 Legal Compliance Courses for Sales Representatives". Supervisors of business units conducted legal compliance training courses for the personnel every month. We also prepared "Legal Compliance Divination Lot" videos to promote the prevention of various violations. In addition, SKL was the first in the industry to launch the "Sales Representative Fraud Risk Prevention and Control Model".

The model can effectively grasp the abnormal solicitation acts of sales representatives by using AI technology and implement business audits. The levels and scores of risks are displayed on the warning dashboard, specifying the suspicious behaviors. SKL continues to optimize and adjust the model, add contact information comparisons, and adjust the parameters for high-risk abnormal behaviors to protect the rights and interests of customers. In 2021, the number of breaches by sales representatives has decreased considerably compared with the previous year, which shows that this model has a significant effect on the prevention of abnormal solicitation acts.





Legal Compliance Divination Lot is made in a form of folk belief, which simulates the words of divine instruction to advice compliance to employees. The content is as follows: Clear rights & obligations are the best kinds of complaint prevention. Visiting clients is a must, and signing in person keeps our trust. Insurance discounts and rebating only lead to our credibility's abating. Policy loans and terminations increase performance, and recovering commissions is of utmost importance. Honesty and integrity show our sincerity and bring you prosperity.

For the breaches of the Code of Ethics, SKB not only conducted and enhanced education and training but also raised the level of bank guarantee and strengthened account verification to prevent similar incidents from reoccurring.

Ethical Corporate Management Policy and Best Practice Principles

- SKFH supervises the establishment of Ethical Corporate Management Policy and Best Practice Principles and compliance of subsidiaries and other companies or institutions directly or indirectly controlled by the Company.
- 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.

Ethics consultation

- 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.
- 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.

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 understand 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.

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 receives the report shall report the matter, processing method, follow-up review and improvement measures to the Board of Directors.

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: whistleblower@skfh.com.tw Employee communication mailbox: skfh-hr@skfh.com.tw Sexual harassment complaint: shinkong113@skfh.com.tw / (02) 7725-3216
SKL	whistleblower@skl.com.tw
SKB	audit@skbank.com.tw
MLS	whistleblower@masterlink.com.tw
SKIT	whistleblower@mail.skit.com.tw
SKPIA	skpia99@skl.com.tw

2-3-2 Anti-Money Laundering

SKFH has formulated 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", "Notices for Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction", and "Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction Committee's Procedures" 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 AntiMoney 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 optimize the Group's AML/CFT evaluation methods, it revised the "Notices for Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction" and the "Anti-Money Laundering and Countering the Financing of Terrorist Evaluation Procedures" again in 2021 by referring to external laws and in response to practical operations. SKFH's subsidiaries completed comprehensive AML/CFT evaluation in 2021 by adopting consistent methods. To continue to help the senior managers be aware of the AML/CFT risks of SKFH and subsidiaries, SKFH held the meetings of the "Anti-Money Laundering, Countering Financing Terrorist, and Countering Proliferation of Weapons of Mass Destruction Committee" regularly and semi-annually in 2021 to integrate related risk management mechanisms.

Establishment of dedicated units



SKL and SKB have set up dedicated units and the Chief Compliance Officer of the head office 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 affairs 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 2021. 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 establishment or amendment 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 September 2021 and invited the persons from the AML Office of the Executive Yuan to talk about "Domestic Outlook and International Trends of AML/CFT in the Post APG Era" to grasp the latest trends, so as to 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 23 AML training sessions in 2021. 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.

2-2-3 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) since 2020, SKFH has established the "Common Reporting and Due Diligence Review Operation Policy". To ensure the subsidiaries' compliance with the aforementioned regulations, SKFH regularly convened work meetings and supervised all subsidiaries to complete annual reporting on time.



2-4 Information Security _____

SKFH has formulated "Information Security Policy" and "Information Security Management Specifications for Subsidiaries", covering its subsidiaries, outsourced manufactures and their staff. SKFH and the subsidiaries, SKL and SKB. have set up an "Information Security Committee". and MLS has set up an "Information Security Management and Review Committee", to supervise and manage information security. Major subsidiaries have established information security policies, and they shall report on the overall implementation of information security at the Board of Directors' meeting. They shall implement the requirements of the Board of Directors and senior executive relating to information security strategies and governance to promote relevant information security work based on business development goals.

2-4-1 Information Security Management Mechanism

To complete the information security governance structure, SKFH appointed K.T. Chang as the Chief Information Security Officer (CISO) on April 1, 2022 and established the "Information Security Department" as the dedicated unit in charge of information security. The Information Security Committee has also been set up, and the Company's Chief Information Security Officer serves as the convener. The Information Security Committee holds quarterly meetings, and its members consist of the first-level managers who are in charge of supervising information security as well as the heads of the information security units of the Company and its subsidiaries.

SKFH Information Security Governance Structure and Responsibilities

Board of Directors/Chairman

Oversee the establishment of an effective information security risk management system and control mechanism for the Company

President

Information Security Committee

- Proposed Security Policy of Pawley Financial Holdings Information
- Development of Information Security Management System
- · Assessment of information security risks
- Overseeing information security management operations and implementation of major information security programs of the Company and its subsidiaries
- Review and manage major information security incidents and track the status of implementation of committee resolutions

Convener: Chief Information Security Officer (CISO)

Units Responsible for Information Security at Subsidiaries and Information Security Working Group

Information Security Technology

Formulation of Information Security Standards

Information Security
Education and
Training

Information Security Department

- Information Security Policy Development and Revision
- Information Security
 Committee Meeting Convening
- Information security promotion and education training planning
- · Information security incident management
- Planning information security framework blueprint
- Assist each subsidiary in reviewing the information security framework
- Supervise the implementation of information security in each subsidiary
- Coordinate the evaluation of information security projects and affairs across subsidiaries

Information security governance is an important topic in the trend of financial technologies. SKL and SKB both have established an information security committee, and the major subsidiaries, SKL, SKB, and MLS, have passed the international standard for information security, ISO 27001 certification. In accordance with the ISO international standards and operating procedures. we implemented management on network, computer room, online financial system development, operation and maintenance, etc. to create a safer operating environment in a comprehensive manner. There are multi protection equipment and measures for transmitting the Company's data, such as DDoS (Distributed Denial of Service) protection measures, intrusion detection and prevention systems, firewalls for web applications, etc., to reduce illegal intrusion; We also integrated the monitoring information of the network and information security equipment to monitor abnormal information in a real time. We tracked and handled events continuously and control the processing progress of information security incidents effectively through an events management platform to prevent the risk from proliferation in a horizontal way.

In addition, we continued to improve the level of remote supporting systems, and conducted drills once every six months to prevent information security emergencies or information system interruption to be caused by disasters or cyber attacks, etc., so as to ensure the company's business operations and customers' rights.

SKFH and its subsidiaries utilize the latest information about information security both at home and abroad to find any deficiencies in information security as soon as possible, so as to achieve the effect of early warning and prevention, and strengthen the joint protection of information security.





Sustainable Business Innovative Services and Responsible Finance

Green Actions

Employee Happiness

2-4-2 Information Security Education and Training

We improve staff's awareness of information security by providing regular education and training courses and conducting daily advocacy and drills, and we also offer professional or functional trainings to information security personnel and adopt external protection mechanisms to implement information security protection duly.

The Information Security Department of SKFH and its subsidiaries continued to evaluate related emerging online technical systems and information security issues, such as: financial security incidents, information security vulnerabilities with high risks, hacking techniques, fake financial websites and apps, and commercial emails frauds (Business Email Compromise, BEC), AI popularization, blockchain, etc., and utilize the latest information to improve management and reduce information security risks continuously. The Company also utilized the anti-fraud services of the RSA AFCC to help detect and shut down phishing websites fraudulently using the name of SKFH and its subsidiaries, counterfeit software, and international social media phishing to protect online transaction security for customers as well as the Company's brand equity.

Course	Attendee	Course Hours	
SKL			
General Information Security	All employees	6 hours	
Social Engineering	All employees	0.5 hour	
Professional Course for Information Security Personnel	Information security personnel	331 hours	
SKIT			
General Information Security	All employees	3 hours	
Professional Course for Information Security Personnel	Information security personnel	24 hours	
SKPIA			
General Information Security	All employees	2 hours	

Course	Attendee	Course Hours
SKB		
General Information Security	All employees	2 hours
Social Engineering	All employees	1 hour
Cloud and IoT	All employees	0.5 hour
Professional Course for Information Security Personnel	Information security personnel	328 hours
MLS		
General Information Security	All employees	3 hours
Social Engineering	All employees	0.11 hour
Professional Course for Information Security Personnel	Information security personnel	21.8 hours

100% completion rate for all courses

2-4-3 Reporting of Information Security Incidents

SKFH has formulated "Emergency Notification Measures" and "Subsidiary's Information Security Management Regulations", and its major subsidiaries have established "SKL Emergency Notification Measures", "SKL Information Security Notification and Response Management Regulations", "Key Points for Reporting Taiwan SKB Emergencies", "Emergent Reporting Procedures and Handling Measures for MLS Information Security Incidents", and "Handling Measures for SKIT Information Operation Emergencies", etc. When any information security incident is detected, it must be reported according to the methods for reporting emergencies. The highest level of management who accepts the report shall be the President or Chairman depending on the degree of the materiality. To ensure a complete protection for our information systems and information security management, we conducted black box penetration tests and denial-of-service drills every year, and entrusted professional institutions to make overall evaluation on information security, so as to improve the level of information security continuously.

In 2021, no information security penalty occurred in SKFH and its subsidiaries. We will continue to improve information security management in 2022.

Information security penalties in the last four years

2018	2019	2020	2021		
Violation of information security or network security (number of cases)					
0	1	0	0		
Data breach (number of cases)					
0	0	0	0		
Ratio of personal information leakage due to information security					
0	0	0	0		
Number of customers and employees affected by data breach					
0	0	0	0		
Penalties for information security or network security related incidents (NT\$)					
0	NT\$600,000	0	0		

2-5 Risk Management _

management

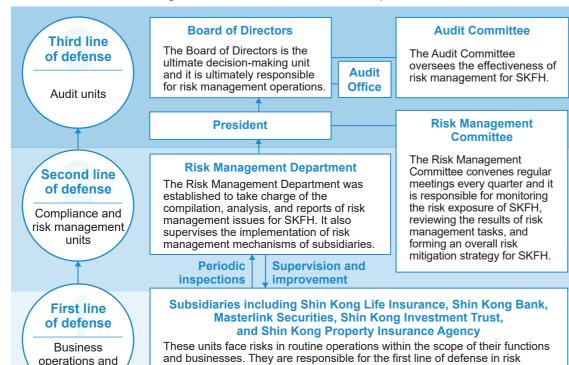
units



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 increasing value for shareholders.

2-5-1 Risk Management Organizational Structure

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



procedures for processing violations.

identification and management. They design and execute effective internal

operations and regularly report the risk indicators, compliance status, and

business activities. The subsidiaries shall establish independent risk

control procedures based on the characteristics of the risks to include related

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

2-5-2 Emerging Risks

SKFH has identified three major emerging risks among the intensifying challenges from across the globe. They include post-pandemic risks after the global spread of COVID-19, climate change related risks, and information security risks. The descriptions, impacts, and mitigation measures for these three major risks are as follows:



Risk caused by the transmission of large-scale infectious diseases -

During the spread of large-scale infectious diseases, due to the need to reduce social contact, sales personnel cannot serve the customers face-to-face. Most of the personnels ask customers to use the online customer service for consultation, and provide services through the customer service personnel, such as: The company launched the policy loan preferential interest rate relief plan, new contract underwriting and delivery, contract change, claims delivery and other issues. This results in an increase in the number of customer service calls, causing a decrease in the answering rate of customer service calls, which directly affects customer satisfaction and NPS.

Impact

Promotion of the insurancebusiness mainly relies on the sales personnel to meet customers in person to understand their needs and maintain customer relationships through regular visits. The brand image of Shin Kong Life has always been based on cordial, local, and ubiquitous services that we provide. However, due to the pandemic, the face-toface interaction between salespeople and customers has been interrupted. In the long run, it may lead to customer dissatisfaction, which will make the customers to have low confidence in Shin Kong Life's brand. Customer satisfaction with the company affects the company's efforts to rank in the top 20% for fair customer hospitality in the financial industry. If the evaluation results were low, the Company's various projects will not be able to get the support of the competent authorities for promotion, and will be considered as a low ranking company in the industry who "does not treat customers well".

Response/Mitigation Measures

- In the post-pandemic era, the Company's product strategy has been adjusted to focus on selling various protection-type products, such as the epidemic prevention policies, or simple online products to arouse the customer demand.
- Accelerate the contactless financial services of digital finance, optimize customer experience, internal
 processes and business models, open up longdistance insurance, insurance passbooks, and create new
 milestones in cross-domain alliances through technology empowerment.
- For customer inquiries, the intelligent customer service or online memberships can provide services required by customers to enhance and optimize the customer experience. Shin Kong Life is also actively developing a SIP Phone check-in customer service system to ensure uninterrupted service and improve customer service answering rates.



Sustainable Business Innovative Services and Responsible Finance

Green Actions

Employee Happiness

Social Care

Appendix



Climate Change Risk

- In recent years, the probability of shortterm heavy rainfall in Taiwan has gradually increased, which is prone to flooding disasters. The loss of lives and property caused by extreme weather events has become more and more frequent.
- The country's laggingbehind building regulations and the aging of urban housing makes it difficult to renovate buildings, and most buildings cannot withstand these changes in the climate.
- * The Company promises to achieve net zero emissions by 2050. However, as the development progress of the domestic renewable energy industry is not as expected, there may be a risk of insufficient supply of green energy, and thus the risk of failing to achieve the net zero target increases.

Impact

- Shin Kong Financial Holdings owns many real estate commercial buildings in the Neihu District of Taipei City. There is the threat of overflow of the river embankments in this area, so the flooding potential is higher than other areas. Therefore, in the event of a flood, the economic value of SKFH's real estate purchased for investment purposes will be underestimated.
- Out of the buildings owned by the subsidiaries of Shin Kong Financial, only 6 of them are green buildings, and
 more than half of the buildings are more than 30 years old. Old building materials will lead to a continuous
 increase in carbon emissions. Subsequent reconstruction of dangerous old buildings and construction of green
 buildings will require a huge investment, resulting in an increase in costs while making the low-carbon
 transformation.
- The current progress of domestic offshore wind power is lagging behind, and the development of photovoltaics cannot meet the standards as scheduled. Therefore, the Company's carbon emission reduction may be impacted by the shortage of renewable energy market supply, which will affect the Company's progress in reaching the net zero goal by 2050.

Response/Mitigation Measures

- Through the operational impact analysis, the Company establishes a continuous operational plan to maintain the company's business operations. In addition, by preparing the SOP for the prevention and response of heavy rain emergencies, strengthening the floodreduction and flood-resistance design and disaster prevention measures of buildings, establishing an emergency response management system, and purchasing flood disasterrelated property insurances, we can mitigate the property losses caused by the disaster and respond immediately to sudden natural disaster events.
- Shin Kong Life will continue to cooperate with domestic green building-related associations to promote building greening through architectural planning and design, revision of regulations, improvement of review mechanisms, and technical cooperation domestically and internationally to strengthen the climate resilience of the real estates owned by the company.
- The Company has joined the Taiwan Alliance for Net Zero Emission as a founding member. Through the alliance, we negotiate with the government and the solar energy industry to actively promote the renewable energy market. In 2022, we formed an alliance with Chenya Energy, a Taiwan subsidiary that is 100% owned by Japan's Marubeni Corporation, to jointly invest in the world's largest offshore solar power station to promote the development of the solar energy industry.



New information security threats due to the introduction of new financial technologies and the integration of financial services

While introducing new FinTech and integrate the subsidiaries' financial services, the differences in information security protection and conditions of threats for each subsidiary, and the new types of information security threats accompanying new FinTech would complicate existing information security management, control, and protection systems, and also cause breaches to the governance, access, environmental control, and infrastructure aspects of the Company's existing information security management system.

Impact

Businesses using FinTech often involve massive amounts of funds FinTech businesses

involves massive amounts of funds, and thus it requires a higher level of information security protection than other industries. The incorporation of new FinTech and development of innovative services pose new challenges for technologies and regulations. An information security incident may cause leaks of customer data, leaks of company confidential information, and losses to the Company's finance and reputation, over even may incur penalties from the competent authority for violation of information security regulations.

Response/Mitigation Measures

Faced with rapidly evolving FinTech, the Company has strictly complied with the competent authority's "Financial Security Action Plan" in order to provide more convenient financial services and continued to promote the following information security actions to reduce the expected impacts brought by technology applications effectively:

- A financial holding-levelinformation security committee has been established and is linked to the subsidiaries' information security committee to incorporate information security management into the corporate governance framework.
- Enforce information security from a "risk management" perspective, adopt the Cybersecurity Assessment Tool (CAT) assessment framework of the "Federal Financial Institutions Examination Council" (FFIEC), regularly assess the level of maturity for information security governance, and form a continuous improvement and strengthening management cycle via information security risk tolerance assessment.
- Conduct comprehensive security assessments when adopting new financial technologies in order to ascertain risks and the preparedness of existing controls. The Company will introduce an external service (Internet Facing) real-time information security detection mechanism(Breach and Attack Simulation [BAS]) to promptly fix the vulnerabilities of the information environment as observed from the attacker's perspective.
- SKFH and its subsidiaries have joined the "Federal Financial Institutions Examination Council (F-ISAC)" and shared information security threat information with the existing professional external information security providers in real-time to construct an early warning network.
- Enhance response to information security incidents. Develop reporting procedures and responses toward information security incidents.
- Continue to establish joint defense systems between SKFH and their subsidiaries and use drills, training, or license acquisition to improve information security awareness and cultivate the capacity of information security talents.

Note: For details of the emerging risks, please refer to SKFH 2021 Shareholders' Meeting Annual Report P. 311-312 and P. 330-332.





Sustainable Business Innovative Services and Responsible Finance

2-5-3 Risk Management Policy and Mechanisms

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.

To ensure that SKFH attains the goal of "optimization of risks and returns", SKFH considers the capital adequacy requirements, related laws and regulations, and the nature of their businesses and established integrated or individual risk measurement tools for main risk factors (e.g., market risks, credit risks, concentration risks, liquidity risks, operational risks, and other risks). We also established related risk control regulations, risk limits, early warning mechanisms, and other related regulations.



Limit control 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: market VaR limits (Value at Risk Limit), limits on expected losses in credit risks, limits on the classification and control of risks concentrated in individual countries, regions, industries, and companies, foreign exchange exposure risk limits, stock stop loss limit management, and control settings for the capital adequacy ratio. We regularly evaluate risk for various items to achieve an optimal balance of risks and returns while ensuring capital adequacy ratio.

Early 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.

2-5-4 Risk Management Culture

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



Risk management reports

Employees submits routine or ad hoc risk management reports to supervisors of various levels in accordance with the scope of their duties. They also compile integrated overall risk assessment reports each quarter and submit information to the Board of Directors for the Company's highest management levels to clearly understand the current state of risks faced by the Company as reference for management decisions.



Training

To intensify the risk management ability and awareness of internal personnel of SKFH and subsidiary companies, we plan training programs for supervisors and employees on specific risk management topics to ensure that the risk management operations can be internalized in business procedures.



Performance evaluation

SKFH and its subsidiaries consider the maturity of their risk control culture and risk measurement, nature of business operations, and actual requirements and implements 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.

2-5-5 Climate Change Risks

According to The Global Risk Report 2022 released by the World Economic Forum (WEF) in January 2022, "climate action failure" and "extreme weather" are the top two of the top 10 global risks in the next decade, respectively. We can learn that, as affected by COVID-19 globally, the climate crisis is still the most significant risk to be faced by the public and private sector, academia and society as a whole.

SKFH follows the framework of the Task Force on Climate-Related Financial Disclosure (TCFD) to establish a climate governance structure and identify climate-related risks. We further use scenario analysis to understand the potential financial impact of climate on the Company, establish management processes, develop climate strategies, and set relevant indicators and goals.

Governance —

Supervision by the Board of Directors

The "Corporate Sustainability Committee" of SKFH is a functional committee at the Board of Directors level and is responsible for supervising sustainable development and climate change actions. It reports to the Board of Directors every year on climate change-related issues and implementation, including discussions on climate change-related issues, green finance plans and performance, greenhouse gas inventory, and implementation of emission reduction targets.

Management evaluation and management roles

- The "Corporate Sustainability Committee" has a "Corporate Sustainability Management Committee", with the President of SKFH as the convener and the presidents of the subsidiaries as members, responsible for planning and implementing climate change-related projects.
- There are seven executive groups under the "Corporate Sustainability Management Committee". Among them, the "Environmental Protection Group" is responsible for promoting the internal carbon reduction plans and the implementation of carbon reduction goals; the "Sustainable Finance Group" is responsible for climate-related risk assessment as well as the planning and implementation of green investment and financing.
- The "Corporate Sustainability Committee" discuss the climate risks and strategies as well as formulate SKFH's short-, medium-, and long-term climate risks strategies and submit them to the Board of Directors for approval.

Strateg

Short-, medium- and long-term climate-related risks and opportunities

By collecting and analyzing relevant climate risk issues to establish a risk issues database, there are four physical risks and eight transition risks were identified.

The impact of climate-related risks and opportunities

According to the ranking of risks, we have analyzed business activities based on qualitative and quantitative analysis, and proposed response plans.

Scenario analysis

Scenario analysis of climate physical risks and transition risks have been carried out for our company's operating bases and investment property, upstream suppliers, and downstream products and services, such as mortgage and investment portfolios. By understanding the risk exposure based on different climate scenarios, we can actively carry out relevant management actions and countermeasures.

Metrics and Targets —

Climate-related assessment indicators

SKFH takes sustainable investment process, credit limits, green procurement, green building, green energy and resource efficiency as climate-related indicators.

Greenhouse gas emissions

In addition to the disclosure of Scope 1 and Scope 2, an inventory of Scope 3 Category 15, investments and lending portfolios, were also carried out using the PCAF methodology this year.

Management and performance of climate-related targets

This year, we established relevant targets for specific indicators, and relevant departments will formulate plans, implement actions, and then report the results to the Board of Directors on a regular basis.

Risk Management —————

Climate risk identification and assessment

In response to the increasing impact of climate risks on operations, SKFH revised its "Risk Management Policy" in 2021 to include climate-related risks as one of the business operation risks and integrate them in the overall risk management process. SKFH regularly conducts climate risk and opportunity questionnaires, and conduct the listed climate risk matrix inventories.

Climate risk management process

In response to the listed climate risks, we have actively responded to and adjusted relevant policies and procedures in order to mitigate and adapt to climate risks.

Integration of risk management systems

For the existing investment process, the assessment and identification procedures of high carbon-intensive industries and individual companies have been adjusted and included, and relevant documentation policies have been established.





Sustainable Business Innovative Services and Responsible Finance

Green Actions Er

Employee Soo

Social Care A

Appendix

Short-, medium- and long-term climate-related risks and opportunities

SKFH formulated its climate risk strategy after fully communicating with the subsidiaries to define and identify climate-related risks and opportunities in the short, medium and long term. The short, medium and long term definitions and strategies are as follows:



- Identify climate risks in company-owned real estates, investment property, upstream suppliers, and downstream investment portfolios, and quantify climate-related financial impacts through scenario analysis.
- Establish monitoring mechanisms and control measures for high carbon-intensive industries.
- Develop climate-related financial products and increase the use of low-carbon energy and high-efficiency equipment.



- Develop mitigation measures to reduce the impact of climate change risks
- In order to respond to new climate risks, SKFH's climate risk management policy will be modified to strengthen corporate climate resilience.



 Closely communicate and cooperate with relevant domestic and international organizations, and properly adjust climate contingency measures in accordance with the newest policies and trends.

For climate risk identification, according to the TCFD framework guidelines, it is pointed out that climate risk mainly comes from the following two categories:

Physical Risks

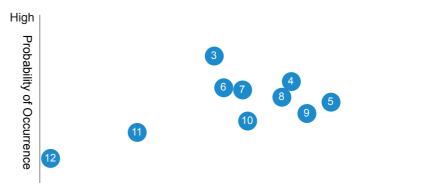
Direct or indirect losses caused by specific natural disaster events (acute) or long-term changes (chronic) in climate patterns that are caused by climate change.

Transition Risks

Transitioning to a low-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.

Shin Kong Group established a climate risk database by researching domestic and foreign climate-related literature and reports, and created a climate risk and opportunity questionnaire ased on our business model. After collecting the opinions of SKFH and relevant departments on sustainable development, risk management, energy resource management, investment, lending and customer relations, the results of the questionnaire were used to analyze Shin Kong Group's climate risk matrix as shown in the figure below. A total of 12 risk issues, including four physical risks and eight transition risks, were identified, and business activities were linked and analyzed in sequence according to the risk issues. The relevant qualitative analysis descriptions are as follows:

Climate Risk Matrix







Low

Level of Impact

- The impact of global warming has caused a rapid increase in Taiwan's electricity demand, resulting in power outages without warning.
- 2 If the Company does not take positive and sustainable actions, Shin Kong Group may lose the favor of investors.
- Increased energy usage for the building (e.g. higher airconditioning power consumption) due to increased temperature, which in turn increases operating expenses.
- 4 Domestic and foreign environment-related regulations and policies are becoming stricter, resulting in additional operating expenses.
- In response to stricter policies or the global trend of zero carbon emissions, the investment efficiency of high-carbon emission industries will be affected.
- 6 In response to the lower-carbon development trend, SKFH has improved the energy and resource efficiency standards of various assets, such as replacing high-efficiency equipment, thereby increasing operating expenses and investment costs.

- 7 Higher operating expenses are a result of increasing use of renewable energy in response to regulatory, customer preference and international
- 8 Investment targets are affected by climate change disasters, causing the Shin Kong Group to face investment losses.
- In response to stricter policies and the global trend of zero carbon emissions, we must give up the investments in high carbon emission industries.
- If the Company does not take positive and sustainable actions, Shin Kong Group may lose the favor of customers and consumers.
- 11 Increased frequency and intensity of heavy rain and flooding, resulting in the disruption of operations
- Global sea level is rising and the low-lying coastal areas are flooded, resulting in assets damage.

Hiah

Description of Climate-related Risks

Transition Risks

Short term
Description of Risks Technology Risk: In response to the low-carbon development trend, the company has to increase operating expenses and investment costs in order to improve the energy and resource efficiency standards of various assets.
Financial Impact Increase operating expenses
Response Strategy Shin Kong Group regularly inspects and replaces high-energy-consuming assets at each operating locations for improving the efficiency of energy resources.

Description of Risks

Reputation Risk:

The world is actively moving towards sustainable development. If Shin Kong Group does not take positive and sustainable actions, we may lose the favor of stakeholders such as investors, customers and consumers.

Financial Impact

- · Decrease revenue
- · Investors are pouring less money

Response Strategy

- Following the global sustainability trend, Shin Kong Group actively participates in sustainable actions by incorporating climate risk management into its existing risk policies and revising relevant regulations on investment, lending and real estate.
- Actively participate in international sustainability- related initiatives and alliances and international/domestic sustainability ratings to enhance stakeholder trust.

Description of Risks

Policy and Legal Risks:

In response to the "Greenhouse Gas Emission Reduction Act", the "Renewable Energy Development Regulations" and other regulations, there may be an increase in the company's operating expenses for controlling the total amount of its internal greenhouse gas as well as emission and transaction systems. In response to regulations, customers, and international initiatives, the use of renewable energy is increased.

Middle term

Financial Impact

Increase operating expenses

Response Strategy

- To improve the efficiency of energy resources and reduce greenhouse gas emissions, SKFH and its subsidiaries inspect greenhouse gas every year. We have fully implemented ISO 14064:2018 GHG inventory standard since 2020 to further understand the greenhouse gas emissions caused by our own operations as well as upstream and downstream activities, so as to facilitate the establishment of carbon reduction strategies and goals.
- Actively invest in renewable energy power plants and purchase green power and green power certificates to support the development of renewable energy.

Long term

Description of Risks

Market risk:

The market is transitioning towards a low-carbon economy, and high-carbon industries will be eliminated gradually. The existing investment and credit risk evaluation methods will be not applicable to the low-carbon economy market gradually, which will cause risks of investment and lending loss.

Financial Impact

- Decrease revenue
- Decrease asset value

Response Strategy

- Subsidiaries formulate ESG investment and lending guidelines in accordance with the "Sustainable Finance Policy" revised by SKFH in 2021.
- Conduct due diligence on ESG risks for the industries with potentially controversial issues and high carbon emissions from 2021, and formulate industry-specific guidelines to adjust the allocation of assets as appropriate.
- Continue to identify the risks of financial product investments, as well as loan and other business operations, so as to facilitate control on the overall risks.

Physical Risk

Short term

Description of Risks

Acute Risks:

The increase in extreme weather events caused by climate change may bring huge impacts to upstream suppliers, the company's operating locations and investment property and mortgage, causing financial loss of buildings and equipment, and operational interruption. As well as investment targets are affected by extreme weather events and face investment losses.

Financial Impact

- · Decrease revenue
- · Decrease asset value
- Increase operating expenses

Response Strategy

- In response to equipment damage caused by extreme weather events, some equipment was changed to a sub-lease mode to transfer the risk of property loss.
- Identify risks for climate-sensitive industries, and adjust investment portfolios to mitigate investment uncertainty caused by extreme weather.
- Establish a database of own real estate, investment property and mortgage loan for assessing potential climatic physical risks to control possible loss.

Long term

Description of Risks

Chronic Risk:

Global warming may increase the mortality and morbidity rate, and increase the amount of life insurance claims. As the sea level rises, the low-lying coastal areas are submerged and the assets may be damaged, resulting in a decrease in the value of the collateral and the loss of creditors' assets, which makes repayment difficult, in turn will affect the Company's interest revenue.

Financial Impact

- · Increase operating expenses
- · Decrease revenue

Response Strategy

- In order to slow down the fluctuation of high-value claims due to weather factors, a claims research project is planned to evaluate and develop new types of commodities.
- Conduct RCP2.6 and RCP8.5 scenario analysis to assess potential damage and adjust investment strategies.





Sustainability Strategy and Governance

Sustainable Business Innovative Services and Responsible Finance

Green Actions

Employee Happiness

Social Care

Appendix

In addition, according to the results of the questionnaire survey, SKFH identified the types of climate-related opportunities, covering operations, investment, lending and product services. The following table was organized, and the impact on SKFH's financial performance was explained.

Descriptions of Climate-related Opportunities

Time of Occurrence / Financial Impact	Description of Opportunities	Response Strategy
Resources Efficie	ency	
Short term Decrease operating expenses	Opportunities for cost Optimization: Increasing the proportion of digitized products and services, implementing paperless internal documents, and inventorying of internal operating equipment further increasing the use of energy-saving equipment are expected to bring benefits in reducing operating expenses.	Inventory of internal operating processes for paperless optimization, and update the equipment at self-owned operating locations in order to improve the efficiency of resources in operating activities.
Services and Pro	ducts	
Short term to Long term Increase revenue	Investment Opportunities: As the market transitions to a low-carbon economy, long-term investments in green finance and renewable energy industries are expected to bring positive benefits.	Continue to observe the sustainability trends, and increase the investment in green finance and renewable energy industries.
Short term to Long term Increase revenue	Market Opportunities: There are increasing demands in the market for the investment in companies with good environmental reputations, and thus the development of green finance-related products is expected to bring positive benefits.	From 2021, green bonds and green funds have been issued and ESG sustainability linked loans have been implemented.
Short term Increase revenue	Market Opportunities: In response to the diseases, natural disasters and accidents that may be caused by extreme weather, the development of related insurance products is expected to bring positive benefits.	From 2020, "Air Pollution Insurance Policy" for respiratory and circulatory diseases has been launched. Shin Kong Group will continue to develop related products to grasp the advantages in the market.

Scenario Analysis of Climate Risks

In order to further understand the impact of the physical and transition risks of climate change on the company, climate scenario analyses were carried out for the company operating locations and investment property, upstream suppliers, and downstream products and services, such as mortgage and investment portfolios. It is hoped that by understanding the exposure in different climate scenarios and actively carrying out relevant management actions and countermeasures, Shin Kong Group can enhance the climate resilience. The scenarios analyses are summarized as follows:

Operating locations and investment property

Disaster risk analysis

Risk Type

Physical risk:

Acute risk and Chronic risk

Climate Scenario

RCP 2.6 \ RCP 8.5

Upstream Suppliers

Disaster risk analysis

Risk Type

Physical risk:

Acute risk and Chronic risk

Climate Scenario

RCP4.5 \ RCP6.0 \ RCP8.5

Mortgage

Disaster risk analysis

Risk Type

Physical risk:

Acute risk

Climate Scenario

RCP 2.6 \ RCP8.5

Upstream Suppliers

Carbon price for market risk analysis

Risk Type

Transition risk:

Policy and legal risk , and Market risk

Climate Scenario

NGFSs-Net Zero 2050 \ NDCs \ Current Policy(STEPs)

Investment Portfolios

Default rate for credit risks analysis

Risk Type

Transition Risk:

Policy and Legal Risk

Climate Scenario

NGFSs-Net Zero 2050 \ NDCs \ Current Policy(STEPs)

Physical Risk Scenario Analysis

Operating locations and investment property - Disaster risk analysis

Scenario Simulation Background and Results

Taiwan is an island country and is located in the subtropical monsoon region. In addition to the complex terrain, different weather changes often occur in different regions, and severe weather phenomena also occur from time to time. During the typhoon season, Taiwan is hit by torrential rain brought by typhoons, causing flooding in low-lying areas and urban areas, and even flooding of rivers which destroy embankments and bridges.

SKFH's operating locations and investment property are distributed throughout Taiwan. In order to understand the possible financial impact under different climate situations, we use two scenarios of RCP2.6 and RCP8.5 to simulate the risks faced by each operating location and investment property from 2020 to 2100 under the influence of various types of climate risk factors, including surface flooding, land subsidence, river flooding, coastal flooding, wildfires, extreme heat and extreme winds and other physical risks .The analysis results of the impact of the maximum climate risk value (Max Value at Risk%) are as follows:

The Max Value at Risk under RCP 2.6 and RCP 8.5 scenarios

Short term: 2022-2024 | Middle term: 2025-2027 | Long term: 2028-2031



The results show that the Max Climate Value at Risk in 2100 will be about 0.42% under the RCP2.6 scenario. On other hands, under the RCP8.5 scenario with worse warming and high greenhouse gas emissions, the Max Climate Value at Risk in 2100 will be about 0.54%, which has only a slight impact on the Company

Changes in Max Climate Value at Risk under scenario simulation

2030	2050	2100
RCP 2.6		
0.36 %	0.41 %	0.42 %
RCP 8.5		
0.37 %	0.47 %	0.54 %

Note 1: Max Climate Value at Risk% means the maximum loss value caused by the type of climate disaster in that year.

Physical Risk Scenario Analysis

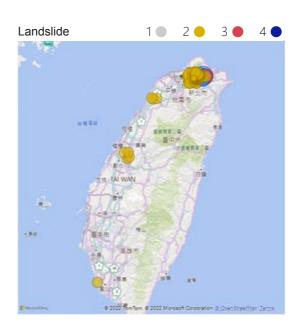
Upstream Suppliers- Disaster Risk Analysis

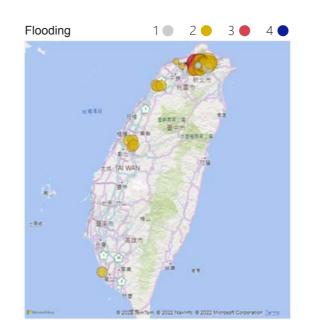
Scenario Simulation Background and Results

In order to understand the operating impact of suppliers under climate change to help Shin Kong Group assess the impact on supplier procurement, we conduct flood and landslide disaster risk identification in RCP4.5, RCP6.0 and RCP8.5 scenarios for upstream suppliers. The analysis results show that under the scenarios of RCP4.5 and RCP6.0, the number of suppliers located in high climate risk areas not material, and the ratio of their purchase amount to the total purchase amount is only about 1.9%. While under RCP8.5, the number of suppliers with high risk of flooding and landslides increased, and the ratio of their purchase amount to the total purchase amount rose to 9.7%. After assessment, most of the physical climate risks have no significant financial impacts on our company's upstream suppliers under the above three scenarios, and only the flooding risk under the RCP8.5 scenario has a slight impact on the Company. The Company will conduct supplier on-site audits and supplier conferences to recommend suppliers with higher flooding risks to install flood control equipment, establish business continuity planning etc., to avoid possible losses caused by climate risks.

The ratio of the purchase amount of suppliers with high risk of flooding and landslides to the total purchase amount of SKFH under the scenario simulation.

RCP 4.5	RCP 6.0	RCP 8.5
Flooding		
0 %	1.5 %	8.5%
Landslide		
0 %	0.4 %	1.2 %





Mortgage- Disaster Risk Analysis

Scenario Simulation Background and Results

In order to avoid the asset value of the collateral located in high-risk areas suffering from climate disasters resulting in the loss of the company's mortgage business, SKFH estimates that the loss rate to housing prices under RCP8.5 is 6.32% based on Taipei City and New Taipei City, which has the highest exposure ratio of the company's overall mortgage balance. At the end of 2021, SKL's loan-to-value (LTV) ratio was 18.1%, and SKB's loan-to-value (LTV) ratio was 55.89%. Therefore, in the extreme climate of RCP8.5, the Group's overall mortgage will increase the LTV of SKL to 19.31% and the LTV of SKB to 59.66%. The real estate value can still match the balance of the mortgage. Therefore, under the extreme climate scenario, the loss of the mortgage business of SKFH's subsidiaries is 0.

Transition Risk Scenario Analysis

Upstream Suppliers - Carbon Price for Market Risk Analysis

Scenario Simulation Background and Results

In response to the international trend of promoting net zero emissions, many countries have successively indicated that they will implement a carbon tax system or a carbon fee system in the future, and Taiwan is predicted to implement a carbon fee system from 2024. In order to understand the financial impact of the suppliers that we cooperate with under the carbon tax or carbon fee collection policy in the future, and to evaluate the company's potential transition risks, we simulate the failure of major suppliers to develop new energy-saving and carbon-reduction technologies based on three scenarios of the Network of Central Banks and Greening the Financial System (NGFS). As the implementation of the policy leads to the increase of carbon costs and the increase of suppliers' operating expenses, we assume that suppliers will transfer all the carbon costs to Shin Kong Group's purchase expenses, and the analysis results show that: Taking 2050 as the year to review the increase in Shin Kong Group's purchase expenses, it can be found that if the government does not implement new active carbon reduction measures (Current Policy), we may have to pay 0.02% more of the purchase expenses. If the government follows the Nationally Determined Contributions (NDCs) commitment to transition, we may have to pay 0.16% more of the purchase expenses. if government undertakes a gradual transition to achieve net zero emissions by 2050 (Net Zero 2050), we may have to pay 3.43% more of the purchase expenses. Under different scenarios, the Company may not only pay higher purchase expenses due to suppliers passing on the carbon cost in exchange for the goods and services provided by suppliers, but also may face the situation of changing suppliers. For mitigating the above situation, the Company requires all suppliers to sign a letter of commitment to sustainability and conduct regular supplier risk assessments. In the future, we will continue to strengthen supplier communication, so that suppliers understand the need for low-carbon transition, so as to jointly strengthen climate governance and achieve sustainable value chain.

The increased ratio of Shin Kong Group's purchase expenses to suppliers under the NGFS scenario

Cooperie	Carbon fee	The increased ratio	of purchase expens	ses to suppliers (%)
Scenario	region	2030	2040	2050
Current Policy	TWN	+0.01%	+0.01%	+0.02%
NDCs	TWN	+0.01%	+0.09%	+0.16%
Net Zero 2050	TWN	+1.71%	+2.43%	+3.43%

Note 1: The data source of carbon fee region and carbon fee is the NGFS database.

Note 2: The base year for the increase in purchase expenses to suppliers is the total purchase expenses of Shin Kong Group's suppliers in 2021.

Investment Portfolios- Credit Risk Analysis

Scenario Simulation Background and Results

In order to better understand the potential financial losses of SKFH's investment portfolios under different carbon reduction paths, the Company conducted climate factor stress tests for the three main bond investment targets. The stress test model utilizes international data from three scenarios, namely the Network of Central Banks and Greening the Financial System (NGFS) Current Policy, NDCs and Net Zero 2050, to measure the change in the rating of the investment target. The stress test results are as follows: Taking 2050 as the review year as an example, under the Current Policy scenario, the increased default rate of bond investment target is between 0.04%~0.173%; Under the NDCs scenario, the increased default rate of bond investment target is between 0.08%~0.173%; Under the Net Zero 2050 scenario, the increased default rate of bond investment target is between 0.113%~0.2%. SKFH will actively engage and assist investee to transition, and will adjust investment portfolios with high climate sensitivity in a timely manner.

Changes in the ratings of the bonds investment targets under different scenarios

COM NO.	Industry / Country	Issuer 2021 Ratings	2030 Rating Changes	2040 Rating Changes	2050 Rating Changes			
Cur	Current Policy/STEPS Scenario							
1	Power Generation France	А3	-3	-3	-4			
2	Power Generation Italy	A3	-1	-3	-3			
3	Oil and Gas Saudi Arabia	A1	-1	-3	-3			
ND	Cs Scenario							
1	Power Generation France	A3	-3	-4	-4			
2	Power Generation Italy	A3	-2	-3	-3			
3	Oil and Gas Saudi Arabia	A1	-1	-4	-4			
Net	Zero 2050 scena	rios						
1	Power Generation France	A3	-3	-4	-4			
2	Power Generation Italy	A3	-2	-3	-3			
3	Oil and Gas Saudi Arabia	A1	-2	-5	-6			

Changes in the default rate of the bonds investment targets under different scenarios.

	Changes in the Default Rate (PD,%)								
Scenario		2030			2040		2050		
Com No.	1	2	3	1	2	3	1	2	3
Current Policy / STEPS	+0.113%	+0.013%	+0.013 %	+0.113%	+0.113%	+0.040%	+0.173%	+0.113%	+0.040%
NDCs	+0.113%	+0.053%	+0.013%	+0.173%	+0.113%	+0.080%	+0.173%	+0.113%	+0.080%
Net Zero 2050	+0.113%	+0.053%	+0.027%	+0.173%	+0.113%	+0.140%	+0.173%	+0.113%	+0.200%

Note 1: The base year for the increase or decrease of the default rate of the bonds is 2021

Note 2: The main sources of model parameters for the changes in the ratings of bond investment targets under Current Policy/STEPs, NDCs, Net Zero 2050 scenarios are the NGFS 40 database, and the simulation results of NDCs scenarios are based on the key risk factor correlating with NDCs, Current Policy and Net Zero 2050 to evaluate comprehensively.

03







INNOVATIVE SERVICES AND RESPONSIBLE FINANCE

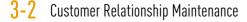
SKFH operates a comprehensive range of financial services and provides one-stop financial and wealth management products and services including life insurance, banking, securities and funds that meet customer demand through its subsidiaries. We protect customer interests through regulatory compliance, actively implement the principle of fair dealing between all customers, and are committed to improving customer satisfaction and promoting inclusive finance. In response to the impact of Fintech, SKFH upholds its spirit for innovation and change and focuses on improving customer experience as we continue 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. In addition, SKFH also integrates ESG strategies into financial operation activities and continuously implements responsible investment in order to respond to the global trend of sustainable development.

Sustainability Performances



Customer Satisfaction reached 93.17%





- 3-3 Customer Service and Communication
- 3-4 Financial Inclusion
- 3-5 Sustainable Finance



SKFH group's digital customers have exceeded 2.5 million persons



About 5.19 million pieces of inclusive financial products, bringing NT\$171.66 billion of benefits to enterprises

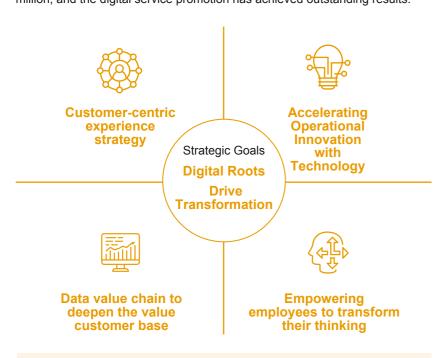


Green investment amounted to NT\$70.182 billion



3-1 Digital and Innovative Finance

SKFH takes "digital roots and driving transformation" as its strategic goal in 2021. We will lay the foundation for sustainable development by implementing the foundation in four aspects: "Customer-centric experience strategy", "Accelerating Operational Innovation with Technology", "Data value chain to deepen the value customer base" and "Empowering employees to transform their thinking". In 2021, the Group's digital customers have exceeded 2.5 million, and the digital service promotion has achieved outstanding results.





Customer-centric experience strategy, implementing "zero customer hassle, digital all the way through"

SKFH set the FIRST customer experience criteria (Focused, Intuitive, Rapid, Smooth Streamlined, Thoughtful) and guided by the strategic goal of digital products and services, implemented "zero customer hassle, digital all the way" to deepen its overall digital competitiveness, promote products and customer journeys that meet customer needs, and create a low-carbon, innovative, and value-based finance.



Establish data value chains to cultivate value-oriented customers

In order to improve data-driven performance, SKFH has optimized its data governance structure and integrated its subsidiaries' 6 million customer groups and industry data to develop a data value ecosystem and improve customer's operating value.

Build an intelligent customer management platform that integrates the financial holding group customer transaction data, establish a big data model with a 360-degree view of the financial holding business, and give full play to the value of data from three aspects: customer subgroups, risk control and performance presentation.

- Financial Holdings customer relationship management adopts the RFM model based on the last consumption date (Recency), consumption frequency (Frequency), and consumption amount (Monetary), divides customers into 10 types of customer groups, and clarifies and grasps the value structure of each customer groups.
- Through data and machine learning we discovered 10 risk warning related indicators, and are used in the detection of fraud by life insurance salespersons to achieve the purpose of joint risk prevention.
- Through machine learning, the automatic labeling machine produces 100+ intelligent labels to master the characteristics and behavior of each customer groups.
- Auto-Machine Learning technologies and concepts are introduced to promote Al knowledge to the general public.

Empowering employees to transform their thinking

By deepening the core value of digital transformation in multiple ways, SKFH stacks organizational innovation energy with innovation and agility, builds a common language of as-one-team and builds employee consensus.

Through the SPARK Xpress digital quarterly newsletter, we communicate the stories, ideas and achievements of our transformation journey and engage 16,000 employees in digital transformation.

Note: Please refer to the section "Nurturing Digital Talents" in 5.3.1 for the results of SKFH's digital transformation culture promotion.

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 2021 are as follows:



Optimize customer experience in the member area

Brand-new member section as well as simple and intuitive operating interface are deeply praised by customers

Achievements in 2021

- Number of members: accumulative 820 thousand people
- Transactions of the current year: up to 780 thousand pieces



Mobile experience and convenient

- Mobile version of authorized electronic funds transfer service
- The first one which launches "Mobile Phone Code Verification" for applying for online insurance servicesmanagement, etc.
- Combine with SKB's "Quick ID Verification" service, allowing customers to perform identity verification and apply for services in Mart.

Achievements in 2021

- Mobile authorized fund transfer service: Already used 95,000 times
- Mobile Phone Code Verification application rate: up to 80.6%



Mobile app innovative interaction services

- "Mobile app" Digital aids for business
- The "Shin Kong Life APP" combines various business services with insurance customer health management, etc.

Achievements in 2021

- Mobile e-visit, e-insurance, e-payment, e-contract change and e-claim have been launched and are available for use.
- Shin Kong Life app: Approximately 520,000 downloads



Official LINE Account - as your Pocket Service Center ———

- Personalized insurance policy notices
- Transaction remittance result notification
- Insurance policy inquiries
- Dedicated service staff inquiry
- Policy loan/repayment inquiry
- Investment Insurance Policies transactions

- Designated outward transfer account number
- Simple contract changes
- FamilyMart barcode payment
- Online payments
- Credit card expiration date change
- · Electronic notifications
- · Location Search

Achievements in 2021

- Number of friends exceeded 3.77 million.
- Total click and use rate of all service has accumulated nearly 730,000 times.
- Won the National Brand Yushan Award, CSEA Customer Service Excellence Award, GCCA Customer Service Excellence International Award and other awards.



Smart customer services monitor customers' digital tracks

- "Smart Contact Center" Telephone customer service
- "Shin's Smart Customer Services 2.0" Online customer service

Achievements in 2021

- Telephone service for changing simple data: Provided services 103 thousand times.
- Smart reminder service: Provided services 6 thousand times.
- " Shin's Smart Customer Services": satisfaction up to 88.2%
- The first in the life insurance industry which adopts Google's latest calculation technology and introduces a brand-new UI/UX interactive experience design, and which is committed to creating a warm and positive service with vivid pictures and warm words.
- In 2021, we will continue to implement the design thinking of process optimization to achieve a one-stop service, so that users can get the best service quality anytime, anywhere. We have successively obtained the bsi international service certification and new patents such as multi-turn dialogue business establishment and editing. Through the right technological applications, we are committed to creating a financial experience that is in line with customer needs, is intuitive and heart-warming.



Claims risk screening system —

- · Claims risk analysis system
- Quick claims advanced risk analysis system

Achievements in 2021

- Claims risks analysis system: The architecture of the analysis system and the analysis information platform are constructed to improve the hit rate during an investigation. When the inspection rate drops and the case detection rate increases, the system will come into play, thereby improving the overall investigation performance and preventing fraudulent claims.
- The claim inspection rate (Note 1) dropped to 2.2% compared to last year.
- The claim detection rate (Note 2) rose to 33.3% from last year.
- Quick claims advanced risk analysis system: Quantify the risk of claims and improve the accuracy of case classification.
- The average processing days of normal cases is 1.3 days.
- The number of monthly claims audited per capita is 367 cases.

Note 1: Claim investigation rate = number of cases investigated/number of cases concluded; "Investigation" refers to the procedures that investigators assist in reviewing medical records or data, checking accidents or current situations, etc., to assist in the case review.

Note 2: Claim detection rate = number of cases solved / number of cases investigated.

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\$89.78 million in 2021 and promoted multiple digital financial measures including:



Prioritize mobile applications ——•

Mobile payment

Payment for various services or goods through mobile devices makes payments more convenient. SKB's financial cards, credit cards, and accounts currently support connecting with, including: Taiwan Pay, Google Pay, Apple Pay, LINE pay, JKOPAY, Gama Pay, icash Pay, Easy Wallet, ezPay and other mobile payment tools.

Achievements in 2021

various mobile payment services:

- Cumulative connecting with 393,080 credit cards
- Cumulative connecting with 194,135 accounts
- Cumulative NT\$7.88156 billion in spending
- Cumulative NT\$3.545 billion in trading
- Cumulative NT\$31.5902 billion in saving and spending

Mobile banking app

Enhance user experience in mobile banking to meet customer demand for financial services anytime. anywhere

Achievements in 2021

The number of mobile banking customer applications exceeded 720,000

- · Added the foreign ETF/stock trading function.
- Added the function of overseas bond redemption transaction.
- The option of electronic payment has been added for OMNI-U customers.
- Digital account passbook cover link download
- OMNI-U digital deposit account sharing



Digital consumer group management -

· Community management

"Shin Kong Bank Facebook Fan Page" provides customers with better services with a convenient communication channel.

Achievements in 2021

- Number of fans exceeded 135,000 people
- · More than 2,099 posts and discussions on the Internet



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.

Achievements in 2021

 11 machines were installed in total to provide passengers with 24- hour automated services. The machines have accumulated more than 900 exchange transactions.



Innovative technologies —

Quick ID Verification

Shin Kong Bank worked with Taiwan Clearing House and FamilyMart to launch the innovative "Quick ID Verification" 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.

Achievements in 2021

- Consumers can present the QR code issued by the operator and insert the IC bank card or citizen digital certificate in the FamiPort machine in FamilyMart for account opening, household registration transcript application, certificate replacement, and various payment services.
- Cumulative number of transactions: More than 90 thousand



Digital Ecosphere

Internet banking

Features include responsive web pages, multibrowser support, graphic financial analyses, and an intuitive trading interface.

Achievements in 2021

- Number of online banking customers exceeded 1.05 million
- Number of active digital users increased by 22% from the previous year
- Digital and automatic transactions accounted for 90% of all transactions

Global e-Banking

Corporate customers' cross-region online banking services feature diversified payment methods, customized authorization control, and integrated real-time account information.

Achievements in 2021

- More than 17,000 customers applied
- Local transactions amounted to NT\$3.596.1 billion

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.

Achievements in 2021

- Provided services more than 224,000 times
- Initiate the online login for the Quintuple stimulus vouchers.

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 enterprises

Achievements in 2021

Transactions amounted to NT\$570 million

· Cardless withdrawal service

Provide more convenient withdrawal services and reduce the inconvenience of carrying a physical bank card.

Achievements in 2021

- Used approximately 7,000 times.
- **OMNI-U** digital deposit account

Provide customers with financial account 24-hour real-time online application services, and such accounts can be used to conduct general financial transactions, foreign exchange, fund purchase, securities investment, etc., as well as irregular various preferential activities.

Achievements in 2021

- The number of OMNI-U digital deposit account customers exceeded 60 thousand persons.
- Interactive electronic statements

Integrated billing information, notifications regarding consumer interests, and a wide variety of offers and other information.

Achievements in 2021

· Electronic statements adoption rate is as high as

Diverse digital marketing

Continuously provide general digital services through cross-industry collaboration. Cooperation objects include: FamilyMart, HiLife, KFC, Pizza Hut, Momo shopping network, Sky Films, GaragePlay, Dodo Home, Uber Eats, Foodpanda, Asia-Pacific Telecom, FarEasTone friDay Music, and Lukang MazuTemple. The contents of cooperation include music experience, dining discounts, movie redemption, shopping discounts, pacifying Taisui online and other services.

Achievements in 2021

13 cooperators in total.



 Diverse payment services
 Connected with everyday services to introduce diverse payment services.

Achievements in 2021

- In addition to the existing payment services such as parking fees, gas fees, traffic fines, and gas fees in Taipei, Chunghwa Telecom and Taiwan water fees, as well as tuition and miscellaneous fees in the Central District will be added in 2021.
- We cooperated with the four major electronic payment service vendors and introduced the EasyPay electricity payment service in 2021. The five major electronic payment services have accumulated 1.47 million transactions throughout the year.

I 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.



Digital financial services

Shin Kong Bank identity authentication account opening

The services at SKB are integrated in order to provide instant account verification, simplify the account opening process and time, reduce boot flow and breakpoints, improve the user's digital experience, and improve the fluency of account opening.

Achievements in 2021

- Added sub-brokerage of online account opening through the SKB identity authentication mechanism.
- Smart mobile stock selection

Using the FinTech technology to introduce AI and MasterLInk's exclusive research reports, providing multiple stock selection strategies and improving accuracy. Investors can select targets anytime and anywhere in a short time and understand the stock market trend easily.

Achievements in 2021

 The cumulative number of downloads by 2021 is 81.548 times.

Won the "Top Ten Excellent Products of the Year" in the 18th Golden Torch Award.

Real-time quotes on the US stock

With the booming U.S. stock market, in order to satisfy investors' layout of the global market, Master-Link has established a zero-time difference U.S. stock viewing service, providing the customers with a more complete financial management platform, with access to financial market investment information and trend analysis in real time.

Achievements in 2021

 After the real-time quotation function of U.S. stocks was launched in November, the average number of sub-brokerage accounts opened increased by 11.5% compared with that before the launch. Intraday odd stock fixed stock

First to introduce the intraday odd stock fixed stock system to the market, which allows investors to choose the order date and order price at will and a higher transaction probability, providing investors with more diverse and flexible ways of depositing shares.

Achievements in 2021

- Launched at the end of September, the number of transactions exceeded 1,500, and the cumulative transaction amount exceeded NT\$8.5 million.
- Smart customer services

Provides the required assistance during transactions through conversational guidance, added the "Online Account Opening Electronic Password Setting" service, and integrated the OTP verification code to improve the user experience and speed up the account opening process.

Achievements in 2021

- More than 330,000 users were accumulated in 2021.
- In 2021, 68,000 customer password issues were solved.
- Won the "Best Product Award" in the 18th National Brand Yushan Award
- Financial Education/Digital Platform Video Section

Regularly hold online "Turnaround School" investment lectures, and make compilation videos on topics such as the online account opening process and investment platforms, and disseminate them through digital channels such as YouTube platform in order to expand the channels available to the customers to learn and invest and become familiar with Master-Link's digital products.

Achievements in 2021

 Accumulated more than 40 videos have been launched on the YouTube platform. Paperless transactions at the counter
 The digitalization of the counter service, through the integration of electronic form, signature and image system automation technology and the account opening system, accelerates and optimizes the account opening and business operation process.

Achievements in 2021

- Launched in August, the number of accounts opened through the paperless/digital method in the fourth quarter has reached 25% of the over-the-counter account openings.
- Online pre-collection and deduction, online deposit of stocks

In response to the needs of customers who need to speed up their operations when trading and disposing of stocks, the functions of online pre-collection and deduction and online stock deposits are provided on the e-counter of the MasterLink APP and official website.

Achievements in 2021

- Launched in May, online operations greatly reduced telephone contact and manual processing time.
- Online OTP verification code
 Introduced the OTP mobile phone SMS verification
 Add the other differences beginning to facilitate and the other differences.

code-based verification mechanism to facilitate online application or online signing, added the SMS OTP verification to the application certification process.

Achievements in 2021

 In December, SMS OTP verification was added to guide application certificates on various electronic trading platforms to improve system information security.



· Cloud-based trade orders

Expand the "Profitable orders tracking" function based on customer demand, add conditional order with compound price market to market, automatically carry out the profit locking strategy according to the increase of the stock price, and extend the monitoring time of conditional orders to 90 days.

Achievements in 2021

- Helps customers respond to market trends and set criteria for automatic trading. It helps customers master timing for trading and increases turnover.
- It has been used for 81,302 times, and the annual accumulated transaction amount nearly NT\$5.2 billion.

Online account opening

In order to improve the convenience of opening accounts online for customers, a "responsive web page" is added for online securities accounts, as well as "one account opening (securities + sub-brokerage)", "old account with additional financial management trust account", combined with "OCR image recognition", allowing the customers to apply 24-hours online.

Achievements in 2021

- In December, the customer acquisition rate of opening accounts online reached a new high, accounting for 49% of the total number of accounts created.
- The Mitake stock market APP connects with MLS to place orders

There are more than 1.3 million monthly active users on the Mitake Stock Market APP. MLS is the first of the online brokerages that has integrated with Mitake and has built login, order transaction returns, and account inquiry functions to improve the convenience of customer transactions through digital alliances.

Achievements in 2021

 It was launched at the end of September, creating an electronic order transaction amount of NT\$2.3 billion.



Consumer group management —

Petty bourgeoisie

Continue to promote the concept of small investment to attract young customers and small investment customer base to carry out stock savings through MasterLink's Petty Bourgeoisie odd lot platform to meet stock savings investment plan.

Achievements in 2021

- Transactions amounted to NT\$1.78 billion
- · Major accounts and VIP accounts

Provide customized trading platforms for major and VIP customer groups to satisfy their transaction requirements.

Achievements in 2021

- The transaction amount exceeded NT\$818.95 billion.
- Independent wealth management customers

The "Smart Win Win go" fund wealth management platform is being set up which creates a personalized investment portfolio based on investors' risk attributes and investment demand questionnaires. It also provides investors with disciplined wealth management services through an automatic rebalancing mechanism.

Achievements in 2021

- It was launched in January, and the new UI/UX interface was optimized in October to improve the customer experience.
- Won the "Best Product Award" in the 18th National Brand Yushan Award

LINE official account

We continue to expand the personalized push broadcast service of MasterLink's exclusive LINE official account, and create interactive value with customers through intimate and exclusive reminders, investment information, and various promotional activities.

Achievements in 2021

- Working in conjunction with the "FinTech Taipei" which attracted nearly 10,000 people to complete tasks via LINE, which helped to increase the number of friends by about 8,000 people, with a 30% growth rate.
- The annual number of friends increased by 23,796, reaching a total of 36,842; the number of bindings increased by 3,202, reaching a total of 5,490.

SKIT

SKIT actively actively invests in the development of the digital finance field and pays attention to the convenience for investors, and continues to develop financial services and promote digital services.



Prioritize mobile applications —

· SKIT's electronic trading website

The new version of the SKIT online trading system uses the RWD technology to build a trading website that can be used on mobile devices, at the same time optimizes the customer's mobile experience.

Achievements in 2021

- Launched in February 2021, and as of the end of December, there were more than 24,000 electronic transaction inquiries.
- The SKIT Investment Website

The SKIT Investment website has been redesigned into a wealth management website that can be used on mobile devices and is constructed with RWD technology to optimize customer mobile experience.

Achievements in 2021

Launched in July, 2021.



Consumer group management —

SKIT Online Account Opening

Provide new customers with full online account opening and authorized debit services. Customers no longer need to send back the paper account opening form and wait for verification. Through online account opening, customers can achieve a high-quality service experience of opening an account today and placing an order tomorrow.

Achievements in 2021

- · Launched in November, 2021
- LINE official account

Establish SKIT exclusive Line official account for marketing and promotion to expand the business to the community, provide Line instant messaging service to customers and improve brand awareness.

Achievements in 2021

- Launched in Q4, 2021. As of the end of December 2021, the number of friends has exceeded 1,000.
- Finance and wealth management EDM

Provide investors with free e-newsletter service to help investors to quickly grasp the market pulse and investment trends, and improve customer satisfaction.

Achievements in 2021

 From August 2021, financial EDM featuring different topics were sent on a weekly basis. The recipients included SKIT beneficiaries and subscribers to the e-newsletter, with a total of more than 16,500 people.

3-2 Customer Relationship Maintenance



3-2-1 Legal Compliance of Products and Marketing Strategies

Before SKFH's subsidiaries officially launch new products or services for sales or application, related information of all financial products is 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.

If subsidiaries conduct marketing jointly, both sales personnel and the company must obtain relevant qualifications and duly comply with the "Subsidiary Companies Joint Marketing Management Regulations".

3-2-2 Implement Rules and Policies for Treating Customer Fairly Principles

SKFH supervised its subsidiaries to implement and improve various contents of the Treating Customer Fairly Principles and promoted the issue of the principle of fair customer treatment in the executive meeting across the subsidiary. As the pandemic spread in Taiwan in 2021, SKFH also paid special attention to the implementation of fair customer service in digital customer services under the pandemic.

SKL

- Has formulated "Rules and Policies for Treating Customer Fairly Principles" and "Rules and Strategies for Treating Customer Fairly Principles"
- Formulate the "Measures for Organizing Treating Customer Fairly Committee", establish the "Treating Customer Fairly Committee" with the President to serve as a convener, let the legal compliance supervisor of the head office to be responsible for planning, promotion and implementation, and set up 6 promotional teams under the Treating Customer Fairly Comittee. By supervising the implementation of the operations related to the principle of fair customer treatment through holding meetings and regularly submit the related business execution content to the board of directors for deliberation, a corporate culture of treating the customers fairly and protecting the rights and interests of insurance customers is formed.

Implementation Results in 2021

The Treating Customer Fairly
 Committee held 4 meetings in 2021 to
 review and report on matters related to
 the treating customer fairly. In addition
 to providing annual educational training
 for all employees, both internal and
 external trainers were invited to
 conduct 9 face-to-face education and
 training sessions for Directors, senior
 executives and business colleagues.

SKB

- Has formulated the "Treating Customer Fairly Policy", the "Code of Conduct for Treating Customer Fairly Principles" and related business rules to implement the essential contents of the treating customer fairly principles through internal regulations.
- Conduct service personnel competition for business units every year to encourage business units to put the spirit of treating customer fairly into practice in their daily work.

Implementation Results in 2021

 Directors and the senior executives supervising the implementation of treating customer fairly principles made a deep discussion on the theme of treating customer fairly principles at "Consumer Protection and Fair Treatment Symposium", and taught the Supervisors from all units, at national managers' meeting, that how to achieve the core value of treating customer fairly principles in daily work.

MLS

 Has formulated the "Policies and Strategies for the Treating Customer Fairly Principles" and established an inter-departmental Treating Customer Fairly Committee to pro-actively promote the implementation of treating customer fairly principles, and regularly report to Directors the lack of penalties, appeals and comments cases as well as improvements to enhance the supervision by the Board of Directors.

Implementation Results in 2021

- All employees completed the treating customer fairly principle of education and training courses, and they were expressly required to comply with the treating customer fairly principles when they apply for new types of businesses.
- Revised "Internal and External Personnel Reporting Measures", "Advertising Management Measures" and other internal rules and regulations to carefully plan for, from the system aspect, and promote the implementation of the treating customer fairly principles.

SKIT

• In order to improve employees' awareness of financial consumer protection and compliance with financial consumer protection-related laws and regulations, "Policies and Strategies for the Treating Customer Fairly Principles", "Measures for Implementation of the Treating Customer Fairly Principles" and relevant rules and regulations have been formulated. In addition to regular education and training, formulation of the "Treating Customer Fairly Principles" and its implementation also have been covered by the Company's internal control and audit system, and an overall system has been established, and overall implementation has been supervised.

Implementation Results in 2021

- Education and training for Directors, supervisors and senior executives: conducted training on the "Treating Customer Fairly Principles in Financial Industry".
- Conducted online education and training for all employees as well as evaluation and verification mechanism to teach the supervisors/colleagues of all units that how to achieve the core value of the treating customer fairly principles in daily work.
- The public prospectuses of funds disclosed the handling methods and appealing channels for the disputes between relevant investors to protect the rights and interests of investors.

3-2-3 Protection of Customer Privacy

In order to properly protect the privacy of our customers, SKFH and its subsidiaries have been adhering to the "Personal Data Protection Act "and having zero tolerance to infringements, and have formulated a "Personal Data Management Policy" and applied it to all of our employees and suppliers. Meanwhile, we have formulated the "Firewall Policy of SKFH and its Subsidiaries" and the "Management Measures for Co-marketing among Subsidiaries", signed the "Joint Statement on Confidentiality Measures for Customer Data of SKFH and its Subsidiaries" and the "Customer Data Non-Disclosure Agreement of SKFH and its Subsidiaries". SKFH have set up a "Personal Data Protection Management Team", with the Chief Compliance Officer as the convener and team members composed of dedicated personnel designated by each department supervisor. clearly defining the responsibilities and obligations of each department of SKFH and its subsidiaries, to build a complete personal information confidentiality mechanism, prevention line and management process, and to incorporate personal information protection items into the contents of evaluation on the risk management system and compliance audit, and all audit procedures are conducted according to the "Internal Audit System". If any employee violates the Personal Data Protection Act, the Company shall immediately block his/her access to company information and, depending on the severity of the case, punish him/her according to the rules for employees in work and pursue his/her legal responsibilities, in order to demonstrate our determination to protect personal information and customer privacy.

Flow Chart for Involving Personal Data Incident



Training

In order to improve our colleagues' awareness of personal information protection and management, we also provide education and training for internal personnel and adopts external ioint protection mechanism to ensure that all subsidiaries and departments fully understand the scope of responsibility, mechanism, procedures and measures of and for personal information protection. In 2021, all employees of SKFH and its subsidiaries have fully completed the trainings and legal tests related to personal information protection. Upon conducting customer data analysis and marketing activities, its subsidiaries also must strictly supervise and control the using scope of the personal information of customers, and comply with "Personal Data Protection Act" and other laws and regulations issued by competent authorities. The second use of the information of SKFH's and its subsidiaries' customers in 2021 accounted for approximately 44.3%.

Privacy-protection policy

SKFH has formulated "Privacy Statement Reference Guide" and asked all the subsidiaries to clearly state how we collect, process, use and protect the personal information of customers to the extent permitted by laws and regulations when formulating the "Privacy Policy", and will inform customers before collection of personal information, of the purpose of collection, type, rights to exercise over the personal information (such as the right to exit, join, query, copy, supplement or correct, delete, etc.), using period, the personal information protection policy, and the policy for third party disclosure, so as to ensure that customers clearly understand their rights and interests.

Complaint against Personal Information Incident

SKFH and its subsidiaries conduct business in accordance with relevant laws and regulations on personal data protection. The Company also conduct improvements and reviews through education, training and performance management, in 2021, there was one incident of customer personal information verified by us, and the personal information incident was immediately responded to, notified to the customer and properly handled after the company was informed, during the follow-up, we also strengthened business promotion and enhanced the employees' personal information protection awareness to handle and prevent similar personal information incidents from happening in the future.

Personal Information Protection and Complaint Incidents of SKFH's Subsidiaries in the Past Three Years

	Improper use	Disclosure	Others	Total
2019				
Competent Authority	0	1	0	1
Review Center and Company Channels	0	0	0	I
2020				
Competent Authority	1	1	0	4
Review Center and Company Channels	1	1	0	4
2021				
Competent Authority	0	0	0	4
Review Center and Company Channels	0	1	0	1

3-3 Customer Service and Communication

3-3-1 Customer Service

SKFH has been continuing to use AI technology, in a "customer-focused" business mode, for many years, to introduce diversified and innovative services, and continuing to expand application scenarios. In order to get and properly respond to customer's feedback, we also have established a complete complaint mechanism and channel, and we provide assistance in responding to and resolve customer's various queries with a positive and considerate service attitude.

Comprehensive Statistics of SKFH Customer Satisfaction

	2018	2019	2020	2021	2021 Target
Customer Satisfaction	90.12%	91.15%	90.76%	93.17%	90%
Coverage	67.6%	70.7%	100%	100%	-

Note 1: The survey objects are the customers of SKL, SKB and MLS who call 0800 toll-free hotlines.

Note 2: Percentage of satisfied customers = Number of customers who answered "very satisfied" and "satisfied" / number of customers who responded to surveys.

MLS's 0800 toll-free hotline completed 39,412 calls in 2021 and obtained information on the service satisfaction rate of customers for the calls, with a customer satisfaction reached 90.31%. In 2021, the NPS of Shin's Smart Customer Services was 70.1%, and the NPS of petty bourgeoisie odd lot was 79.9%.

SKIT began implementing customer satisfaction surveys since 2021. Customers are satisfied with the business environment, service staff etiquette, and their professionalism. With careful management, SKIT did not have any financial consumer dispute in 2021.

SKL attaches great importance to treating customers fairly and continuously to optimize the service quality. In order to improve customer experience and services, in recent years, it has successively passed the "ISO 10002:2018 Compliant Handling Management System Certification", "Royal Mystery Shopper (RMS)" and "ISO 10002". :2014 Customer Complaint Management System" verification. Shin Kong Life has set up a "0800 Customer Service Hotline" to listen and respond to customer needs promptly. In 2021, the customer service department served nearly 522,000 calls, inquiries, and policy administration services (such as insurance consultation, premium services and policy contracts). In addition, in order to improve customer satisfaction, the Net Promoter Score (NPS) was also introduced to convert customer feedback into important decision-making reference for future improvement actions. In 2021, the NPS of SKL 0800 customer service center was 80.1 %, and the over-the-counter service in the administrative center was 82.3%.

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. In 2021Q4, SKB's customer satisfaction on OMNI-U digital deposit account NPS was 41%.

3-3-2 Customer complaint and Communication

SKL

Complaint Pipeline

SKL attaches great importance to customer rights and provides multiple service channels, such as a customer service hotline 0800-031115, intelligent customer service, and a message board for policyholders' voices (skl080@ skl.com.tw) etc. for customers' consultation

Processing Method

If a complaint is received from a policyholder, it will be handled immediately by a dedicated department and a call will be made to the policyholder to confirm the case, and the case will be identified and closed within 30 days from the date of acceptance.

SKB

Complaint Pipeline

SKB takes customer complaints seriously and provides multiple channels of redress (including customer service telephone number 0800 -081108, branch offices and authorities, etc.)

Processing Method

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.

2021 All cases received have been handled properly to the satisfaction of our customers : In the future, we will continue to strengthen our operations and service measures in order to provide better services to our customers.

MLS

Complaint Pipeline

MLS has developed comprehensive complaint mechanisms to quickly obtain customer recommendations and feedback and respond to customer recommendations. 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 to related recommendations and issues. In addition, customers can also communicate opinions and complaints through branches and the head office.

Processing Method

When a front-line colleague 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 colleague 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.

SKIT

Complaint Pipeline

SKIT values customer suggestions and offers a toll-free customer service hotline at 0800-075-858 for customers to make relevant suggestions and report problems.

Processing Method

We prioritize the resolution of customer complaints. 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.

3-4 Financial inclusion

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. in addition to the use of digital finance to improve the scope of financial products and services, SKFH planned diversified friendly financial service measures 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. In 2021, the total number of inclusive financial products was about 5.192 million, and brought NT\$171.66 billion of revenue to enterprises.



Number of beneficiaries of financial inclusion



Financial Inclusion Business Benefits

2021 Inclusive Financial Products Performance

Share Type / Unit	2019	2020	2021
Middle- or low-income households and	disadvantaged social g	roups	
Micro insurance (Premium income / Pieces of underwriters)	NT\$5.96 million / 29,682	NT\$6.85 million / 34,354	NT\$7.49 million / 38,939
Housing Subsidies Project (Number of investments / loans)	81	75	79
"Light of Hope" Family Support Credit Loan* (Amount / Number of investments/loans)	-	-	NT\$15.87million / 41
Seniors and people with disabilities			
Long-term care products (Premium income / Pieces of policies)	1.28 billion / 84,393	NT\$0.73 billion / 35,894	NT\$0.28 billion / 9,347
Health care products (Premium income / Pieces of policies)	NT\$3.07 billion / 8.51 million	NT\$3.18 billion / 5.32 million	NT\$3.60 billion / 4.99 million
Small Amount Whole Life Insurance (Premium income / Pieces of policies)	NT\$54.9 million / 2,765	NT\$65.21 million / 2,932	NT\$93.77 million / 3,558
Support Youth Group			
YOUTH Easy Loan (Loan amount / Pieces of loan)	NT\$4.69 billion / 789	NT\$5.03 billion / 820	NT\$5.10 billion / 802
Small-scale equity wealth management platform (Number of periodic investment plan of odd shares / Transaction amount)	89,852/NT\$1.10 billion	129,696/NT\$1.58 billion	110,260/NT\$1.78 billion
Groups in the remote areas and victims	of natural disasters		
Online insurance (Premium income / Pieces of policies)	NT\$143 million / 36,927	NT\$104 million / 12,551	NT\$29 million / 9,613
Spillover-effect products (Premium income / Pieces of policies)	NT\$91.16 million / 5,274	NT\$80.39 million / 4,910	NT\$1,326.39 million / 25.363
Microenterprise			
SME loans Loan Balance / Pieces of loan	NT\$123.78 billion / 3,960	NT\$142.8 billion / 3,929	NT\$157.25 billion / 4,021
Microenterprise Loans Loan Balance / Pieces of loan	-	-	NT\$127 million / 190
Loans for reconstruction of urban unsafe and old buildings (Loan Balance / Pieces of loan)	-	NT\$1.36 billion / 8	NT\$2.05 billion / 20
Inclusive Financial Products			
Inclusive Financial Products (Total number of pieces / Total Business Benefits)	8.76 million / NT\$134.22 billion	5.55 million / NT\$154.93 billion	5.19 million / NT\$171.66 billion

Note 1: Light of Hope Family Support Credit Loan and Micro-enterprise Loans will be newly opened in 2021.

Note 2: Micro insurance full year premium income was \$7.49 million, of which \$6.6 million was premium donation from SKFH.

Middle- or low-income households and disadvantaged social groups



Inclusive insurance schemes

Micro insurance

Through premium sponsorship, we have cooperated with nearly 60 organizations and groups, including a number of social welfare groups, neighborhood offices, county and city government social bureaus, agricultural and fishery associations, and colleges and universities, Over 89,000 policyholders with total insurance coverage of \$27.46 billion and the Micro insurance premium amounted to NT\$ 7.49 million. In 2021, we were awarded with the "Micro-Insurance Performance Excellence Award" and the "Disability Care Award"from the Financial Supervisory Commission.



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 help support 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. NT\$31.6 million has been donated as of 2021



Micro finance and wealth management services

Light of Hope

In 2021, financial assistance programs were launched for single-parent families or low- and middle-income households with technical and vocational certificates, and discounts on handling fees or loan interest rates was provided to reduce the economic burden. A total of 41 loans were granted this year, with a loan amount of NT\$15.87 million.

Seniors and people with disabilities



Senior Financial
Planning Consultant

Senior Financial Planning Consultant

In response to the opportunities and challenges brought about by the trend of aging, Shin Kong Bank plans to provide professional competency certification for "Elderly Financial Planning Consultants", and trains specialists to understand the basic knowledge of the mental state. behavior and medical care needs of the elderly, as well as medical care trust and related trust products, etc. in order to help seniors set their property and wellness plans accordingly.

Accessible Communication Services

In order to create a barrier-free communication service and environment. SKL has set up a "Financial Friendly Service Zone" on its website and obtained the "AA Seal of Accessibility" certification from the National Communication and Media Commission; and in May 2021, SKL will lead the life insurance industry in launching the LOY "Sign Language Video Interpretation Platform" for the hearing impaired.



Inclusive insurance schemes

Small Amount Whole Life Insurance

Provides low premium, whole-life protection Song-Ai-Sin Small Amount Whole Life Insurance and My Only Small Amount Whole Life Insurance. Iln 2021, there will be a total of 3,558 Small-Amount Whole Life Insurance. and by the end of 2021, more than 20,000 middle-aged and elderly people have been covered.

Support Youth Group



petty bourgeoisie

Inclusive insurance schemes

Launched "My Good Time Insurance

Plan", which includes hospitalization,

term care and life insurance, etc. It is a

surgery, out-of-pocket, injury, long-

term insurance that can strengthen

protection periodically. Continue to

with over 121,000 new contracts

underwritten by the end of 2021.

promote the "Energy Series" products.

Micro finance and wealth management services

"Vitality Series" products for the

"YOUTH Easy Loan" program

SKB helps vouths build a 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. From its establishment to 2021, a total of 3,088 loans have been granted, with a loan amount of about 18.88 billion. In 2021, a total of 802 loans have been allocated, with a loan amount of about NT\$5.101 billion.

Spillover-effect products

Encourage nationals to manage their own health and improve the overall health of citizens and reduce the waste of medical resources. The products cover major diseases and hospitalization. In 2021, there were 25,363 spillover-effect policies, with premium income reaching NT\$1.33 billion, and the cumulative underwriting amount will reach NT\$6.71 billion by the end of 2021.



Innovative customer service

LIFE Lab. Insurance Shop

The insurance consulting service of "LIFE Lab. Insurance Shop" is specially planned for young people. providing inspiring and interactive service experience and changing the brand image of the traditional insurance industry. LIFE Lab. made outstanding customer service achievement in 2021 with: 12.716 potential customers increase; The number of new contracts grew more than tripled, New customers accounted for 33%: 74% sales success covered by life insurance or health insurance products.

Petty Bourgeoisie Odd Lot platform

Continue to promote the concept of small investment to attract young customers and small investment customer base to carry out stock savings by using MasterLink's Petty Bourgeoisie Odd Lot Platform to allow the small investment groups start investing with small amounts of money, get in touch with financial management as soon as possible, and establish a sound investment and financial management concept to meet stock savings investment plan. The transaction volume of the Petty Bourgeoisie Odd Lot Platform in 2021 was approximately NT\$1.78 billion.

Groups in the remote areas and victims of natural disasters



Groups in the remote areas and victims of natural disasters

Typhoon/emergency disaster protection and care services

In the event of a natural disaster or a major disaster. Shin Kong Life 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. deferred renewal premiums paid, deferred policy interest paid, concessions for housing loan principal payment, and active claims settlement at home and care services.

SKL launches services for the "five major typhoon/disaster prevention insurance policies" in 2021, when the typhoon "Chanthu" and "Choi-wan"struck Taiwan, and the "Taroko Train Derailment Accident" and "Kaohsiung Citycenter Building Fire" to assist in protecting against and be in response to major disasters and climate change.

In response to the Covid-19 pandemic in 2021, we provided preferential policy loan agreements for financially disadvantaged relief policies, concession of premium payment/policy loan interest, online express claims clearance, and various measures for claims accommodation, etc. At the same time, policyholders are encouraged to use digital service channels such as the member section on the official website, the official LINE account, the SKFH APP and Shin's Smart Customer Services 24 hours a day to reduce exposure risks. In addition, as of the end of September 2021, the "Economic Relief Loan Concession Project" was launched in response to the pandemic had a total loan amount of NT\$1.438 billion. In addition, the "Pandemic Money Relief" Policy Loan Discount Project was voluntarily organized to assist a total of 33,479 policyholders for relief from economic difficulties. In 2021, we received the "Relief Achievement Award" from the Financial Supervisory Commission.

Emergency disaster incident care services

Consolation funds was issued to the injured outpatient, hospitalized and deceased policyholders for the "Taroko Train Derailment Accident" in 2021.

In addition to providing leniency in claims due to the severe COVID-19 pandemic, provided that if the insured is a medical staff and has been diagnosed with COVID, the company will give NT\$ 30,000 out of caring condolences.

In the, consolation funds was issued to the injured outpatient, hospitalized and deceased policyholders for the "Kaohsiung Citycenter Building Fire" in 2021.

SMEs, Startups and Community Development



SMEs, Start-ups Loans

SME loans

To foster the operation of small and medium-sized enterprises, and enrich the economic growth at the entry-level, benefiting the operation of local enterprises. In 2021, there were 4,021 loans to small and newly created SMEs, with a balance of NT\$157.25 billion.

Micro-enterprise Business Financing Project

In March 2021, the micro-enterprise financing plan was launched, and 190 financing cases were accumulated in 2021, with a loan balance of NT\$127 million.



Promote community development

Loans for reconstruction of urban unsafe and old buildings

In order to update the urban and rural landscape, strengthen the safety of residents, and activate the community space, Shin Kong Bank released the reconstruction loan for the urban unsafe and old buildings to accelerate the reconstruction of old buildings. In 2021, a total of 20 loans were issued, and the loan balance was NT\$2.05 billion.





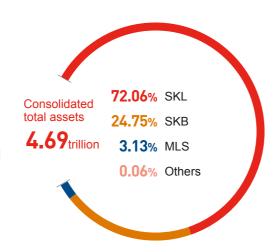
SKFH uses its core competencies and professionalism to fulfill the "responsible finance" spirit and contribute to the sustainable development of society.

We expect SKFH and its subsidiaries as well as outsourced investment institutions (asset management companies) to integrate 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

3-5-1 Responsible Investment

SKFH has actively responded to the Principles for Responsible Investment (PRI) of the United Nations to formulate the "SKFH Sustainable Financial Policy", and incorporate ESG issues into its three major business units: investment, financing and life insurance. We have conducted ESG risk due diligence and careful assessment for industries with potentially controversial issues (including human rights risk issues), and no new transaction may be made for the above-mentioned industries with

potentially controversial issues



which are included in the exclusion list and for which no improvement has been made. In addition, we also exert influence on the invested companies through our voting policies and concerted actions to enhance the long-term value of our stakeholders, including customers, employees and shareholders. In 2021, SKFH's consolidated total assets under management will be 100% in line with the sustainable finance policy of the Financial Holding Group, including listed and private equity, fixed income, infrastructure, derivatives and other investments, assets and facilities.

Stewardship Principles for Compliance Institutional Investors

SKL, SKB, MLS, and SKIT have all signed a compliance statement for the "Stewardship Principles for Institutional Investors", and announced a compliance statement and diligent governance reports on their official websites.

ESG-related topics investment and commodities

SKFH

A total of NT\$395.649 billion has been invested in ESG topic by SKFH's subsidiaries.

SKE

SKB has introduced and invested in thirteen green bonds issued by domestic and foreign institutions with an investment amount of NT\$7.869 billion to assist the development of the green energy industry.

MLS

MLS underwrote 4 green bonds and 2 green industry bonds with a total amount of \$2,201 million, and underwrote 2 sustainable bonds with a total amount of \$1,100 million.

MLS has signed a counseling contract with the issuing company that has invested in the green energy industry and will counsel the company to go public in the future in accordance with the regulations.

SKI

SKIT and introduce foreign funds signed by the UNPRI the "Lion Global Investors Limited" and the "Jupiter Asset Management", other fund issuers such as "Robeco" and "Amundi" are PRI signatories. 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.

Incorporate ESG issues into investment analysis and decision-making processes

SKL

SKL has adopted the "General Policies and Procedures for Securities Investment" passed by the Board of Directors to include sustainable investment in the investment process of securities and make ESG-related evaluation on target investment company before investment, with the contents of evaluation including social responsibility (such as labor rights and other human rights issues), environmental protection, corporate integrity, etc.

SKE

The "Sustainable Investment Policy" was formulated in 2021. A comprehensive evaluation of the investment object's actions in environmental protection, social welfare, corporate governance and its financial business will be carried out before investment, and will continue to be monitored after investment. The Bank's "Institutional Investor Due Diligence Policy" is followed and the bank's voting and negotiation actions are implemented in combination with ESG issues.

The investment direction is mainly towards the goal of fulfilling social responsibility. Taking domestic stock investment objects as an example, they are all constituent stocks of Taiwan ESG-related indices, and are also recognized by major awards at home and abroad as a socially responsible enterprise. In addition, the growth rate of investment in ESG-related objects is included in the annual KPI, and ESG investment is linked to performance evaluation. In 2021, the investment scale of self-owned funds will be approximately NT\$205.6 billion.

MLS

The Proprietary Department's selection criteria incorporats ESG into the investment asset pool, including Constituent stocks of ESG-related indices and stocks with ESG scores disclosed on Bloomberg which can be preferentially included in the stock investment asset pool. For individual stocks that do not disclose ESG data, whether or not to invest and the amount of investment will be carefully considered.

SKIT

SKIT incorporates ESG thinking into its investment strategy with guiding principles. If a company violates its social responsibilities in terms of human rights, society, and the environment, such as causing harm, improper influence, or frequent negative news, it will be listed as an investment evaluation item. Constituent stocks including ESG-related indices can be preferentially included in the "stock investment asset pool", and if a new stock is to be added to the stock investment asset pool, it is necessary to check whether the stock has violated the environment, society and Principles of Governance (ESG) in the past year. The individual stocks included in the asset pool will continue to undergo an engagement mechanism, visit the invested company to track whether there is a material violation of ESG, and participate in the shareholder meeting of the invested company to track the implementation of ESG.

Note: ESG related indices include but are not limited to the "Taiwan Corporate Governance 100 Index", the "Taiwan High Compensation 100 Index", the "Taiwan Employment Creation 99 Index", the "FTSE4Good TIP Taiwan ESG Index", and the "Taiwan Small and Medium Corporate Governance Index", etc.

3-5-2 The Principles for Sustainable Insurance (PSI)

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

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



Company strategy

Key Plans and Results

- Shin Kong Life has set up a Corporate Sustainability Committee, with the President as the Chairperson and the first-level supervisor of each jurisdiction as the Commissioner(Committee Member).
- · The members of the committee pay attention to ESG issues, formulate annual strategic goals, and the executive team under the committee develops various implementation plans, tracks ESG implementation status and results on a quarterly basis, and regularly reports to the Board of Directors after deliberation by the senior executives of the committee.
- Establish culture that protects human rights and diversity, incorporates human rights issues into human resource policies, provides company benefits that are superior to labor standards, protects the rights and interests of minorities and vulnerable employees, and incorporates ESG into compulsory courses for all employees.

<u>nanagement</u>

Key Plans and Results

- · In the face of emergencies and disasters, the Company will evaluate and initiate active care and quick claims settlement operations. Assist with real estate maintenance and information equipment maintenance at the disaster site.
- 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 and the time required for processing claims can be shortened to within hours.
- Policyholders over the age of 20 who hold a Shin Kong Life insurance policy can apply for mobile protection/ claims through their salesperson, and use a shared platform through insurance technology, allowing policyholders who hold multiple insurance policies to apply online for health insurance, injury insurance medical claims payment or insurance contract changes from any insurance company, and enjoy services from different companies simultaneously.



Risk Management

Key Plans and Results

- Establish risk management 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.

Introduced TCFD to identify and evaluate climaterelated risks and opportunities as well as their impacts. Continue to obtain ISO 27001, the international standard for information security and BS 10012 certification for personal data management to

effectively manage information security and personal information risks.



Sales and marketing

Kev Plans and Results

- Pay attention to consumer rights and interests in marketing and put forward preventive and protective measures for the financial exploitation of the elderly, including three aspects: prevention, protection and control. A CIS system and a sign language video translation platform are built for the disadvantaged groups to implement the spirit of fair customer treatment.
- Electronic based promotion of e-products, e-documents, etc., coordinating online and offline resources, and combining with Shin Kong Life's official LINE account service center so that services are not limited by time and place.
- The sales and promotion of various commodities are in compliance with laws and regulations. Shin Kong Life also requires all sales channels and business personnel to produce and use promotional materials and strive to ensure the authenticity, accuracy, clarity and completeness of commodity information to protect the public's' rights and interests, as well as to maintain the company's professional image.



Products and services developments

Key Plans and Results

- · In response to changes in social structure, the needs of policyholders, the advancement of underwriting technology and product research and development, we provide ESG products such as micro-insurance, spillover-effect products. and Small-Amount Whole Life Insurance.
- Provide awareness campaigns and educational programs
- on risks, insurance and ESG issues that children, young adults and the elderly may encounter.



S Underwriting Policies

Key Plans and Results

- Established an "underwriting risk classification model", started the application of big data in underwriting risk management, used claims data and underwriting experience from the past in combination with data mining technology to conduct risk screening, applied it to high-risk customers in practical operations, and carry out random inspections.
- In response to the inclusive financial policy, there will be no unfair treatment in underwriting for specific insured objects or because the insured is physically or mentally handicapped.



♦ Investment management

Key Plans and Results

- Formulate the "General Policies and Procedures for Securities Investment" to include sustainable investment in the investment process of securities and make ESG-related evaluation on target investment company before investment. The contents of evaluation including environmental protection, ethical management and social responsibility.
- In 2021, SKL's total investment related to ESG exceeded NT\$196.7 billion and its financing for companies focused on sustainable responsibility or environmental protection totaled NT\$7.87 billion.

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.



Customers

Solution

· Set up a questionnaire on the website and regularly disclose ESG performance in response to customer expectations.



Solution

- · All new suppliers have signed the CSR Commitment Statement. Shin Kong Life also conducts annual supplier risk assessments and on-site audits.
- Regularly hold supplier conferences to share the latest ESG practices with suppliers and communicate supplier management mechanisms.
- In 2021, the proportion of green procurement was 23%, and received the "Private Enterprise and Organization Green Procurement Award" from the Department of Environmental Protection, Taipei City Government.



Insurers, reinsurers and intermediaries (brokerage agencies)

Solution

- Demonstrate SKL's commitment to ESG issues to insurers, reinsurers and insurance brokerage/agencies.
- Negotiate with the cooperation channel to develop the mobile insurance method, hoping to expand the benefits of energy saving and carbon reduction.
- The "Treating Customer Fairly Principles" are promoted to the different channels through publications from time to time, hoping to enhance the confidence of financial consumers in the insurance industry and help the sustainable development of the company.

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



General public

Key Plans and Results

Shin Kong Life issued a corporate sustainability report in accordance with the PSI principle and publicly disclosed it on the website, at the same time provids a contact window such as a customer service hotline in order to communicate ESG strategies and results.

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.



Governments, regulators and decision

Key Plans and Results

- Signed the "Stewardship Principles for Institutional Investors" and maintains communication with stakeholders in accordance with the six principles therein. They also disclosed information on their stewardship performance and management of conflicts of interest.
- 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.
- In response to the increased demand for long-distance insurance coverage during the pandemic, Shin Kong Life has followed the "Guidelines to Apply for Remote Insurance and Service for the insurance industry", and launched an exclusive "Pandemic Prevention Video Recording Platform", which can complete insurance application through simple steps.

Other major stakeholders

Key Plans and Results

- Shin Kong Life participated in the promotion of TCFD and ESG related projects of The Life Insurance Association of the Republic of China.
- Regularly send employees to lecture courses in colleges and universities to share the impact of ESG on the sustainable operation of enterprises and the corresponding actions and communicate on related issues.
- Shin Kong Life promotes the concepts of elderly life, care for disadvantaged groups, health management, basic insurance knowledge, etc. through social media platforms and news publications in newspapers and magazines.
- Set up "Shin Kong Life Long-Term Care Website" and "Big Umbrella Retirement Website" to pass on knowledge on long-term care and retirement, share the use of social welfare resources, medical interviews, health information, and provide the public with references for early planning.
- "LIFE Lab. Insurance Shop" provides an innovative insurance consulting service model, using a career planning APP, interesting interactive devices and a salesperson matching platform, it aims at the needs of different stages of life and awakens the public's awareness of risk aversion.

3-5-3 ESG Credit

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



Incorporate ESG issues into the credit review process

2021 Key Initiatives and Performance

- In order to implement sustainable financial development, SKB join hands with credit-granting enterprises to implement ESG and fulfill corporate social responsibility, as well as follows the SKFH's "Sustainable Finance Policy", and references to the United Nations Sustainable Development Goals (SDGs), United Nation's Principles for Responsible Banking (PRB) and other relevant international accreditation. We formulated the "Taiwan Shin Kong Commercial Bank Perpetual Credit Policy" to conduct due diligence and know-your-customer procedures for credit-granting companies to fully understand and prudently assess the possible impacts of ESG on various aspects of the company.
- The above ESG credit policy mainly focuses on the following six categories of industries or enterprises, and incorporates ESG into credit collection, review and post-loan management:
- · Highly controversial industries or enterprises: should avoid contracting.
- Industries or companies with high ESG risks: Carefully review the negative impact of loan applicants on all
 aspects regarding ESG and evaluate them in accordance with their respective industry-specific guidelines.
- High carbon emission industries or enterprises: The negative impact of loan applicants on climate change should be carefully reviewed, and loan applicants should be required to take relevant climate change mitigation plans.
- · Credit Cases Applying the Equator Principles: Environmental and social risk assessment shall be carried out in accordance with the Bank's "Key Points of Equator Principles for Credit Granting Cases".
- Sustainable industries: Those identified as having a positive impact on ESG or contributing to SDGs should be prioritized for evaluation.
- Applicable cases for impact loans: Priority should be given to appropriate financing assistance and preferential conditions to encourage loan applications.



Promote the Equator Principles

2021 Key Initiatives and Performance

- In order to implement sustainable financial development and fulfill corporate social responsibility, the company officially signed the Equator Principles in October 2021, becoming the 125th financial institution in the world to join the Equator Principles Association (EPA).
- The "Key Points of Equator Principles for Credit Granting Cases" has been added, which will be officially implemented from 2022, and the "Equator Principles and ESG Credit Granting Checklist" will also be launched simultaneously for use by branch colleagues.

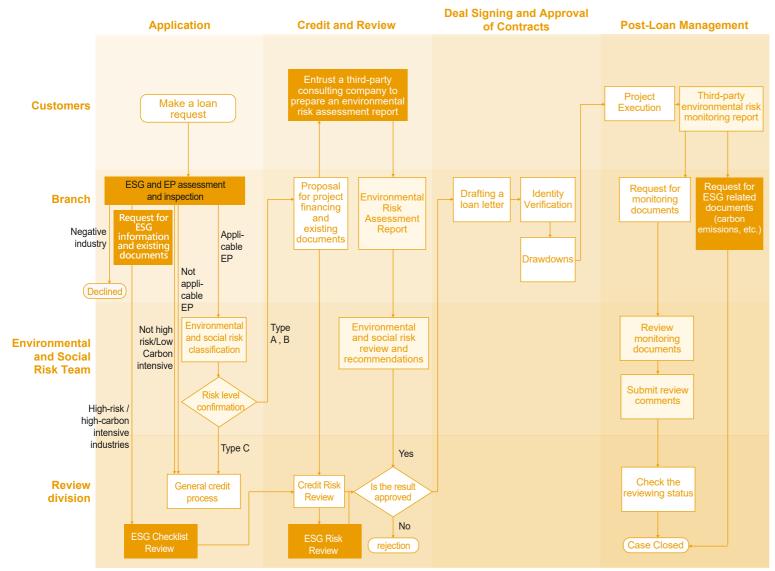


ESG post-loan tracking

2021 Key Initiatives and Performance

- 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.
- 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.
- 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.
- The inspection of major disciplinary matters shall be incorporated into the early warning system mechanism for monitoring and processing.

Loan application evaluation flowchart



ESG credit granted by SKB in the past four years

Number of Customer / Credit balance(NT\$/million)

				, ,
Type of Industry	2018	2019	2020	2021
Solar industry	9 / 3.0	22 / 5.7	24 / 10.3	29 / 19.7
Green Energy Technology Industry	1 / 0.8	10 / 4.0	9 / 7.5	3 / 2.2
Industry of Tires for Bikes	20 / 11.3	17 / 8.5	13 / 8.3	12 / 12.0
Circular Economy Industry	15 / 4.0	14 / 3.7	12 / 4.3	10 / 3.6
Medical Care Industry	7 / 2.8	5 / 6.7	4 / 6.6	10 / 5.4
Education Industry	8 / 7.7	9 / 7.2	10 / 7.3	9 / 8.1
Total	60 / 29.6	77 / 35.8	72 / 44.2	73 / 51.0

3-5-4 Underwriting Related to ESG

The Underwriting Department of MLS assists companies in raising funds necessary for business through IPO (Initial public offering), SPO (Secondary public offering) or M&A (Merger & Acquisition) 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\$1.83 billion in 2021.

MLS contributed to the following special cases for the "Five Plus Two" innovative industries in 2021:

Ever Supreme Bio Technology

Ever Supreme Bio Technology is committed to the development of stem cell therapy, gene therapy and the creation of emerging therapies. They have successfully used tumor tropism to deliver genes for tumor treatment, which allows cell therapy to be turned into a large-scale ready-made treatment with great commercial value. They received the 18th Award National Innovation Award - Enterprise Innovation Award in 2021.

"Regenerative medicine" has become the new mainstream of global medical care. Using cells as drugs or carriers to treat diseases has become the developmental trend of future medicine, and the Ministry of Health and Welfare announced the special management measures in September 2018. The company provides the cell products required by domestic medical institutions to implement the special management measures, and at the same time promotes the ongoing clinical trials of various new drugs, actively cooperates with international biotechnology companies for authorized technology transfer, and introduces international pharmaceutical companies to cooperate in the development. They also effectively promote the process of the new drug development and strengthen the drugs after they are marketed, which contributes greately to the country and society.

3-5-5 Green finance

In response to the government's green finance2.0 policies, SKFH is promoting a number of implementation plans. In 2021, its subsidiaries had invested a total of NT\$70.182 billion in green investments, including NT\$7.869 billion in green bonds, had done underwriting 4 cases of green bonds and 2 cases of green industries, totaling NT\$2.201 billion, to implement the government's policies with practical actions. Green finance is defined as green, green energy industry and among the five plus two innovative industries, green energy technology, circular economy, and new agriculture.

In order to practice green finance, SKFH and its subsidiaries actively invest in the development of renewable energy, participate in the development and construction of solar power plants to support the green energy industry, and develops the green finance policy. The performance of renewable energy investment and lending in 2021 is as follows:

SKL

Investment

Continue to cooperate with a number of companies to invest in solar power plants, with an additional investment of NT\$1.068 billion.

SKVC(Shin Kong Venture Capital)

Investment

The cumulative investment in solar power plants and green energy-related industries is NT\$37.9 million.

SKB

Loans

Approved NT\$5.218 billion in the development and construction of new solar power plants; combined facilities utilization for new and old cases amounted to NT\$994 million. The total installed capacity of the self/co-loan project that can determine the installation capacity is 655.7MW: (1) The annual power generation is estimated to be 120,345,409.8 kWh (supplies to about 355,001 households for usage). Annual carbon emission which can be reduced is about 60,413 metric tons.

Investment

Invested in thirteen 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" etc., and the investment amount is NT\$7.869 billion.

Note 1: The annual power generation kWh is calculated based on the average monthly power consumption per household in 2020, 339 kWh, provided by the power generation company in Taiwan. Note 2: The annual carbon emission is calculated based on the carbon emission coefficient of power in 2020 as provided by the Bureau of Energy, Ministry of Economic Affairs.

3-5-6 Net-Zero Emissions Targets and the Decarbonization Strategy

Following the global trend of net-zero emissions, Taiwan's National Development Council announced the "Taiwan's 2050 Net-Zero Emission Pathway" in March 2022, promoting four major transition strategies and building two basic environments, hoping to gradually achieve a sustainable society with net-zero emissions in 2050. SKFH implements the spirit of sustainable finance, and also follows the national policy to plan carbon reduction strategies and action plans, and set net-zero emission targets in accordance with the guidelines of the Science-Based Targets initiative to achieve the Paris Climate Agreement controlling the global temperature increase in this century within 2°C, and the positive target is to limit the temperature increase within1.5°C

Inventory financed carbon emissions of investment and lending portfolios

Shin Kong Financial Holding is committed to exerting its own influence for driving different industries towards the sustainable development goals. From 2021, in order to understand the intermediate financed carbon emissions of investment and lending activities, SKFH followed the financed carbon emissions calculation guidelines of the Financial Stability Board (FSB), Science Based Targets initiative(SBTi) and Partnerships for Carbon Accounting Financials (PCAF) to calculate them, and the results have been verified by third-party SGS Taiwan Ltd. The portfolio coverage is 99.5% of on-balance sheet assets, which includes investments (e.g., listed equity, corporate bonds and financial bonds) and loans (e.g., corporate loan and power plant project finance) of SKL, SKB and MLS.

The financed carbon emissions inventory coverage of investment and lending portfolios in 2021

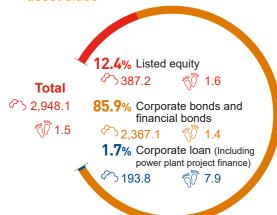
Total Assets Inventory Coverage 99.5%						
100 % 100 % 73 % 100 %						
Listed equity	Corporate bonds and financial bonds	Corporate loan	Project finance for power plants			

Note 1. The inventory scope of corporate loan is based on the inventory standards of the SBTi Financial Sector Science- Based Targets Guidelines, and the inventory coverage of listed companies is 100%.

The financed carbon emissions inventory results of investment and lending portfolios in 2021

The Company reviews the financed carbon emissions by asset class and industries within the investment and lending portfolios, which are represented as total absolute carbon emissions (ktCO2-e) and carbon footprint (tCO2-e per TWDMM). Due to the characteristics of the financial industry, bonds investments had the highest financed absolute emissions but corporate loan and project finance had the highest carbon footprint. When the emissions results are classified by industry, the results show that the top 3 high carbon emissions industries are Oil & Gas, Electric Utilities, and Steel.

The financed carbon emissions of investment and lending portfolios by asset class



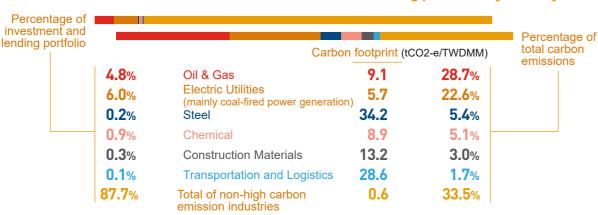
Total absolute carbon emissions (ktCO₂-e)

Carbon footprint (tCO₂-e/TWDMM)

Note 1: The source of the financed carbon emissions data is the financial information disclosed by investee companies, Bloomberg estimates and industry average data. The industry average data is based on the CEEIO of international journals and literature, and introduces the "Pricing Table for the 63 Industries in Taiwan in 2019 Announced by the Directorate General of Budget of the Executive Yuan" and "2020 Energy Balance Table Announced by the Bureau of Energy, Ministry of Economic Affairs" for reference. The carbon emissions of investee companies and the asset data was obtained from the latest information as of March 2022, and are updated annually.

Note 2: The carbon emissions of investment and lending portfolios reference the GHG Protocol Scope 3 Category 15 Investment calculation method and the AA1000ASv3 Type 2 Moderate is used as the verification standard for related data

The financed carbon emissions of investment and lending portfolios by industry



Decarbonization Strategy

In order to effectively achieve the goal of financing decarbonization, apart from complying with the Principles for Responsible Investment and Equator Principles, Shin Kong Financial Holding has established high carbon-intensive industry management guidelines to help the investment and lending department of the subsidiaries to manage climate risks. The content defines the scope of high carbon-intensive industries and high climate-risk industries, investment and lending exposure limits, monitoring frequency, and early warning mechanisms. The applicable business scope includes all new and existing investments, corporate loans, and project finance. The subsidiaries shall implement "Know Your Customer" through pre-investment and pre-loan due diligence, and assess the transaction according to the carbon emissions of the counterparty and industry. After the transaction, we also shall regularly monitor the improvements of the investee and lending objects dynamically to adjust the transaction strategy for effectively achieving the goal of financing decarbonization.

Management policy of high carbon-intensive industries

Restricted high carbon-intensive industries

- Thermal coal and Unconventional Oil and Gas industries.
- Oil & Gas, Electric Utilities (mainly coal-fired power generation), Steel, Chemical, Construction Materials, Maritime & Air transport

Management mechanisms

- Before the business unit conducts investment and lending activities, for high carbon-intensive industries, such as thermal coal, unconventional oil and gas, etc., the negative effects on climate change of the counterparties shall be carefully reviewed. The counterparties shall be encouraged to adopt related measures in order to reduce climate-related risks. New transaction maybe declined for the high carbon-intensive industries in the exclusion lists until their improvements have been approved. In addition, the counterparties in thermal coal and unconventional oil and gas industries are reviewed every year. If the counterparty's revenue from thermal coal or unconventional oil and gas exceeds 50% of its total revenue, then engagement will be conducted in accordance with the SKFH's Engagement Policy.
- * Set the exposure limits of investments and lending portfolios in high-carbon industries, and monitor them monthly.

Engagement schedules



Follow the principles of sustainable finance, incorporate ESG and SDGs-related issues into the decision-making process of investment, lending and life insurance activities, and we will distribute climate change questionnaires to investee and lending companies to understand their carbon emissions and inquire them about climate change-related actions, goals and achievements. Furthermore, convey how importance the net-zero emission target is and our company's support for net-zero emission to carbon-intensive investee and lending companies.

Require high carbon emission investee and lending companies to improve their energy efficiency, reduce product and service carbon intensity through telephone interviews, personal visits, and voting. The Company will follow the Vote Policy to exercise voting rights in the shareholders' meeting of the investee company, and does not support the proposals that violate governance and have a negative impact on the environment or society that will significantly affect the sustainable development of the investees' business., while encourage low-carbon green transitions.

SKFH actively understand negative carbon technologies, invest in green industries, provide green industry-related financing incentives and multiple financing channels, and guide invested and financing companies to introduce relevant carbon-negative technologies and increase green products and services.

- Note 1. Thermal coal and unconventional oil and gas industries, include coal mining, coal-fired power plant, coal infrastructure; refining and marketing, exploration and production, and infrastructure of tar sands, shale oil and gas, Arctic oil and gas resources, unconventional liquefied natural gas, ultra-deep-water oil and gas.
- Note 2. Electric Utilities include coal-fired power plant, and electric transmission & distribution.
- Note 3. Construction Materials include cement and construction aggregate.

04 GREEN ACTIONS

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





All business sites have been ISO 14064-1: 2018 Greenhouse Gas Inventory Standard certifie : GHGs Reduction was 10% from the base year

- **4-1** Environmental Sustainability
- **4-2** Green Operation
- **4-3** Supply Chain Management and Green Procurement



A total of 37.62 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 255.86 tons



Participated in the CDP climate change assessment and received a "B" rating











4-1 Environmental Sustainability



新光金控SKFH

Shin Kong Financial Holding's Environmental Protection 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 negative impact on the environment.

SKFH has been paying attention and is dedicated to environmental sustainability actions, actively leveraged the core competence of the financial industry, and by properly allocating resources, the Company has been advancing environmental sustainability. We aim to build a green workplace environment, and strive to improve energy efficiency, reduce energy and resource consumption through voluntary action measures and improvement plans, and cooperate with our customers and supplier partners to jointly fulfill our environmentally friendly responsibilities. SKFH and its subsidiaries were not subject to any monetary or non-monetary fines that violate environmental regulations in 2021.

SKFH and its subsidiaries develop and design environmentally friendly products and services through the introduction and establishment of various international management systems to minimize the impact of its operations on the environment. The Company also formulated the "Environmental Protection Commitment" to establish appropriate environmental management measures.

The Achievements of Introducing Environmental Management Systems



ISO 50001 Energy Management System

Shin Kong Life Tower introduced the ISO 50001 Energy Management System in 2014 and obtained ISO 50001: 2018 certification in 2020, and the new version will continue to be valid after verification.

ISO 14046 Water Footprint Assessment

Shin Kong Life Tower introduced water footprint inventory audit in 2018 and continues to pass the verification

ISO14064-1 Green house Gas Inventory

Shin Kong Life Insurance (SKL) and Shin Kong Financial Holding started to conduct greenhouse gas inventory audit in 2015, expanded the inventory scope to SKFH and its subsidiaries in 2018, adopted the new version of ISO 14064-1:2018 and passed the certification in 2020

SKFH and its subsidiaries have been committed in the development of sustainable new buildings that are ecologically and environmentally friendly. During the planning and construction of buildings, we actively evaluate and apply for the Ministry of the Interior's Green Building Label (Details are in the table below). We are also renewing our old buildings and facilities, implementing energy-saving measures to reduce energy consumption, improving energy efficiency in existing buildings, and fulfilling our environmental responsibilities.

Building	CO ₂ Absorption (greening design value)	Results
Xinban Financial Building	587.78t	Obtained the diamond-class green building certificate in 2017 Gold certification of LEED NC
Shin Kong Jasper Villa Shuiyang	644.33t	Obtained the gold-class green building certificate in 2021
Shin Kong Nangang Software Park Building	690.31t	Obtained the gold-class green building certificate in 2020
Shin Kong Jasper Villa Jiantan	352.47t	Obtained the gold-class green building certificate in 2021
Shin Kong Jasper Villa Xinban C	930.35t	Obtained the silver-class green building certificate in 2021
Construction project on land in Shin Kong Nanhai section	1,134.70t	Obtained the silver-class candidate green building certificate in 2016

4-2 Green Operation

Through comprehensive environmental management measures and mechanisms, SKFH and subsidiaries have been able to reduce energy consumption in its daily operations, lowering the overall carbon footprint of the company and bringing positive benefits to environmental sustainability.

4-7-1 Actions to Reduce Carbon Emissions

SKFH and its subsidiaries reported that in 2021, we released a total of 30,175.7 metric tons of CO2e of direct and indirect greenhouse gas (GHG) emissions, representing a reduction of 3,367.61 metric tons of CO₂e compared to 2019. We have set 2019 as the baseline year for Category 1 and Category 2 GHG emissions, with a carbon reduction target of 2% reduction each year.In GHG emissions per capita in 2025 compared to 2019, and a 2% reduction each year. In total GHG emissions in 2025 compared to 2019. In 2021, total GHG emissions reduced by 10% compared to the baseline year. Emission intensity per capita in 2021 reduced 8.38% by 2019 baseline year. We will continue to strengthen our energy reduction measures to achieve our long-term carbon reduction target.

GHG emissions and intensity

GHG emissions	(tons CO ₂ e)			
Scope Categories	2018	2019	2020	2021
Scope 1	1,313.99	3,031.07	2,831.94	2,915.24
Scope 2	28,429.51	Location-based 30,512.24 Market-based 30,503.63	Location-based 29,875.16 Market-based 29,866.51	Location-based 27,260.46 Market-based 27,251.43
Sum of Scope 1 and 2	29,743.50	Location-based 33,543.31 Market-based 33,534.65	Location-based 32,707.10 Market-based 32,698.57	Location-based 30,175.70 Market-based 30,166,67
Inventory bases coverage of the number of regular employees	14,929	16,442	16,255	16,139
Emission Intensity (t- CO ₂ e/person)	1.992	2.04	2.01	1.87
Scope3	4,345.89	4,707.33	5,294.83	4,920.17

Note1: From 2020, SKFH and its subsidiaries adopted the ISO14064-1:2018 inventory standard and based on the GWP value announced in the IPCC 2007 Fourth Assessment Report (AR4), except SKL based on IPCC 2021 AR6. the emissions were aggregated by operational control methods. In 2018-2019, SKFH and its subsidiaries adopted the ISO14064-1:2006 standard for inventory in principle, but Shin Kong Life took the lead in adopting the ISO14064-1:2018 standard in 2019. From 2020, SKFH and its subsidiaries will use the ISO14064-1:2018 standard for inventory inspection.

Note2 : From 2017 to 2020, the Bureau of Energy announced that the carbon emission coefficients of electricity are 1kwh = 0.554kg CO₂e, 0.533kg CO₂e, 0.509kg CO₂e, and 0.502kg CO₂e, respectively. The coefficients from 2021 are temporarily calculated from those of 2020.

Note3: Beginning in 2020, the inventory of electricity consumption (category 2) of Shin Kong Financial Holdings, Shin Kong Bank and Shin Kong Investment Trust in the Taipei Gas Building will be added, and the Scope 2 emissions for 2018-2019 was revised based on this calculation method. From 2021, SKB invented more sites, so we adjust the Scope 2 emissions year 2018 to 2020.

Scope 3 Emission sources

(tons CO2e)

	2018	2019	2020	2021
Category4 Fuel- and energy-related activities Note.1	not included in the boundary	not included in the boundary	4,368.24	4,078.42
Category4 Waste generated in operations	not included in the boundary	not included in the boundary	774.65	686.82
Category3 Business travel Note.2	107.32	308.56	151.94	154.90

Note1: Refers to upstream emissions from purchased fuel, energy and transmission and distribution losses, but excludes Scope 1 and 2 emissions.

Note2: Employee travel includes land and air transportation. Domestic business travel includes high-speed rail and taxi. Based on the carbon footprint of 32g CO₂e per person-kilometer extension of the high-speed rail, the taxi is calculated based on the number of kilometers from the departure point of the business trip; Foreign travel is calculated based on the greenhouse gas emissions generated by taking a flight from Taoyuan Airport to a foreign

In response to the digital trend in finance, we have significantly improved the administrative efficiency through innovation and e-processing. In addition, we have implemented a management system for paper use to reduce the carbon footprint of our business activities through paper reduction initiatives.

Major Paper Reduction Actions in 2021

SKL

Use data analysis and management to assist relevant units to clarify the annual paper usage and purchase status to further conversion to paperless business procedures.

SKB

We continue to promote the new digital deposit account in 2021: the OMNI-U digital deposit account that combines the promotion of legal rights, marketing activities, and automated audits. Customers can complete their account opening process without going to a branch. This in turn increases customers' willingness to apply online, which effectively replaces opening an account by paper at the counter.

MLS

The electronic document process reduces paper consumption Online account opening and paperless storage system to reduce paper consumption.

SKIT

SKIT continues to optimize its e-business transaction system, increase the proportion of electronic transactions, and aims to successfully reduce the consumption of paper.

Shin Kong Property Insurance Agency Co., Ltd.

Use data analysis and management to assist relevant personnel to clarify paper usage and purchase status and then go paperless.

The Results in Paper Reduction via e-Measures in 2021

SKL

21.76 million

147.98 ton

Total reduction of paper use

Total reduction of carbon footprint

The annual amount of paper saved from e-policy, e-bill, and Online Insurance is about 14.57 million sheets of papers while the annual amount of paper saved from the mobile business APP is about 7.2 million sheets of paper. Among them, the "HUO LI JHAO ONE YEAR TERM Ins" insured by E-Insurance has reduced carbon footprint emissions by a total of 1.64 tons.

SKB

15.7766 million

107.29 ton

Total reduction of paper use

Total reduction of carbon footprint

The annual amount of paper saved from electronic administrative processes is approximately 4.6895 million papers while the annual amount of paper saved from electronic services is approximately 11,087,100 sheets.

MLS

87,200

0.59 ton

Total reduction of paper use

Total reduction of carbon footprint

The annual amount of paper saved from electronic administrative processes

Note: Calculated based on the carbon emissions of 3.4kg Co₂e for every pack of 70-pound A4 paper

4-2-2 Energy Resources 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.

Energy Usage

Energy	Unit	2018	2019	2020	2021
Outsourced non-renewable electricity	MWh	56,876.24	55,260.82	55,014.72	54,165.31
	L	80,604.12	606,708.61	536,927.47	470,054.26
Gasoline	GJ	2,119.42	2,633.55	2,513.30	2,049.10
	MWh	731.60	5,506.78	4,873.42	4,266.44
	L	6,996.60	5,811.72	6,978.33	6,540.00
Diesel fuel	GJ	246.01	204.34	245.36	229.95
	MWh	68.39	56.81	68.21	63.93
Total non-renewable	GJ	175,829.75	201,776.83	200,811.66	197,274.16
energy	MWh	57,676.23	60,824.41	59,956.35	58,495.68
Generated power for self-use	MWh	0	0	0	0
Outsourced renewable electricity	MWh	0	17	17	18
Total renewable electricity	MWh	0	17	17	18
Total non-renewable and renewable energy	MWh	57,676.23	60,841.41	59,973.35	58,513.68
Electricity consumption per capita	KWh	3,809.78	3360.95	3384.48	3,356.18

Energy Conservation Goals and Measures

SKFH has set an energy saving target of reducing power consumption by 2% per year in 2025 from the baseline levels in 2019. In 2021, due to the pandemic of COVID-19 in Taiwan, we start Work From Home policy. Electric power consumption by person got a 28.3 degrees reduction by last year. In order to improve environmental efficiency and achieve the reduction target, we will continue to promote a number of energy saving measures and regularly track the effectiveness of their implementation.

Energy Conservation Projects and Results in 2021

Major implementation projects	Degree of energy conservation	savings	Annual power savings	Annual Emission Reduction (MWh)
Lighting				
SKL - LED replacements and updates in the senior executive office floor and the tower navigation lights	7,516	7.52	27.06	3.77
SKB - Replacement of energy-saving lighting fixtures	35,476	35.48	127.71	17.81
Management				Sec.
MLS - Electricity consumption is tracked quarterly. After the market closes, the business hall, VIP lights, computers, and the video wall are turned off, the lights are turned off during lunch break, and the indoor temperature is maintained at not lower than 26 degrees	158,991	158.99	572.37	0.0801
Others				华
Installation of frequency converter for the exhaust fan on the B5 floor	39,342.26	39.34	141.63	19.75

Promoting Energy Efficiency in The Server Room

As the space of the original computer room is almost full, SKL 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 the great Taipei gas building computer room in 2021 was steadily maintained at between 1.6 and 1.84, reaching the bronze level benchmark specified by LEED note International.

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 808 virtual servers with a coverage rate of 80.2%. The establishment of virtual servers reduced cabinet spaces by 1,616U (approximately 37 cabinets), reduced nominal power consumption by 1,619,985kWh, and reduced emissions by approximately 825t-CO₂e.

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

Switching to energy-efficient lighting

SKFH and its subsidiaries are in an ongoing process to replace incandescent and halogen lamps with T5 or LED energy-saving lamps. We also reduce the number of lamps used in office areas during the lunch break to save electricity.

Controlling Energy Consumption

In order to continuously improve energy efficiency and reduce greenhouse gas emissions, SKFH and its subsidiaries regularly inspect and update the equipment of each office and business location, and also implement various power control measures in daily operations, including:

- . Equipment must have a power factor of more than 95%.
- Replacing the equipment and devices of our offices and operation sites with energy-saving equipment and devices.
- Sending the energy management personnel to undergo training to increase their knowledge in energy management and encourage them to work hard for energy conservation.
- Adding a timer control for water dispensers or for air conditioners' power supply to reduce power consumption.
- Turn off the lights during workdays from 12:00 to 13:00 to save energy, and the elevators are controlled during off-peak hours.
- Exterior advertising signs light up at appropriate times based on weather conditions.
- Time control is installed for the supply and exhaust air in the underground parking lot.
- The temperature for the air-conditioning is set to above 26 degrees. The system is set to keep the indoor temperature 3-5 C° lower than the outdoor temperature.

Reducing Fuel Consumption in Transportation

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.

Energy Conservation Promotion Activities and Incentives



Held the Mid-Autumn Festival "Lights off for One Hour" activity for 15 consecutive years —

Shin Kong Financial Holding (SKFH) and its subsidiaries have held the Mid-Autumn Festival "Lights off for One Hour" activity for 15 consecutive years, supporting the energy saving and carbon reduction. A total of 28 buildings owned by Shin Kong Financial Holding (SKFH) such as the Shin Kong Life Tower, as well as unnecessary lighting equipment of 104 branches of Shin Kong Bank (SKB) and 47 branches of Master Link Securities (MLS) 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. Besides, we have participated in the international environmental activity "Earth Hour" every year. In addition to turning off the lighting of our own buildings, we also invite people, organizations and business partners to take related photos and videos to focus on environmental issues such as global warming and jointly protect our green planet.



$\widehat{\mathbb{H}}$ Held the "Light Shirt in Summer" campaign to promote energy saving for 15 consecutive years lacksquare

Shin Kong Financial Holding and its subsidiaries continued to respond to the Bureau of Energy's Energy Saving Month series of activities in 2021, jointly carried out the "Light Shirt in Summer" campaign in response to the activity demand for "energy saving is of good" from May to September. Senior executives took the lead to take off their suits and lead all employees to practice the energy saving culture that has been inherited for years. The "Light Shirt in Summer" campaign has been carried out for 15 consecutive years. In response to the new highs of energy consumption for air conditioning in summer, and in order to encourage all employees to take various actions on energy conservation, Shin Kong Financial Holding and its subsidiaries require their employees to wear shirts without ties for male colleagues and short-sleeved uniforms for female colleagues except for formal occasions. The air conditioning temperature of office buildings shall be maintained at the summer temperature of 26 ~ 28°C promoted by the Bureau of Energy, Ministry of Economic Affairs. Employees should close the normally closed safety door to prevent the leakage of cold air and support the environmental protection with concrete actions



Paper Reduction Competition

To encourage employees from all branches to save paper, SKB held the 2021 Bank-wide Paper Consumption Contest and selected the top three to issue incentives according to the saving ratio. A total of 12 branches reduced their consumption by more than 20%. During the competition, compared with the same period of the previous year, a total of 1.36 million sheets of paper were reduced, which was a decrease of 6%.

Reduce Water Consumption

100% of the water sources used by SKFH and its subsidiaries come from the local water plants. Domestic water is only provided for employees and some consumers. The domestic sewage is discharged into sewage systems connected to local cities and does not pose a risk of leakages or pollution entering water sources. Nevertheless, we are strongly committed to reducing waste from water resources, advocating and implementing water conservation actions, and setting a goal in reducing 12% of water consumption by 2025 from the baseline levels in 2019. Recent two yeas although the water consumption at some business locations increased, SKFH and its subsidiaries were able to reduce the total water consumption by 7.2% compared to 2019. In the future, we will further plan more comprehensive water resource management policies to reduce water consumption

Note: 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.

Total Water Consumption (Cubic meter)

Judio motor)
2018
995,712
2019
376,808
2020
363,480
2021

349,461

Reducing Waste Output

SKFH and its subsidiaries provide financial services, and the waste mainly consists of domestic waste produced by employees during their daily operations. We have set up recycling stations in our office building, and we also offer 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 12% in 2025 from levels in 2019. In 2021, SKFH and its subsidiaries reduced waste per capita 0.15 ton by 38% compared to 2019 0.24 ton.

Waste output of Shin Kong Financial Holdings and its subsidiaries

(metric tones)

	2018	2019	2020	2021
Total waste recycled/ reused	431.74	430.35	189.97	331.98
Total waste disposed	3,404.04	3,450.40	2,111.42	2,038.52
Waste incinerated without energy recovery	3,404.04	3,450.40	2.111.42	2,038.52
Waste landfilled	0	0	0	0
Waste with unknown disposal method	0.256	0.24	0.13	0.15

Note 1: From 2017 to 2019, the per capita waste volume of SKL's headquarter (Shin Kong Life Tower) is used to estimate the total waste volume of the SKFH and its subsidiaries (including SKL, SKB, MLS, SKIT and SKPIA); In 2020, SKL's five owned buildings (Shin Kong Life Tower, Nanjing Building, Taichung Fuxing Building, Taichung Huiguo Building, and Chiayi Zhongxing Building) are included to estimate the waste volume of all its bases; SKIT's head office is included to estimate the waste volume of all its bases; the waste volume of SKFH, SKB, MLS, and SKFH are all actual measurements or proportional calculations

Note 2: The information that was publicly disclosed in previous years has been retrospectively adjusted according to the calculation method of the current year.



4-3 Supply Chain Management and Green Procurement

SKFH requires its suppliers to comply with governmental regulations and abide by the code of conduct established by SKFH

4-3-1 Supplier sustainability management

In order to promote sustainable management of suppliers, SKFH and its subsidiaries require suppliers to abide by "Supplier Management Regulations", "Ethical Corporate Management Policy and Best Practice Principles" and "Safety and Health Implementation Guidelines for Contracting Work and Change Management" in their supplier contracts, assume their responsibilities to employees, the society and the environment, and promise never to engage in any dishonest conduct. In addition, the supplier is required to sign "the Confidential Consent for Corporation" and "the Confidential Consent for Individual" when entering into contract to ensure that the confidential information of the Company and the customer is properly used and to reduce the risk of information leakage and infringement of the rights and interests of the customer.

In order to strengthen suppliers' awareness of occupational health and safety, all suppliers participating in our evaluation are required to sign a " Supplier CSR Commitment Letter ", which stipulates that suppliers should "comply with local labor safety and health-related laws and regulations" and "provide occupational health and safety training for employees", Suppliers shall safeguard the health and safety of workers, and respect the rights and human rights of their employees; not to commit forced labor or engage with child labor and should provide a healthy and safe workplace with humane treatment and humane workplace with without discrimination and harassment. In 2021, 100% of the new suppliers of SKFH and its subsidiaries have signed the CSR Commitment Letter.

To assess the potential sustainable risks of suppliers, SKFH and its subsidiaries carried out self-assessment and risk assessment to assess their ESG implementation situation, and investigate whether suppliers had violation of any economic, social or environmental laws and regulations by means of questionnaire, and performed risk evaluation on the basis of questionnaire self-assessment results and external investigation results to classify the suppliers as high risk, medium risk and low risk according to the results. For high risk suppliers, we conduct field audits to examine their performance in various aspects of ESG, and discuss or disseminate with suppliers of the illegal incidents.

In case of major defects or violations of the company's management standards, we not only require the suppliers to make corrections, but also continue to pay attention to how they cope with the subsequent situation, and may dissolve or terminate the contract if necessary. In order to mitigate future risks, we also strengthen our cooperation with suppliers and implement their responsibility for sustainable management. We use the opportunity of regular supplier conferences and on-site audits to conduct sustainable education and training for suppliers. We hold supplier conference every 3 years in principle, and due to the pandemic of Covid-19, the next supplier conference is expected to be held in 2022. In the future, we will continue to promote the supplier management mechanism to fulfill the responsibility of suppliers for sustainable management.



100 %

New suppliers signed the CSR Commitment Letter

In 2021, SKFH and its subsidiaries have completed risk assessment for major suppliers and implemented relevant mitigation and compensation measures. The results are as follows:



high, medium and low levels

In the event of a material breach or violation by the supplier, the contract may be cancelled or terminated if necessary.

the current status of ESG

Supplier management status of SKFH and its subsidiaries in 2021

Consent Forms", etc.

New Main suppliers	Major suppliers that have carried out ESG risk assessment	With potential risk (missing in questionnaire assessment) Risk incurred (where there is a vie		
32	32	Environment type: 2 ^{Note1} Human rights type: 5 ^{Note2}	Environment type: 1 Human rights type: 0	
Percentage of evaluation 100% Percentage of environmental risk: 3.13% Note4 Percentage of human right risk: 0.00%				
	Risk mitiç	gation plans		
* 100% of new suppliers have signed the Commitment Letter improvement situation (if necessary, may disso terminate the contract or claim for damages)				
 Supplier risk assessment has been 100% completed 		• The supplier conference is expected to be held		
 Field audit has been suppliers 	has been completed for high-risk in 2022			

Note1: The potential risks of environmental issues are mainly due to the lack of complete environmental protection measures in the production process and operating environment, such as failure to promote green procurement and failure to save energy and resources.

with qualified suppliers

- Note2: The potential risks of human rights issues are mainly related to workplace safety and health, such as inadequate fire control measures and workplace disasters.
- Note3 Risk incurred means that penalty has been imposed due to violation of environmental laws and regulations and violation of labor laws and regulations, and the penalty contents are mainly related to air pollution and noise pollution.
- Note4: Risk ratio = number of suppliers that have incurred risks / new major suppliers that have undergone risk assessment

4-3-2 Exerting Procurement Influence

SKFH and its subsidiaries give priority to local suppliers when making purchases. We also select products that have environmental protection and energy-saving labels for office supplies or equipment, and prioritizes green building materials for new construction or decoration units. These decisions can improve energy efficiency and reduce the negative impact of the supply chain on the environment. The proportion of green procurement of SKFH and its subsidiaries is 35.17% in 2021 with a 98.59% local procurement ratio. From 2016 to 2021, SKL has been awarded the "Green Procurement Performance Unit for Private Enterprises and Organizations" by the Environmental Protection Administration for six consecutive years.



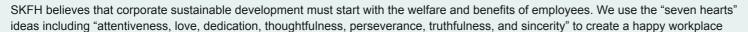
The proportion of green procurement



98.59 %

Local procurement ratio

05 EMPLOYEE HAPPINESS







Implemented Employee Stock Ownership Trust



Improve maternity leave and paternity leave benefits that are better than stipulated

- **5-1** Employee Equality and Inclusiveness
- **5-2** Talent Attraction and Retention
- **5-3** Career Development
- **5-4** Happy and Friendly Workplace



The retention rate of key talents reached 95.9%, which exceeds the target of 90%



Employee Engagement Survey was 73%, and the data coverage was 95%











Unit: persons

5-1 Employee Equality and Inclusiveness



SKFH provides an equal and inclusive workplace. We recruit employees and determine remuneration in the principles of equality between male and female and equal pay for equal work, and we don't treat employees differently depending on their race/ethnicity, place of birth, gender, age, sexual orientation, physical condition, religion, political stance, marital status, and trade union stance. And, we attach importance to human rights, observe the international conventions on human rights, and strictly comply with "Labor Standards Act", "Employment Service Act", "Gender Equality in Employment Act" and other governmental labor laws to respect and protect the rights of employees.

5-1-1 Employee status

SKFH's operation is mainly based in Taiwan, so our employees are mainly composed of the local employees in Taiwan, and all of our senior executives are Taiwanese. In 2021, there were 16,139 full-time employees and 4,176 unofficial employees, totaling 20,315 employees. We duly comply with the labor laws and regulations of Taiwan, and also recruit foreigners legally, in order to improve the competitiveness and diversity of talents. In 2021, we employed a total of 39 foreigners, mainly from 5 countries including Hong Kong and Myanmar, accounting for about 0.2% of all employees.

Analysis on Employee's Region/ Nationality in 2021

					·
	Taiwan	Overseas	Taiwanese	Foreign national	Total
Female					
Full-time employees	10,984	20	10,992	12	11,004
Unofficial employees Commission only sales representatives	3,514	0	3,514	0	3,514
Unofficial employees Others	82	0	82	0	82
Subtotal	14,580	20	14,588	12	14,600
Male					
Full-time employees	5,094	41	5,108	27	5,135
Unofficial employees Commission only sales representatives	549	0	549	0	549
Unofficial employees Others	31	0	31	0	31
Subtotal	5,674	41	5,688	27	5,715
Total	20,254	61	20,276	39	20,315

Note 1: Official employees are full-time employees. In addition to commission-only sales representatives, unofficial employees include temporary workers, contractor personnel, part-time employees, student workers, and interns.

Note 2: Foreign employees are all office staff, which are mainly from Hong Kong accounting for the largest proportion of 0.14%, followed by Myanmar, China, Malaysia, Vietnam, accounting for 0.01% respectively.(Please refer to Appendix 7.1.6 for the detailed Employee's Nationality in 2021)

Analysis on full-time Employee's Gender and Level in 2021

Unit: persons

	Senior- level managers	Mid- level managers	Junior- level managers	General employees	Proportion of each age group
Female					
< 30	0	0	52	1,382	8.9 %
30-50	24	78	653	4,772	34.2 %
> 50	43	57	624	3,319	25.1 %
Male					
< 30	0	0	85	991	6.7 %
30-50	56	119	506	2,148	17.5 %
> 50	153	129	188	760	7.6 %
Total	276	383	2,108	13,372	100 %
Proportion of each category					
Female	0.4 %	0.8 %	8.2 %	58.7 %	68.2 %
Male	1.3 %	1.5 %	4.8 %	24.2 %	31.8 %

Note: Senior-level managers are the heads of departments and above; mid-level managers include course directors and the managers of regional sales divisions; junior-level managers include section supervisors, project managers, the managers of Sales Divisions, and the managers of the Sales Offices.

5-1-2 Diverse and Equal Employment Opportunities

SKFH is committed to creating an equal and diverse working environment. New employees are recruited through public recruitment information depending on its demands for labors. Recruitment, remuneration and benefits are not dependent on gender, race/ ethnicity, physical condition and other conditions. By employing different ethnic groups, we can obtain more diverse perspectives and insights to bring more innovation and vitality for the enterprise.

Ethnic Diversity

We respect the employment and working rights and interests of indigenous people and the people with disabilities. In 2021, we employed 185 employees with disabilities, with 32 persons over-employed and an over-employment rate of approximately 21%, and 171 indigenous residents, with 64 persons over-employed and an over-employment rate of about 60%. Disabled and indigenous employees accounted for 2.2% of the full-time employees. In addition, SKL established the "Regulations for Incentives for Increased Recruitment of Indigenous Employees" to provide employment opportunities and benefits for indigenous people. Furthermore, they are provided with an additional special leave and subsidies for returning home for annual festivals. In 2021, NT\$246 thousand of subsidies were provided to 41 people in total, and NT\$12 million of employment award was issued to the indigenous people.

Percentage of Employees from Disadvantaged Groups in the Past Three Years

	2019	2020	2021
Percentage of employees with disabilities among Full-time employees	1.2 %	1.2 %	1.2 %
Percentage of over-employment of employees with disabilities	17.1 %	27.6 %	20.8 %
Percentage of indigenous employees among full-time employees	1.0 %	1.0 %	1.1 %
Percentage of over-employment of indigenous employees	46.4 %	49.5 %	59.8 %
Employment Incentives for indigenous employees	9.53 million	10.15 million	12 million

Gender equality

SKFH implements gender equality, pays attention to female employees' ability and leadership. We not only have equal pay for equal work based on salary policy, but also provide female employees with a smooth promotion channel, allowing them to realize their potential. In 2021, females accounted for 71.9% of all employees and among them, females in science, information, engineering, and mathematics (STEM) related fields accounted for 41.1%, and females in management positions accounted for 55.3%. We aim at increasing the proportion of female senior-level managers year by year, with the target to reach 30% of the proportion of female senior-level managers by 2025.

Analysis on Female Employees in the Past Three Years

	2019	2020	2021
Female employees	72.5 %	72.1 %	71.9 %
Females in management positions	45.1 %	55.9 %	55.3 %
Females in junior management positions	56.8 %	64.1 %	63.0 %
Females in senior management positions	21.9 %	24.5 %	24.2 %
Female managers in revenue generation departments	62.5 %	60.6 %	59.6 %
Females in STEM departments	40.0 %	39.4%	41.1 %

Note 1: Senior managers positions include the heads of departments and above.

Note 2: STEM includes information technology, actuarial statistics, data analysis and other related departments

Proportion of Remuneration of Males and Females in 2021

	Senior-level managers	Managers level	Non-managers
Proportion of Fixed Remuneration(Female/Male)	97 %	84 %	87 %
Proportion of Fixed Remuneration + Variable Remuneration (Female/Male)	107 %	98 %	88 %

Note 1: Senior-level managers include the heads of departments and above Note 2: Only office staff is included for SKL, since insurance agents' remuneration varies with their business performance and is not related to gender. Note 3: Fixed salary is the fixed monthly salary (including monthly base salary/meal allowance / appointed management position) in 2021, and fixed salary + variable salary is the fixed salary plus various bonuses/allowances/overtime for the whole year.



5-1-3 Human Rights Protection

To protect the basic human rights of employees, SKFH complies with the "Universal Declaration of Human Rights", the "UN Guiding Principles on Business & Human Rights", the "UN Global Compact", the "ILO Declaration on Fundamental Principles and Rights at Work", and abide by local laws and regulations in Taiwan in order to create a working environment that values personal dignity and value. SKFH has formulated the "Shin Kong Financial Holding Co., Ltd. Human Rights Statement" in order to fulfill its corporate social responsibilities and protect the basic human rights of all employees, customers, suppliers, and stakeholders.

In 2021, SKFH and its subsidiaries held a total of 104 human rights-related education training sessions, including training for human rights statement, business secrets and whistleblower protection, consumer protection, prevention of sexual harassment at the workplace, protection of CRPD (The Convention on the Rights of Persons with Disabilities) disabled people's rights and interests, workplace stress adjustment and emotional management, prevention of workplace violence, etc. for more than 98 thousand trainees. All employees have completed education and training related to legal compliance and human rights statement.

2019

Course object All employees

Number of trainees 32,474

Completion rate 100%

Course Content

- Educational Training on Human Rights Policy, Anti-Corruption and Corporate Ethical Management, Corporate Trade Secrets and Whistleblower Protection
- · Code of Ethical Conduct and Employee's Code of Conduct
- · Training on Workplace Sexual Harassment Prevention
- Training on Financial Consumer Protection Law and Fair Hospitality Principles
- · Other Educational Training on Human right

2020

Course object All employees

Number of trainees 31,908

Completion rate 100%

Course Content

- Educational Training on Human Rights Policy, Anti-Corruption and Corporate Ethical Management, Corporate Trade Secrets and Whistleblower Protection
- · Code of Ethical Conduct and Employee's Code of Conduct
- · Training on Workplace Sexual Harassment Prevention
- · Financial Consumer Protection Law and Fair Hospitality Principles
- \cdot Training on CRPD Protection of the Rights of People with Disabilities
- · Other Educational Training on Human right

Education and Training



Number of trainees



Course object

All employees

Number of trainees
98.087

Completion rate 100%

Course Content

- Training on human rights commitment, anti-discrimination, anti-harassment and workplace violence
- · Occupational health and safety education and training
- Regulations Governing Whistleblowing from Internal and External Parties
- · Financial Consumer Protection
- Training on Information Security and Personal Information Protection
- Training on CRPD Protection of the Rights of People with Disabilities
- · Other Educational Training on Human right

actual incidents.

Human Rights Due Diligence

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 Statement and established the Human Rights Due Diligence Procedures Process. Through the internal and external communication channels and under the development trends of the domestic and overseas human rights issues, we collect the potential human rights issues in the operating process, value chain activities and even the new business development relationships, assess the high and low possibilities of various issues with the relevant units, the severity of the impact on the value chain and the stakeholders who may be impacted (such as all employees, customers, suppliers, investing and lending subjects, etc.).

For the human rights issues with higher probability of occurrence and more severe impact on the organization, SKFH shall assign the relevant business units to conduct regular risk assessments, formulate mitigation plans and remediation actions to manage and reduce the identified risks and have proper responses when the risk occur. SKFH shall regularly review and amend the current human rights policy and strategies to meet regulations and prevail moral standards of the society. SKFH shall annually investigate and verify the effectiveness of the execution, compile results into the Human Rights Due Diligence Report for public disclosure.

Human Rights Due Diligence Process



the assessments.

and sequences the risks.

2021 Human right risk matrix diagram



In 2021, in compliance with the human rights due diligence process, SKFH and its subsidiaries jointly conducted risk assessments for those who may be affected in the course of operations, including employees, suppliers, customers, and other stakeholders. Four major human rights issues, including "labor-management relations", "forced Labor", "privacy protection", and "occupational health and safety" have been identified by the assessment. At the same time, we also conducted ESG audits of our investing and lending subjects as well as joint ventures to assess whether there were potential human rights risks. For high-risk groups, the Company and subsidiaries established related management and mitigation plans for implementation. In 2021, SKFH and its subsidiaries have all performed the implementation management and mitigation plans and taken the relevant actions and compensations in response to the





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Human Rights Due Diligence Survey Table

Risk Issues / Risk Ratio	Mitigation plans	Remediation Actions / Implementation ratio of the mitigation plans
Employees		
Labor- management Relations	 Comply with labor laws and regulations, and clearly set out in work rules and personnel regulations. Provide diversified and smooth channels to properly communicate with the employees. 	 Provide compensation according to the mediation plan. Improve the internal promotion mechanism.
0.01 %	 Hold labor-management meetings on a regular basis and add a "Salesman's Opinion Mailbox". Regularly organize courses on the labor regulations to help the employees understand their labor rights and help managers establish appropriate management methods 	100 % (Please refer to 5.1.4 Diverse Communication Channels for details)
Forced Labor	 Formulate the normal working hours in work rules and personnel regulations. The attendance management system checks the attendance records every week and reviews abnormal working hours. Inspect every department's working overtime status 	Provide the overtime pay or overtime compensatory leave. Employees can choose the compensation method for their overtime. Unconsumed annual leaves can
3.76%	 monthly. Take care of those who work overtime exceeds 40 hours in that month. Provide a leave system and a leave prearrangement mechanism, and regularly review the use of annual leave by employees. 	100 % (Please refer to 5.4.1 Complete Benefits System for details)
Occupational Health and Safety	 Implement regularly health examinations for the employees. Establish a management mechanism and provide corresponding health services and tracking management for high health risk and sub-health risk groups. Implement regularly investigations of the abnormal workload-induced diseases, and check the status of employees' "personal-related overwork" and "work-related overwork". Introduce ISO 45001 Occupational Health and Safety Management System 	 High-risk health management case are prompted by health managers to seek active medical treatment is avoid the deterioration of disease Organize the health promotion activities for the sub-health groups to improve the health of employees Provide on-site medical consultation service, health and disease prevention consultation for employees. Arrange professional doctor interviews and health counseling for the high-risk employees.
4.23%		100 % (Please refer to 5.4.2 for details)

Risk Issues / Risk Ratio	Mitigation plans	Remediation Actions / Implementation ratio of the mitigation plans
Female Em	ployees	<u> </u>
Occupational Health and Safety- Maternity Protection	flexible working hours and leave without pay that are superior than the statutory requirement. Set up Pregnancy Gift, Mother Gift, and Parenting Gift to increase the number of protected female employees to apply for inclusion in the protection and care targets. Perform the maternal risk identification of	 Provide follow-up care for female employees during pregnancy and after childbirth. For those who are pregnant, within one year after delivery and those who continue breastfeeding one year after childbirth, the health manager will provide telephone health care and arrange professional doctors to conduct face-to-face on-site services based on their needs. Provide high-quality breastfeeding rooms and
0.57%	the operating environment and operating process to ensure that control measures are available for the response to the main	childbirth (child raising) subsidies 100 %
	risk sources.	(Please refer to 5.4.1 Complete Benefits System for details)
Suppliers		
Labor Relations Privacy Protection Occupational Health and Safety	Establish "Supplier Management Standards"Require new suppliers to sign a "Supplier CSR Commitment Letter", promising to abide by the corporate ethics, protect the rights and interests of employees, and protect the local community environment. Require new suppliers to sign the "Confidentiality Consent Form for Corporation" and "Confidentiality Consent Form for Individual" to ensure the confidential information of the Company and customers is properly used and not leaked.	 Conduct on-site audits of medium and high risks suppliers to understand the actual labor rights situation and pay attention to their follow-up processing. Where a supplier violates the Management Regulations, it shall be requested to implement corrections; where necessary, the contract may be cancelled or terminated. It is stated in the contract that if there is a breach of confidentiality agreement, the supplier shall be responsible for compensation for the damage.
3.3%	 Distribute the CSR Risk Assessment Self-assessment Questionnaires (including risk assessment of human rights issues) to assess whether suppliers have human rights issues. Organize the supplier conferences and conduct the sustainability education and training for suppliers. The "Regulations on Contractor Work, Safety and Health Management" to manage contractor operations and safety. 	100% of new suppliers have signed the Supplier CSR Commitment Letter (Please refer to 4.3.1 for details)





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Risk Issues / Risk Ratio	Mitigation plans	Remediation Actions / Implementation ratio of the mitigation plans
Customers		
Privacy Protection	 Establish policies such as "Privacy Policy", "Personal Information Management Policy", and "Joint Marketing Management Regulations among Subsidiaries" to establish a comprehensive personal information confidentiality mechanism, defense line and management process. Sign the "Joint Declaration on Confidentiality of Customer Information of SKFH and its Subsidiaries" and the "Agreement on Confidentiality of Customer Information of SKFH and its Subsidiaries" to clearly define the responsibilities and obligations of SKFH and its subsidiaries. Incorporate the protection of personal information into the risk management system and the assessment of compliance with laws and regulations. Establish the "Personal Information Protection Management Executive Team" to plan and promote personal information protection matters. Organize training and legal tests for personal information protection. Introduce ISO27001 Information Security Management System, ISO10002 Customer Complaint Management System. 	 Notification and contingency measures in accordance with the personal information infringement notification process. Cease the access to company information to those who violate the provisions, and they shall be punished and prosecuted for legal liabilities according to HR rules according to the seriousness of their circumstances. Improve and review through education, training, and performance management. Strengthen the control mechanism of customer list and enhance the awareness of personal information protection of employees. 100% of employees have fully completed the training and legal tests related to personal information protection. (Please refer to 3.2.3 for details)

Risk Issues / Risk Ratio	Mitigation plans	Remediation Actions / Implementation ratio of the mitigation plans
Investment	and financing objects	[ese] ဂ∏ဂ
ESG Evaluations on Corporate Customers	 Formulate the "SKFH Sustainable Finance Policy", and incorporate ESG issues into its three major businesses investment, financing and life insurance. Subsidiaries have signed the "Stewardship Principles for Institutional Investors" compliance statement. Incorporate ESG issues into the investment analysis and decision making process, and check whether the investment and financing subjects breach the principles of environmental, social (including labor human rights) and corporate governance, so as to assess whether the subject is exposed to human rights risks. Invested companies can contribute to ESG or SDGs will be listed in priority in terms of investment or financing. Evaluate whether customers comply with the Equator Principles during credit investigation. The regulations relating to the Equator Principles are added into the Credit Business Manual, while tracking management operations are handled to maintain a good quality of subject assets. 	 After ESG risk evaluation, new transaction may be declined for the industries listed in the exclusion with potentially controversial issues until their improvement or remediation actions have been approved. Continue to monitor whether there are any significant ESG issues that occurred to invested companies. Communicate with the invested companies that have experienced significant ESG incidents, and track the improvements progress, and adjust the strategies for the transactions with the counterparties if necessary. Participate in the shareholders' meeting of the invested companies. Vote against the proposals that could adversely affect the governance, environment or society (including human rights violations). Adjust the credit line utilization and liquidation conditions of the creditor according to the seriousness of its abnormal situation. 100% completion of evaluation on the investment subject (Please refer to 3.5.1 - 3.5.4 for details)

Green Actions

Anti-Discrimination and Harassment

SKFH protects the employees' freedom of association, the right to collective bargaining, and creates workplace equality and inclusiveness. SKFH has a "Statement on Prohibition of Discrimination, Harassment and Violence in the Workplace" to ensure that all employees anti-discrimination and harassment related to gender, sexual orientation, race, age, marital status, nationality, ethnicity and other conditions in the working environment. We also strive to maintain the labor dignity and privacy of all employees and against discrimination, (sexual) harassment, etc., against employees by gender or other discrimination, harassment or violence to be suffered by them.

SKFH filed no cases of discrimination and, as specified in the Labor Standards Act, we never hire child labor, and there were no forced or compulsory labor incidents in 2021. 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.



Prevention of Workplace Harassment and Discrimination

SKFH has a zero-tolerance attitude towards workplace harassment and discrimination. In addition to stipulating in the employee code of conduct that any form of harassment (including sexual harassment) and discrimination shall be prohibited. The major subsidiaries have also formulated the regulations such as the "Prevention Plan for Workplace violence in the Performance of Duties" and the "Rules for Prevention, Complaint, and Punishment against Sexual Harassment", to protect the rights and interests of employees. At the same time, we publicized the "Statement on the Prohibition of Discrimination, Harassment and Workplace Violence in the Workplace" signed by the president to our employees in written and electronic announcements, and reiterated the importance of workplace equality and the elimination of discrimination, harassment and other workplace violence.

In order to reduce the possibility of risk occurrence, we regularly conduct self-inspection of workplace violence behaviors in the workplace to the management and also sexual harassment and workplace violence prevention training for all employees, to ensure that employees understand the types of workplace violence and corresponding countermeasures. All employees of SKFH and its subsidiaries have completed 100% of relevant education and training of human right in 2021. As specified in the Labor Standards Act, we never hire child labor, and there were no forced or compulsory labor incidents. 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.

The Company provide special complaint channels (including complaint hotlines and complaint mailboxes), and set up a sexual harassment complaint handling committee and a workplace violence handling team to immediately start the notification and investigation procedure once there is an actual complaint case. If it is proven true after investigation, the company will punish according to the personnel regulations and provide necessary assistance and remedial measures to the complainant, including system adjustments, psychological counseling and material compensation. If it is proved to be falsely accused, the company will also punish or deal with the complainant appropriately, so as to mitigate and eliminate the improper influence and protect the basic rights and interests of employees. In 2021, SKFH and its subsidiaries received one complaints of sexual harassment. The relevant disciplinary offenders were punished in accordance with personnel regulations, and the complainant was provided with the necessary assistance and remedial measures.

Upon receipt of a complaint of workplace violence, we set up a special investigation team to investigate the incident through a tripartite process (complainant, counterpart, and relater) to determine whether the case was substantiated. The internal counseling psychologists were invited to provide professional evaluation suggestions for the illegal infringement handling group during handling.

For those who violate the principle of prohibition of workplace violence, the Company has imposed penalties according to the investigation results and personnel regulations and later assist them in adjusting their service units according to the needs of the complainants. In order to speed up the investigation time after the incident, we have also made subsequent adjustments to the system, Including discussions and announcements of the "Rules and Procedures for Complaint and Disciplinary Action against Workplace Violence in the Performance of Duty" and set up a special investigation team in the hope of speeding up the process of considering the relevant cases. In addition, we have strengthened the knowledge of labor laws and workplace management among employees and business units through internal promotion.

Discrimination and (sexual) harassment complaints in the past three years

	2019	2020	2021
Discrimination Cases	0	0	0
Harassment Cases	0	0	0
Cases on Sexual Harassment	2	0	1
Cases on Workplace Violence	0	1	6





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5-1-4 Diverse Communication Channels

SKFH encourages employees to express their ideas and provides diverse labor communication channels, so that employees' personal opinions can be adequately supported and understood. These channels include: employee communication mailboxes, employee complaint mailboxes, employee discussion forums, labor-management meetings, and regular employee opinion surveys (such as sexual harassment, privacy protection, etc.) to enhance employees' sense of identity and cohesion with the company. In addition, SKFH and its subsidiaries hold labor-management meetings every quarter to fully communicate about important labor-management issues and implement the issues accordingly.

Employee communication channels



Complaint channels

- Employee complaint mailbox
- Sexual Harassment Complaint Hotline and Mailbox



Labor-management meeting

The whistleblowing channel

- Independent director mailbox
- · Internal Audit Mailbox



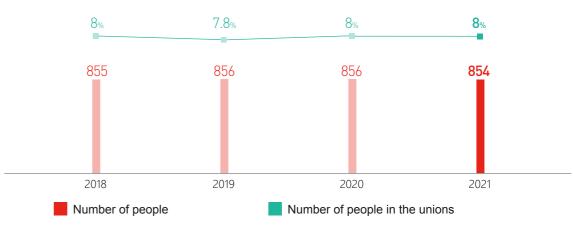
Employee Suggestion Mailbox

Major Practices in 2021

- Through the "Human Resources e-Newsletter", we regularly publicize employee complaint channels.
- Information on employee communication, complaints, and whistleblowing channels are disclosed in the stakeholder area of the official website as well as the company's internal website, where the information is regularly updated and maintained.
- Announcements are made before the quarterly labor-management meeting, which provides a channel for employees to express their opinions and make proposals.

Freedom of association

SKL values to the communication between labor unions, and encourages employees to join and protects their freedom of association. Employees have established labor unions in Taipei City, New Taipei City, Hsinchu City, Nantou County, Yunlin County, Kaohsiung City and other regions. Held a labor-management meeting quarterly 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.

5-2 Talent recruitment 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.

5-2-1 Talent Attraction and Retention

SKFH is proactively recruiting young generations to join in the team of digital transformation. In addition to our demands for the talents with a financial industry background, we also extended our recruitment to a diverse range of talents from digital information, digital marketing, digital products R&D, actuarial statistics, underwriting and claim settlement, financial engineering, and customer group analysis for them to join in our big family. In 2021, we recruited 833 office staff in total (including 15 foreigner employees), among which, female accounted for 50.7%, and managers accounted for 8%, with an average recruitment cost per person of about NT\$17,910. (Please refer to Appendix 7.1.2-7.1.3 for the analysis on and statistics of the employment and employment separation of new employees)

SKFH is expected to recruit 4,000 talents more or less in 2022. SKFH and its subsidiaries are expected to recruit 3,000+ sales elites, financial and securities salespersons, and 100 FinTech and marketing talents, as well as train 50 sales executive managers and management associates, and more than 300 professional office employees. In addition, we will also train 100 sales management trainee and MA (Management Associate) management elites, and offer them good remuneration and benefits based on their positions and performance, encouraging talents from various fields to bring the new situation to SKFH.



Note: Proportion of new employees of each company (%) = number of new employees of each company / total number of full-time employees of each company

Discover Campus Activities and Support the New Generation Connect with the Work-

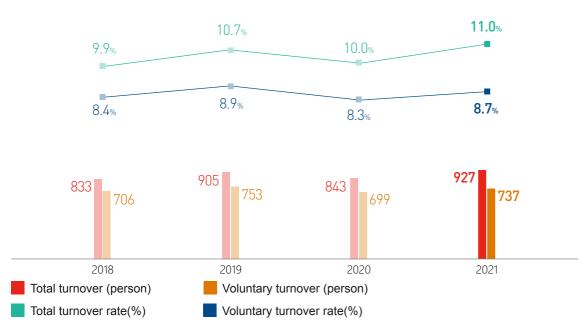
To help young students to make preparation for work in advance, find employment and develop their professional abilities, SKFH's subsidiaries provide various industry-university internship programs and establish a talent pool to recruit outstanding talents to join the SKFH family and become Shin Kong's new force after graduation.

SKL	SKB	MLS
SKL continued to organize corporate internship programs, summer internship programs, practical insurance courses, and enterprise visits etc. for students in 2021. We use a diverse range of courses and exciting activities to share knowledge and experience and help students to understand themselves and plan their future. So far, we have completed industry-university cooperation with more than 133 departments from colleges and universities. In 2021, SKL recruited 1 summer intern, 11 industry-university interns, and 13 information interns in total, among whom 5 information interns took office in SKL after graduation.	In 2021, in addition to the existing deposit and remittance intern projects and information intern projects, SKB also held the customer service intern recruitment project for the first time so that there can be more diversified choices for the students. SKB continues to cultivate the students' professional skills and also provides students with more choices in order help students better understand their own aspirations. 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. In 2021, SKB recruited 4 information interns, 6 customer service interns, 30 deposit and remittance interns, among whom 21 deposit and remittance interns joined SKB after graduation.	MLS continues to implement internship programs to provide the positions in, including, 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 participated in the "Public Interest Program for College Students' Financial Career" organized by Taiwan Depository & Clearing Corporation and the Securities & Futures Institute in 2021. The Company provided openings on the Securities & Futures Institute's matchmaking system website. We also held the "2021 MasterLink Cup Potential Stock Identification Contest" and the "2021 MasterLink Cup Program Trading Competition" to evaluate and select the potential talents both at home and abroad, so as to increase the opportunities for industry-university cooperation. In 2021, MLS recruited 2 summer interns.

5-2-2 Talent Retention and Performance Management

In addition to recruiting outstanding talents actively, SKFH also pays attention to talent retention. We provide fair and competitive remuneration and benefits, implement performance management system, and formulate long-term incentive measures and reward plans to improve employee's engagement and cohesion. Our goal is to maintain over 90% of retention rate of key talents by 2025, and we actually achieved 95.9% in 2021. In terms of the turn over rate, it was 11.0% in 2021. (Please refer to Appendix 7.1.3 for the detailed turnover analysis)

Statistics of Turnover Rate in the Past Four Years



Note 1: Voluntary turnover excludes retirement

Note 2: Due to the different nature of sales business, the above table excludes insurance agents.

Note 3: If the number of Note 2 personnel is considered, the number of turnovers in 2021 was 2,860, representing a turnover rate of 17.7%.

Reasonable Remuneration

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 yearly. The adjustment shall be submitted to the Chairman for approval.

SKFH and its subsidiaries provide professional and technical incentive allowances and bonuses have provided to motivate employees to improving their professional skills. In addition, we are also one of the few companies in the industry to provide basic salaries for the sales personnel. Before the official appointment, a monthly allowance of NT\$4,800 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.

The number of SKFH's full-time non-management employees, the average salary of full-time non-management employees in 2021, and the difference of the two statistics compared to the previous year are as follows:

	Number of full-time non-managerial employees (persons)	Average salary of full-time non-managerial employees (NT\$ thousands)	Median salary of full-time non-managerial employees(NT\$ thousands)
2020	7,969	1,077	892
2021	7,989	1,198	1,017
Difference	20	121	125

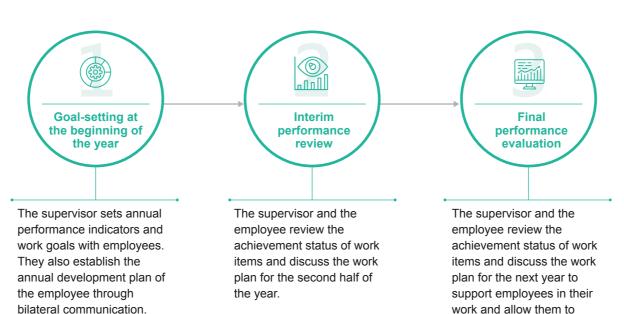
Note: Insurance agents of SKL are excluded from the statistics for 2021 because they are part-time workers as stated in the contracts.

learn and grow.

Performance Management System

SKFH introduced the "Management by Objective (MBO)" system, 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. Performance management is not only aimed at checking that whether employees have achieved the goals set at the beginning, but the way they achieved the goals, so we include function evaluation in the performance evaluation to measure the behaviors of employees at work. And, in order to implement the policy of different rewards and remuneration for different talents. and to strive to maximize the benefits to be brought by administration of the company's overall human resources and development of resources utilization, we, after collecting performance evaluation results, displayed the annual performance of the employees at various "job levels" and ranked their contributions to the organization, and took annual performance evaluation results as the important basis for determination of key talents, adjustment to remuneration, distribution of performance awards and other HR-related decisions. In 2021, except for the persons taking extended leave, all employees of SKFH have accepted the performance reviews, with the view to continuously improve employees' individual performance at work and the company's overall business performance, so as to assist the employees and the company to grow together.

Performance Communication



In addition, we also conduct regular multi-dimensional evaluation (including supervisor, subordinate, colleague, customers and self-rating, etc.) to evaluate employees' performance, leadership potential and supervisor's leadership performance, so that their supervisors can help them develop and improve in the future and enhance team performance, as well as be served as reference for career development.

Long-term incentive measures

In order to motivate employees and improve their cohesion, we have formulated a plan of cash capital increase for acquisition by employees to allow participating employees to share the company's operating performance results. And, we incorporate sustainable performance indicators in the company's operating KPIs and track them regularly. We hope to improve the performance of corporate governance, talent retention, environmental management, and social participation, through the process of motivating employees to achieve KPIs, to further improve the evaluation on the company by external stakeholders. In addition, we also set up an employee stock ownership trust in 2021, in order to improve employees' benefits and corporate sustainable business, help employees to save and accumulate wealth to ensure a stable life. and keep employee's cohesion to improve comprehensive operating efficiency and enhance shareholder's rights and interests. The company encourages employees to invest fixed amount in the company's stocks on a regular basis for long term, through 100% relative allocation, to share operating results and value growth.





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Employee Happiness

Commendation to excellent employees

SKFH has established rules for various rewards. We granted a total of 442 merits and distributed NT\$2,049,184 in bonuses to employees in 2021. SKL selects excellent office and sales personnel and publicly praises them yearly in accordance with the "Personal Insurance Outstanding Employee Reward Regulations". In 2021, 10 office staff and 27 sales personnel were selected as outstanding employees and presented with medals and gifts from the President and top-level managers. Shin Kong Bank organized the 10th "Best Service Expert" selection campaign. 36,439 customers elected 104 branch representatives, and department managers of the head office selected 30 outstanding representatives. With the participation of SKB fanpage likes, posts, and sharing, and the final interview with the Vice President, the top ten best Service Experts were elected by votes.

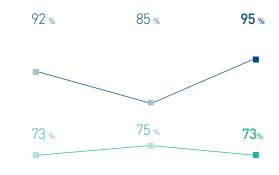
Employee Engagement Survey

To fully understand each employee's views on the company and work-related matters, SKFH commissioned third party to conduct employee engagement survey since 2016 to understand employees' recognition of the company and their suggestions. The survey was conducted anonymously, in order to improve employee's willingness to complete the survey and ensure that employees can express their opinions faithfully. We complete the engagement survey of all employees every two years. 2021-2022, we completed an engagement survey of all employees at SKFH and its subsidiaries, the response rate of the survey during the period is 95%, and the overall engagement is 73%. And meetings were held subsequently to develop improvement plans for the management team to use as the basis for continuous improvement and to maintain the sense of cohesion and recognition among employees for the company.

To enhance the health and well-being of employees, SKL conducts monthly reviews of overtime work in each department to help avoid abnormal conditions such as uneven work and regular overtime work. In addition, to enhance the recognition of salary and benefits, SKL intends to fix the annual salary adjustment cycle and maintain a stable, market-competitive performance bonus base.

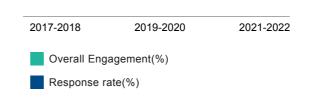
In response to the current situation that there is still room to improve the adaptability of salesperson's wealth management and diversified business transformation, MLS uses CPAS (Career Personality Aptitude System) to reconstruct suitable talents and focus on key functions to create clear specifications for subsequent recruitment and cultivation of high-potential salespersons, strengthen the plasticity of organizational talent growth, and assist in sustainable development.

Trend of Employee Engagement



Analysis on Employee Engagement in 2021 to 2022

Gende Gender		
Male	75 %	
Female	71 %	
Age Group		
< 30	69 %	
30-50	71 %	
> 50	78 %	
Management Level		
Junior-level	77 %	
Mid-level	75 %	
Senior-level	79%	







To improve the company's overall competitiveness, SKFH promotes a full range of talent development plans, and designs complete training courses for new employees, professionals, management and other objects. We implement five major training principles and plans based on the training and development demands of various levels of personnel, and track their investment and effectiveness. In addition, we adopt internal rotation and establish different level of leadership to effectively assists employees in exploring career development paths, so as to achieve the goals of improving the talents pool and sustainable business.

5-3-1 Major Training Strategic Principles and Plans

SKFH regards employees as its important assets, and 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. We provide five major principles for training: "improvement of trainings for new employees", "improvement of professional functions", "cultivation of digital talents", " encourage self-directed learning and innovation", and "learning of successful experience", and design related training programs, with the training contents closely associated with the medium- and long-term strategic goals for business management, with a view to improve corporate management efficiency.

Improvement of Trainings for New Employees

SKFH attaches great importance to the cultivation of new employees and established comprehensive talent development plans for new office personnel and new sales personnel to help new recruits to integrate into the new environment and get familiar with businesses. Contents of the courses include understanding the company, products and businesses, financial regulations, organization systems, human rights and information security regulations, and friendly financial service measures, etc. In addition, we have a complete navigator system, with dedicated counselors leading new employees, which can help them to integrate into the team quickly and pass adaptation period smoothly.

Improvement Of Professional Functions

SKFH builds a key talent pool through modular and systematic management mechanisms, plans various physical and digital courses that meet the needs of employees in different roles and provides other practical training to enhance employee competency. We plan a Learning Road Map based on the role of each employee for the sales and banking business systems, which can improve their "core competencies, professional competencies, and management competencies" Courses are then planned accordingly to help employees learn the skills they need for work in separate stages. Employees may understand the professional abilities and corresponding training plans required for their positions, and their supervisors can also grasp the learning status of employees, through the Learning Road Map. And, we also provide training opportunities both at home and abroad to increase the opportunities for employees to communicate with the external, broaden their horizons, and effectively improve their professional abilities.

Learning Map for Office Personnel



Core Competencies

- Training for new employees
- · Internal instructor training
- · Customer service
- Work managementDigital finance



Professional Competencies

- Training for deposits and remittance functions
- Training for consumer finance functions
- Training for corporate finance functions
- Training for wealth management functions



Management Competencies

- Training for senior executive competencies
- Training for management associates
- Training for junior-level managers
- · Training for new managers

Liberal Education

legal compliance, internal audit and internal control, anti-money laundering and counter terrorism financing, consumer protection, personal data protection, information security, labor safety and health, gender equality and sexual harassment prevention, etc.)

Proprietary training, domestic training, digital learning, overseas training, group talent exchange programs, etc.

General Employees

Junior-level managers

Mid-level managers

Senior-level managers

Business Learning Map

Trainings for the Employees at Different Levels



Sales Representatives

Super Warriors

Training in the first year

AA4 Intensive Marketing Class - 2 days

AA3 Senior Marketing Class - 2 days

AA2 Intermediate
Marketing Class - 2 days

AA1 Elementary Marketing Class - 2 days

ABS New Recruits
Guidance - 3 months

ABT Basic Training for Sales Representative -12 days

Training in the second year

AA6 Advanced Financial Management and Planning Class - 2 days

AA5 Basic Financial Management and Planning Class - 2 days



Sales Managers

Good coashes

Training in the first year

SA4 Motivation Class for Sales Manager's Team -2 days

SA3 Recruitment Skills Class for Sales Manager's - 2 days

SA2 Supervision Ability Class for Sales Manager's- 2 days

SA1 PRS Performance Management Class for Sales Manager's -2 days

NS1/NS2 New Promotion Class - 4 days

__ On-the-job Training



Efficiency Management

Sales Office

Supervisors

Training in the first year

MA3 Leadership Motivation Class - 2 days

MA2 Practical Workshop 2 days

MA1 Team Management Class - 2 days

NMT New Promotion Class - 2 days The thematic courses of the four major schools of Insurance University (Marketing/Finance/Oper ation/Digital)

License courses, annual on-the-job training, and legal compliance education and trainings

Elite cultivation

Online morning education

Training and practice integrated

completion of courses
+
passing test/quiz

Completion of training

Cultivation Of Digital Talents

SKFH internalizes the digital DNA into the corporate culture, establishes the common language of as-one-team, and shapes Shin Kong's unique thinking regarding digital transformation. We selected digital talents through our subsidiaries to join in the talent cultivation program "SPARK" of SKFH. Through the internal AI Hackathon Competition, the four themes of risk detection, biometric identification, marketing technology (MarTech), and intelligent investment are combined with practical applications to explore innovative business models, and cultivate the seeds for digital transformation plan. We provide digital technology courses, personal professional and leadership training, etc., to improve employees' knowledge and understanding of digital finance. In addition, SPARK seminars and 3 digital capability developmental programs were held to cultivate the employees' abilities to think across different digital disciplinary and encourage employees to improve their digital literacy.

In order to use digital technology to improve the work process, SKFH has introduced AI, RPA, API and other applications into smart services, process optimization, new business development, etc., and achieved relevant results. The specific results are as follows:

From the introduction of robotic process automation and RPA tools to various financial control departments, statistics show that the overall manual operation time has been reduced by 72%, and the average automation ratio has reached 81%. A total of >100 RPAs were introduced in subsidiaries such as SKL, SKB, and MLS, saving 15,942 hours/year. The proportion of customer service/legal compliance/product process increased from 25% to 70%, and the customers' experience in product application was optimized through process automation.

Subsidiaries under SKFH actively developed the financial ecosystem, with 131 external application programming interface API services. Through a clearly defined communication method between systems, enterprises can cooperate together to create a value ecosystem and realize the concept of Open Banking.

In conjunction with the SPARK Heroes Program which is a digital transformation plan for all employees, an internal AI Hackathon competition was held to explore innovative business models combined with practical applications based on four major themes, including risk detection, biometrics identification. MarTech, and intelligent investment.

Held more than 300 RPA classes for robotic process automation, guided the development and testing, and empowered employees with technology. Cooperate with professional technical consultants to hold RegTech's Proof of Concepts (POC) demonstrations.

Through the introduction of RegTech, the legal compliance workflow is automated to achieve real-time monitoring, able to quickly grasp the changes in legal regulations, and improve risk management benefits.

In addition, we also provide general education courses on digital financial trends for all employees, and regularly allow colleagues to freely sign up for Fintech-related courses, or dispatch colleagues to participate in the training courses provided by Taiwan Al Academy, Bellwether Fintech lectures, financial technology training camps and other activities, in order to improve their basic knowledge and broaden international FinTech vision.

Training on personal digital skills in -o



Target

SPARK Hero members

Content of the training program

Digital Data Skills:

- Application for Python
- · Al artificial intelligence applications
- Big data application strategy and Business Value Assessment Workshop
- · Power BI Desktop big data analysis
- DBA Bootcamp Getting Started with SQL Server Database

UI/UX skills:

- * UX Design and Research Guide
- Implementation of UI/UX design thinking combined with Figma tool applications

Completion rate: 100 %

SPARK Seminar



Target

SPARK Hero members

Content of the training program

Digital Data:

- · Microsoft Azure
- · Technology intelligence
- · Data mining

Digital Marketing

- · MarTech Asia
- Digital Marketing Capability
- · Digital Marketing Connect

Leadership:

- · Intergenerational Leadership
- Digital Skills Workshop

Completion rate: 100 %

Encourage Self-directed Learning and Innovation

SKFH encourages employees to study independently and be creative. In addition to formulation of corporate sustainable operating-related innovative proposal reward system, the company rewards the persons whose proposals are adopted by the company, so as to improve the company's innovative ideas and the organization's culture of encouraging employees to make proposals. And it also organizes practical courses such as innovative workshops and operational demonstration workshops to guide employees to transform creative ideas into executable action plans, so that innovative ideas can be duly implemented in business management to achieve the goals of improving efficiency, saving costs, creating revenue, improving management performance and sustainable development. Since its founding, SKL has approved 24 innovative proposals; SKB's 55 proposals have been adopted cumulatively and 21 proposals have been implemented. In 2021, a total of 24 products and services of SKFH and its subsidiaries obtained utility model patent, showing that the innovation and culture change being promoted by Shin Kong for many years is gradually being implemented.

In addition, we introduced a high-quality online digital learning platform "CommonWealth Innovation Academy" to encourage employees to learn independently by using fragmented time. The courses on the platform include AI, finance, management, pressure relief, international finance and other diverse topics, which can help employees to know international politics and economy situation and global investment trend in a real time, activate passion at work, and improve management, business, career development and other competitive advantages.

To encourage our employees to study independently and promote their career development, we encourage them to obtain professional certificates and qualifications, and provide them with self-learning benefits. They can study in financial majors, EMBA, in-service master's program, digital information, leadership management, and foreign languages according to their personal needs. We also provide professional license incentives, continuous incentive subsidies, learning leaves and other benefits. A total of NT\$25.8 million was distributed in professional license rewards and one-time bonuses in 2021.



24 products and services

Utility model patent



25.8 million

Bonus

Learning Of Successful Experience

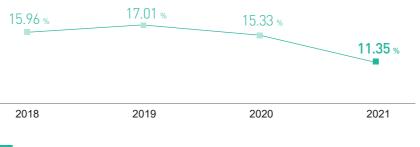
SKFH has established internal lecturer management measures and actively trained internal lecturers to effectively pass on professional financial knowledge, technologies, successful experience, and culture, and improve the quality of the organization's manpower and corporate competitiveness. We invest a great amount of resources in the trainer's professional function development plan, and cultivate trainer's ability to design teaching plans, make presentation and teach lessons every year. The contents of training include change of thinking, optimization of learning process, development of digital financial talents, transformation of communication and marketing skills and active learning, etc., and case analysis for sharing experience. At present, there are 101 internal trainers in total for the office personnel of SKL and SKB, and 24 full-time trainers and 200 certified part-time trainers for the sales personnel of SKL, to provide professional training for employees.

To encourage retired employees to continue to contribute their working experience, SKL has set up "Post Retirement Re-employment Program". The program model can be used to allow retirees to be re-employed to serve in their positions at the time of their retirement. In 2021, there were 134 retirees re-employed.

5-3-2 Training Investment and Effectiveness

In addition to providing all employees with legally required courses such as compliance with laws and regulations, as well as prevention of sexual harassment and money laundering, SKFH also invests a lot of resources in other training programs and provides optional courses for its staff of all ages, genders and levels. The courses link the mission, vision and operating strategies of the company to ensure that the training programs not only improve the functions of employees, but also bring benefits to the company's operating. We use Kirkpatrick Model (hereinafter referred to as "Kirkpatrick") and Human Capital ROI to regularly track and evaluate the effectiveness of various talent training and development programs, and link training tracking indicators with business performance to measure the effectiveness of training plans and to adjust and plan for the company's overall medium- and long-term talent asset development plans. The overall human capital ROI for SKFH and its subsidiaries is 11.35 in 2021.

Human Capital ROI in the Past Four Years



Human Capital ROI(%)

Note: Human Capital ROI = {Revenue - [Operating expense - (Salary cost + Benefits cost)]}/(Salary cost + Benefits cost)

Employee Training Hours and Cost in 2021

	Average training hours	Average training cost
Type of Training		
Compulsory	64.93	9,017
Optional	15.67	4,955
Age group		
< 30	117.18	19,669
30-50	76.98	13,725
>50	68.90	11,651
Rank		
Junior-level Management	70.20	14,763
Mid-level Management	45.54	11,835
Senior-level Management	79.69	10,536
General Employees	81.96	14,558
Gender		
Male	78.98	15,242
Female	81.35	13,379
Average	80.60	13,972

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 sales personnel); overseas training is training sponsored by the Company (for both office and sales personnel).

Benefits of Major Training Programs in 2021

O2O remote teaching



In response to the COVID-19 pandemic, all physical classes have been converted to remote online classes to reduce the risk of infection among employees. Agile transformations provide uninterrupted training and remote marketing customer management courses have been added, providing zero-contact marketing skills to employees. Additionally, we are training digital pioneers by organizing seminars, e-seed interactive networks, and digital training camps, allowing employees to maintain their marketing skills. Combined with the "e-agent digital salesperson information integration platform", we are observing the various digital service transaction indicators, in order to help sales partners increase their strengths and improve their weaknesses. Salespersons will be transformed into vanguards of the digital finance era, improving occupational competitiveness.

Benefits of Operation

- · Through the online courses and the training for digital tools, improved salespersons can better understand the Company's sales strategies and goals. Furthermore, the investment of various resources can effectively focus the sales of the products.
- Through the online recruitment lectures and sharing sessions with well-known lecturers, the sales employees can invite prospective recruits to participate in the online seminars, even during the pandemic, allowing marketing and sales to shine.
- The Power BI platform was established to accurately present all customer group operation and sales management data, in order to help the sales supervisors understand the sales performance and grasp the customer list, while helping employees use the good customer list and suggested list for precision marketing.
- · A new planning and marketing cache station has been added, establishing rich graphics and texts for marketing. We help sales employees provide extensive product content, insurance knowledge, and graphics and texts for marketing in the zero contact environment, maintaining the uninterrupted services.
- Research and develop remote marketing customer management courses, providing sales employees with the customer management skills needed for zero contact. Foreign enterprise, marketing, and insurance resources are combined to design the interactive parts of the courses, allowing the marketing skills to keep up with the times.
- Through seed coaches and seed students training and after-class action plans, such as caring counseling and successful case sharing, the leadership abilities of sales supervisors and marketing abilities of salespersons can be improved, effectively increasing overall CSM sales. We help sales employees realize their goals and provide stable services to the customers during the pandemic. We aim to implement our corporate vision of "Insurance for All, Guarantees for All" as the basis of future training models and model transformation optimization.

Target of Application

All insurance sales personnel

Benefits of Training (Kirkpatrick L1~L5)

L5 compensation assessment: ROI 5.04

L4 result assessment:

- Premium conversion achievement rate of 82.8%
- · CSM achievement rate of 94.9%
- · 3P participant count achievement rate of 90.7%
- The number of new contracts created on the webpage "Life Design+" increased by 20% compared to 2020. The premiums increased by 30% and the number of insured customers increased by 18% compared to 2020.
- Power BI "precision marketing" performance:
- The premium revenue from the 2021 good customers list was NT\$11.3 billion, increasing by 20% compared to 2020.
- The digital marketing tools helped salespeople expand sales performance and improved customer repurchase rate by 16% compared to 2020.

L3 behavior assessment:

- 94% of the courses provided by the training and development department have been converted to online courses.
- Expanding the mobile service capabilities of salespeople: The usage rates of services on the salespeople mobile app in 2021 were 89% for mobile e-insurance, 54% for mobile e-claims, 84% for mobile e-payment, and 48.8% for e-agents.
- Digital marketing tool capabilities of salespersons:
- The usage rate of customer dashboards reached 90% in 2021
- The usage of "Life Design+" increased by 435% compared to 2020.

L2 learning assessment:

The passing rate for qualification certification was 69.8%, which is superior to the industry average of 44.7%

L1 response assessment:

Satisfaction score of 4.95 (out of 5)

MLS - Project Training of Investment Management Headquarters



Overview of Program

The investment management department of MLS consists of the Bonds Department, the New Financial Products Department, the Proprietary Department and the Futures Proprietary Department, which are the key business investment units for securities profits. The theme of this training course is "Political and Economic Development Trends in the Post-pandemic Era". From the post-pandemic perspective, we will cut into the international aspect of the investment market, and quickly get a hold of the financial center and the opportunities for future investment and trading market changes.

Benefits of Operation

Quickly shape the ambition and aggressiveness of the investment management team, and significantly enhance the overall investment effectiveness. This project training course accurately calibrated the business development and strategies of the Investment Management Division, urging them to grasp the opportunities for transformation of investment market transactions under the unpredictable international situation of the COVID-19 pandemic, and strongly enhance the pre-tax pre-apportionment of the Investment Management Division in 2021. Profit and loss increased by 49.46% compared with the previous year, and the training return rate reached 9.23.

Target of Application

All staff of the Investment Management Division

Benefits of Training (Kirkpatrick L1~L5)

L5 Compensation Assessment: ROI 9.23

L4 Achievement Evaluation:

Pre-tax profit and loss before amortization increased by 49.46% compared with the previous year

L3 Behavioral Evaluation:

The training completion rate was 97.94%

- L2 Learning Assessment: Test pass rate was 100%
- L1 Response Assessment: Course Satisfaction 86.80%

Corporate Finance Business Training Program

888

Overview of Program

To respond to the company's organization strategies and improve the organization's growth momentum and talent training, "Professional", "Marketing" and "Inheritance" will be the main axes of the training plan for the corporate finance personnel in 2021.

Corporate finance sales personnel can understand equity inheritance, tax planning, overseas capital utilization and commercial law through professional courses. In addition, outstanding sales executives are selected, instructor training and certification are arranged, new customer development skills and customer management are strengthened through marketing courses, and conflict handling and drills are conducted through case studies. An "action plan" is arranged after the class to list out the business achievement goals, the key sales actions, and the countermeasures for performance gaps in order to track the results effectively. The overall plan is to share organizational experience and enhance the competitiveness of employees in the workplace.

Benefits of Operation

- Develop a new driving force and continuously improve the productivity of the corporate finance sales personnel.
- · Increase the loan market share and maintain a strong compound growth rate.
- Improve the functional competitiveness of sales supervisors, maintain the retention rate of supervisors who perform with excellence in order to reserve them as future branch supervisors.
- Integrate the professional and marketing skills of the corporate finance sector to help improve the cross-disciplinary professionalism, sales communication, negotiation and transaction, risk control and customer relationship management capabilities of the corporate finance sales personnel, and contribute to the organization's revenue.

Target of Application

All corporate finance sales personnel

Benefits of Training (Kirkpatrick L1~L5)

L5 Compensation assessment: ROI 13.69

L4 Result assessment:

- Income per capita increased by NT\$ 2,517,358, which is an increase of 14.45% over the previous year.
- The hand receipt income increased by NT\$ 103,514,362, and the per capita hand receipt increased by 29.39% compared with 2020.
- The retention rate of corporate finance supervisors is 100%.
- The retention rate of sales personnel in the corporate finance sector is 85.71%.

L3 Behavior assessment:

- · A total of 7 cases were implemented in the post-course action plan, and the implementation rate was 100%; the average internal instructor certification score was 83.1.
- Use the actual case sharing of professional lecturers to truly understand sales bottlenecks and its countermeasures.
- Utilize curriculum theories and techniques to enhance development capabilities and co-marketing opportunities through executive coaching and goal setting.
- · Among the 3 qualified people in the last two RM evaluations, 2 ARMs have participated in this course plan.
- Among the trainees, 10 new cases have been reviewed and funded

Level 2 Learning assessment:

The achievement rate of annual training programs was 100%

Level1 response assessment:

Course satisfaction 4.6 (out of 5).

5-3-3 Talent Reserve and Internal Rotation Mechanism

To help employees to make preparation for the next step at their work, SKFH not only enhances employee's functions through training programs, but also has a complete internal rotation mechanism, allowing employees to have the opportunity to try the businesses in different fields so as to become more comprehensive talents. We also attach importance to the succession of management, create a succession echelon, select and cultivate main business executives through scientific management tools, so as to achieve the sustainable development of talent pool.

Create a leadership team for succession

To establish a strategic and executive management 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" as the bases for selecting leadership team. And, with the goals of improving the strategic conceptualization of the management team, enhancing the height and vision of talent management, strengthening staffcoaching skills, and honing leadership management skills, it has planned the systematic and structural training programs for supervisors and key talents at all levels to improve organizational competitiveness.

SKL

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 while expanding the coverage of the leadership team to comprehensively improve management functions and help SKL expand.

<u>'</u>	7 1 3
Leadership Team Development Action	Performance Results
Leadership development plan	 Selected the employees with great potential to attend an open seminar for mid-leve and senior-level managers in Singapore to expand their international perspectives and enhance competitiveness.
	 Organized seminars or course themes on issues such as leadership, strategy development, and team communication. Observed and learned from the experience of successful companies.
	 From 2011 to 2021, a total of 841 office employees have been trained and 227 of them have been promoted, with a promotion rate of 27%.
Business leadership development	 Laid the foundation for cross-generation talent development with a solid leadership curriculum.
echelon	 From 2011 to 2020, a total of 348 field personnel have been trained and 176 of the have been promoted, with a promotion rate of 51%.
Project Y	Heads of units are responsible for cultivating talents and establishing independent learning mechanisms and inspection mechanisms
	Planned 4 main courses and management courses



SKB

To establish a complete and systematic training mechanism to provide reserve for talent pools, cultivate outstanding personnel, use talents flexibly, enhance the strategic thinking ability of the management team, consolidate the consensus of the management team on the strategic goals, and speed up the implementation of the strategic goals, Shin Kong Bank uses the competence assessment to link the Individual Development Plan (IDP), tailors the development goals of each potential talent, plans management skills training, and provides self-study subsidies to take into account both organizational and individual learning needs. And for the talent echelon construction plan for managers at all levels, from Management Associates (MA) to branch managers, managers and even the management team, a systematic and structured training plan is planned.

Leadership Team Development Action

Performance Results

MA personnel training

- 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 2021, 98 MA candidates have graduated from training.
- 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, seven
 rounds of the program have been organized and it has trained more than 214
 outstanding talents.

Succession echelon construction

- Shin Kong Bank has launched a training course for management associates. Since 2007, a total of 181 managers have been trained. In 2019, we revised the training plan for business unit managers and department supervisors, and evaluate the development potential and effectiveness of candidates through 2-year training observations and results presentations, and gradually complete the training of second-level management associates in the business units. In 2021, a total of 51 management associates participated in the training and published their results. A total of 58 management associates have been promoted to supervisors or senior executive positions.
- Since 2021, the selection and cultivation of management associates above the
 ministerial level of the head office will be launched. The senior-level supervisors will
 serve as coaches and mentors, and management skills training will be carried out in a
 unified manner according to the evaluation report of the management associates.

Training overseas talents

- The company organized overseas seminars or business internships to learn from the management experience of competitors and other industries. The company selected 19 mid-level and senior-level managers to participate in the seminar in Singapore in 2015, and dispatched 42 talents to have the internal professional classes both at home and abroad, which helped cultivate overseas talent vision and strategic thinking across borders.
- In response to 2030 bilingual national policy, we promoted English certification and reward policy, and launched more than one English training programs in 2021. We launched bilingual management associate training in different branches, customized English courses for small groups, adopted diverse online and offline learning channels and used performance management system, and held 7 TOEIC examinations to motivate employees to make improvement independently. In 2021, a total of NT\$365,000 incentive money was issued.

MLS

Organizes management development training for junior-level, mid-level and senior-level managers and potential employees to reach consensus with precision, strengthen team leadership and motivation, and innovate management thinking and skills. We also focused on training the company's elites with development potential through logical management training themes, and improved their core competencies in management and development and the cohesion of active learning.

Leadership Team Development Action Management development training

Performance Results

- "2021 World Innovation-Dual Career Training Program", through the courses on management development training and professional training, we target middle-level, senior-level executives and sales personnel with excellent performance in different branches. MLS promoted digital micro-learning with powerful and concise reading rules and rewards, which prompted two students to rank 6th and 13th on the Red List from the Leader Campus. Another 141 students successfully met the standards and were awarded the honorary leave.
- The "Oral Expression Course" was held for senior executives. Through one-on-one teaching, their voices, expressions and the potential of senior executives are developed, and strengthened their oral expression abilities and flexibility.

Leadership in Digital Finance

- Aiming at cultivating digital technology talents, we focus on the 5 areas of "product planning, digital finance, data analysis, digital information, and operation management". In 2021, MLS recommended eight outstanding talents with agile thinking (Agile), courage to challenge (Bold) and teamwork (Collaborative) characteristics in line with the goals of this project, and actively participated in the Hackathon competitions, departmental digital projects, and professional leadership seminars. It is hoped that together with SKFH and its subsidiaries, we will create a digital echelon of talents and promote digital transformation.
- It is necessary to strengthen the digital finance knowledge and innovative skills of the Digital Finance Department. In 2021, a total of 33 people were dispatched to participate in external training courses related to digital finance, aiming to innovate thinking and strengthen their skills in financial technology and digital marketing.

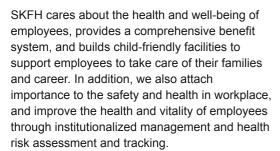
Smooth rotation mechanism

SKFH encourages employees to accept new challenges bravely, and provides them with cross-subsidiary and cross-department rotation opportunities in SKFH and its subsidiaries, including SKL, SKB, MLS and SKIT. with cross-subsidiary and cross-department rotation opportunities. Employees in the group may apply for rotation based on their personal will and career planning to increase diverse development opportunities and improve their personal cross-sector strength. In 2021, the replacement rate of the internal talents of SKFH and its subsidiaries was 59%, which was an increase as comparing with the past three years. In the future, we aim to maintain over 50% of internal talent replacement rate. (Please see Appendix 7.1.4 for detailed analysis of 2021)

Internal talent replacement rate

2018	38 %
2019	36 %
2020	52 %
2021	59 %

5-4 Happy and Friendly Workplace



5-4-1 Complete Benefits System

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 yearly. All employee benefit measures provided are superior to statutory requirements, hoping to provide employees with a "safe, flexible, and willing" workplace.



Safe workplace

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 special 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, cancer insurance, and long-term care 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.

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 also 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 order to improve the company's operating performance and take care of employees' retirement life. The shareholding trust will subsidize a total of 163 million in 2021. In addition, to encourage employees to plan for early retirement, we proactively promote the "Pension 3C Retirement Knowledge Program" to educate the public, raise the employee retirement benefit rate, and provide relative subsidies to employees who are insured under the "LOHAS Winners Scheme". in which a total of NT\$3.04 million was subsidized in 2021.



Flexible working

Promote work flexibility

We set up flexible working hours with three shifts to assist employees to balancing work and family life, which allow office staff to adjust office hours flexibly according to the needs of their family and lifestyle. Among which, in line with the sales characteristics of the special business departments (such as 0800 customer service, investment department), different shifts were set up to provide employees with more flexible choices.

Working from home

In response to the global trend of digitalization and considering the needs of the company and employees, SKFH has introduced relevant measures to work from home and allows the employees to apply for it themselves, which not only reduces the commute time and the risk of infection, but also balances work and family life.

Leave benefits

We provide employees with annual leave, marriage leave, bereavement leave, official leave, occupational injury 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. And among them, the standards for maternity leave, paternity leave, natural disaster leave, epidemic prevention leave, and annual leave are superior to the standards in labor regulations.



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 hotels, language institutions, and daycare institutions. SKFH provides birthday gifts, Chinese New Year gifts, Dragon Boat Festival and Mid-Autumn Festival gifts.

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. A total of 43 clubs were in operation in 2021.

Marriage and childbirth benefit

SKFH cares about our employees and proactively protects employees' right to work opportunities. In addition to providing an unpaid parental leave for raising child(en) in accordance with relevant laws and regulations, we also provide maternity leaves. paternity leaves, marriage subsidies, childbirth subsidies, and child raising subsidies . which are all more superior than statute. In addition, we support new mothers in the workplace with practical actions. We have set up breastfeeding rooms for employees to breastfeed during work hours. We offer a system of reduced or adjusted working hours for employees with children under the age of three at home to apply as needed to care for their children. In 2021, SKFH and its subsidiaries distributed about NT\$4.78 million in maternity subsidies, benefiting a total of 307 people; at the same time, 533 people have applied for parenting subsidies totaling NT\$5.32 million.



Mother-Friendly Workplace

SKFH is committed to providing employees with a safe working environment. In order to enable employees to balance work and family and to improve employees' health and well-being, we provide parenting-friendly measures that are superior to the law, so as to reduce their raising pressure and burden.

Supporting mechanisms

- We offer 60 days of maternity leave (statutory maternity leave is 56 days), 8 days of paternity leave and (statutory paternity leave is 7 days), and fully-paid leaves after miscarriage (statutory salary is half salary), which are superior to statutory standards. And we also have established breastfeeding working hours, working hours reduction and adjustment system, and unpaid parental leave for raising child(en) system. The period for unpaid parental leave for raising child (en) is flexible, and employees have the right to reinstate their jobs ahead of schedule, so that employees can use their time more flexibly and raise babies without worry.
- We care about female employee's maternal demands, and work with professional doctors and health managers to jointly conduct health risk assessments for the female employees during the pregnancy period and after delivery, and encourage the applicable female employees during pregnancy period to accept "maternity protection" care actively.

Benefit measures

- We provide childbirth subsidies and parenting subsidies. Employees may apply for NT\$20,000 of childbirth subsidies for giving birth to a baby by them or their spouses, and childbirth subsidies may be increased and offered, in proportion, for giving birth to twins or more children. The employees raising children of 1 to 3 years old may apply for a parental subsidies of NT\$10,000 for each full birthday of their children, and the subsidies may be increased and offered, in proportion, to the employees raising twins or more children.
- We provide Pregnancy Gifts, Mother Gifts, Parenting Gifts, and scholarship awards.
- We sign contracts with reputable childcare institutions to provide discounts for child care services

Friendly environment

We have established breastfeeding rooms in our business premises in Taiwan and they are managed and maintained by health managers. All of our breastfeeding rooms have been awarded the "Excellent Breastfeeding Room" certification.

Breastfeeding room equipment

- Backrest chair, table, washstand, mirror, and cozy space design.
- Diverse parenting, breastfeeding, and health publications.



Excellent Breastfeeding Room Certification



Awarded by Official Health Agency

2,732 times

SKL Breastfeeding room usage

1,098 times

SKB Breastfeeding room usage

1,116 times

MLS Breastfeeding room usage

Unpaid Parental Leave for Raising Child(en) Statistics in 2021

Number of employees eligible for unpaid parental leave in 2021 (A)		Number of applicants for unpaid parental leave in 2021 (B)		Rate of application for unpaid parental leave = (B)/(A)	
Male	Female	Male	Female	Male	Female
242	528	9	165	4%	31%

Expected number of employees to return to work in 2021 (C)		Actual number of employees returned to work in 2021 (D)		Reinstatement rate = (D/C)	
Male	Female	Male	Female	Male	Female
19	179	11	134	58%	75%

Number of employees returned to work from unpaid parental leave in 2020 (E)				Retention rate = (F)/(E)	
Male	Female	Male Female		Male	Female
6	64	6	61	100%	95%

Note 1: The "number of employees eligible for unpaid parental leave in 2021" refers to the number of employees who have applied for maternity leave or paternity leave in the past 4 years (2018 to 2021).

Note 2: The "expected number of employees to return to work in 2021" includes the number of employees who applied for unpaid parental leave from 2019 to 2021 and were scheduled to be reinstated in 2021.

Note 3: The "number of employees reinstated in 2021" includes the number of people who applied for unpaid parental leave from 2019 to 2021 and returned to work in 2021.

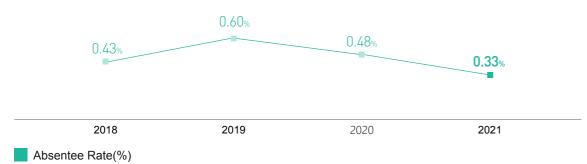
Note 4: The "2021 retention rate" = number of employees reinstated in 2020 who have continuously worked for more than one year / number of employees returned to work from unpaid parental leave in 2020.

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

5-4-2 Healthy, Safe, and Hygienic Workplace

Although employees of SKFH and its subsidiaries are engaged in administrative and commercial services without high risks, in order to provide a healthy and safe working environment for all employees, suppliers, customers and other stakeholders, we have established an occupational safety and health policy in accordance with domestic and international regulations and standards on occupational safety and health, which has been approved by the Board of Directors and implemented. In addition, in order to remove risks from the workplace environment, we regularly review and communicate with labor representatives, employees and related workers on occupational safety and health issues, unsafe behaviors and health risks, as well as set action plans and priorities through risk identification and management, set quantitative targets, and continuously improve the performance of occupational safety and health management. Through occupational safety and health education and promotion, we hope to raise workers' awareness and knowledge of occupational safety and health. We promote the implementation of employee care programs in safety, health and wellness so that all employees can have a safe and comfortable workplace. In 2021, the overall absenteeism rate for SKFH and its subsidiaries is 0.33%, or 0.57% when insurance agents are included. (Please refer to Appendix 7.1.5 for SKFH's occupational accident and absenteeism statistics for 2021).

Absenteeism Statistics of the Past Four Years



Note: Due to the different nature of sales personnel and marketing specialists, these people are excluded in the above table.

Occupational Health and Safety Committee

The major subsidiaries of SKFH have established the "Occupational Health and Safety Committee" in accordance with regulations. The President or the Vice President serves as the chair and the rest of the committee members are composed of employees from the Occupational Health and Safety Department, medical staff, heads of various departments and more than 1/3 of labor representatives. There is an "Occupational safety and health management entities" under the Committee, which is responsible for formulating, planning, supervising and promoting occupational health and safety related business.

The committee meets quarterly to discuss safety and health issues, such as reviewing workplace health and safety policies, safety and health work codes, annual work strategy plans and various safety and health recommendations, and reports to the board of directors after tracking the effectiveness of various resolutions to ensure that the implementation of various health and safety efforts meets employee needs and corporate expectations. In 2021, as many as 128 work items were discussed in major subsidiaries, 6 recommendations were made, and 16 professional items were handled.

Health Risk Management

SKFH adheres to the concept of "Healthy Workplace" and we follow the "Safety and Health Hazard Identification and Risk Assessment Procedures". To assess the work environment or operations of employees, the causes of internal and external accidents, the severity of accidents, and potential risks. Through the risk assessment process, we identify and analyze the risk factors in terms of the degree of impact and frequency of occurrence of common occupational accidents, the top ten annual health check abnormalities, or abnormal workloads of employees (shift work, night work, long working hours, etc.), and identify the main health and safety risks as modern civilized diseases and traffic accidents. The company has also formulated risk mitigation action plans, such as: annual health posture activities, health education services, functional evaluation of contracted specialists, four major programs for labor health protection (the "Workplace Maternal Health Protection Program," "Human Factors," "Abnormal Workload," and the "Workplace Violence Prevention Plan"), and enhanced promotion of the concept of road driving among employees.

In addition, to ensure the effective implementation of mitigation measures, we incorporate the effectiveness of the implementation of occupational health and safety management programs into the KPI items of the president, senior management and occupational health and safety department (e.g., employee health examination rate, environmental assessment and hazard identification, frequency and severity of disabling injuries, etc.) as an important element of salary performance-linked assessment. At the same time, we adopt the concept of "all-around protection" and carry out risk control measures in the P-D-C-A management cycle, and after prioritizing the results of risk analysis and integrating action plans with quantifiable targets to address these risks, we report them at the board of directors' meetings on a quarterly basis and deliberation or external audits are carried out in the management review meeting every year.

Effectively utilize internal and external

range of health and safety services.

resources to provide employees with a full

Health examination for employees

Professional on-site health services

· Health, safety, and psychology lectures

In 2021, there are no major defects in the internal audit results of SKFH and its subsidiaries; in January 2022, SKL passed the re-evaluation and renewal of the occupational health and safety management system (ISO 45001:2018), and there were no defects in the external audit results.

In order to improve safety and health management in the workplace, when an injury or accident occurs, supervisors at all levels at SKFH's major subsidiaries should follow the "Safety and Health Work Rules" and report the accident to the responsible unit after learning of it. The responsible unit should include OHS education and training materials, as appropriate, after investigation, analysis and follow-up to prevent similar incidents from happening again.

P-D-C-A Management Cycle

Formulate annual plans and activities based on the discussion and proposals made by the Occupational Safety and Health Committee and the planning made by professional personnel. Safety and health management plan

- Emerging occupational diseases and injuries prevention program
- · Annual healthy posture management activities

Plan Do [⊕] **Action** Check

Identify various improvement opportunities by analyzing the execution and results of various operations to adjust and optimize the contents of healthy and safe work in the workplace at any time.

Carry out annual work statistics to confirm the promotion status of various activities

- Health examination report
- Report on health promotion activities
- Effectiveness evaluation form for various programs

Employee Health Risk Matrix

High

riig					
	· Severe infectious diseases · Cerebrovascular and cardiovascular diseases · Cancers	Hyperlipidemia	Hypertension	Hyperglycemia	Fatty liver disease
Influence	Workplace violence	· Stumble (in the office) · Food safety issues	Traffic accident (hospitalized)	Metabolic syndrome	
Degree	Musculoskeletal injuries	Legionella pneumophila in the cooling towers Stumble (outside of the workplace) Medium/high risk in occurrence of CVD in 10 years	Mental issues	Traffic accident (not hospitalized)	
	· Cut wound · Carbon dioxide monitoring · Drinking water testing		Commuting accidents on the way to and from work	S	· Maternity protection · BMI abnormal

Occurrence Frequency

High

Note 1: Influence degree refers to the degree and status of the damage to the company's image or employee's individual health and safety. Note 2: Occurrence frequency and the proportion of abnormal health are set according to the Company's statistical data in the past years.





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Appendix

Health Risk Management Measures and Achievements

Main Health Risks

Management Measures	Major Achievements in 2021			
Fatty liver disease, Hyperglycemia, Metabolic syndrome, and BMI abnormality				
Classify health risks, provide online health care by health managers, and schedule face-to-face interviews with professional doctors.	 Health managers provide preventive care, health care guidance, and health ris tracking, with a 100% completion rate for high-risk tracking. 			
Continue to organize healthy posture activities through competitions to enhance personal motivation and establish good health habits.	 Affected by the pandemic, SKL changed the way of handling its annual health promotion activities, focusing on establishing healthy living habits, supplemented by weight control, and combining several healthy behaviors to establish small activities into a "healthy, face-to-face" activity. A total of 1,261 people signed up in 2021, a total of 176 people have completed the front and rear body position tracking for body position competition activities, and 119 people have successfully lost weight, with a total weight loss of 295.11 kg, and an average reduction of 2.5 kg per person. The average weight loss results for health promotion activities were comparable to the recent years. MLS organized for "Corporate Sports Courses", including "All-round Muscle Development" health lectures and "Technical Testing for Physical Fitness", to cultivate employees' awareness of physical fitness, share the fun of sports, and enable the company to have healthy and strong employees. 			
Set up health measurement station to facilitate employees to track their own health status.	 The "Shin Kong iHealth" measurement station at key buildings was set up to provide measurements of blood pressure, weight (including body fat), forehead temperature, and physical and mental indicators. The features can be used wit an app for employees to track and record their own health status at any time. The services were used 13,002 times, a 50% annual decrease due to the impact of the pandemic and work from home. 			

Management Measures	Major Achievements in 2021
Three highs, cerebrove	ascular/cardiovascular diseases, cancers
Regularly conduct health checkup for employees.	 SKFH and its subsidiaries conducted regular health examination for their office employees every year (for the sales personnel of SKL, once every three years), offered diverse health examination with the items more than that stipulated by law, and provided health management based on the analysis results of health checkup reports to protect the physical and mental health of the employees in the workplace.
Classify health risks, and carry out different levels of health care and tracking depending on the level of risk, and arrange interviews with professional doctors with priority.	 Classification of health care: for the first-level (low) health risks, the health managers in the jurisdiction tracked health and provided care for three months; for the second-level (high) health risks, and the health managers in the jurisdiction provided suggestions about medical care for one month, and special professional doctors were used depending on needs. In 2021, a total of 832 persons was covered by health risk management. SKL provided on-site professional doctor services, who served 21 sessions and 187 times in 2021; In addition, it provided on-site health doctors and nursing services, with a total of 990 hours of services provided in 2021. SKB and MLS engaged special labor health doctors, every three months, for employees to consult health issues and prevent diseases in the company; in 2021, consulting services were provided for more than 120 times.
Set up blood pressure measuring station for easy monitoring.	Set up blood pressure measuring instruments in all the object buildings and on the floors of our bases in Taiwan for employees to measure blood pressure.

identification of the

and training.

company through mental health lectures, education

Health Risk Management Measures and Achievements

Medium Health Risk

Management Measures	Major Achievements in 2021
Diseases and damages ca	aused by abnormal workload
Organize questionnaire surveys on the diseases caused by abnormal workload during annual health examinations, and formulate improvement plans based on cross-examinations of the results of health examinations.	 In 2021, the risk assessment concerning "abnormal workload" and other damage prevention plans has been implemented for all office employees, and those who meet the definition of long-term night work were included in the management objects, and ECG examination was provided in that year; in 2021, a total of 29 employees were included in the management objects. The workers who work shifts, at nights or for long time were listed as health risk management objects based on their annual health risk classification, and interviews with professional doctors were arranged for them with priority.
Traffic accidents	
Strengthen advocacy of traffic safety, and improve employees' awareness of traffic safety.	 Traffic safety advocacy was carried out from time to time in the company's internal quarterly journals, labor safety e-newspapers and other publications, and included in the company's internal safe and healthy working rules and regulations.
Analyze the causes for accidents, and track and care for them, to ensure employees to return to workplace safely.	 Tracked occupational accident cases and made assessment before return to work. Confirmed the causes for each accident by call, provided individual traffic safety warnings, cared about the health recovery of the injured, and confirmed that there is no problem for returning to work. Strengthen safety training for the units with a high occurrence rate.
Severe infectious disease	es
Provide anti-epidemic care and vaccinations Improve the epidemic prevention system for severe and special infectious diseases	 Provided subsidies for influenza vaccine to the groups with high health risk, and assisted general employees to apply for influenza vaccine at their own expense. The Bank implemented infectious disease prevention awareness campaigns and assisted in handling emergency events to reduce the risk of accidents. Arranged various prevention and response measures for preventing COVID-19 in advance, and provided masks, alcohol, etc. for front-line employees who face customers to use. (Please refer to p.7 2021 Measures for COVID-19 for details)

Management Major Achievements in 2021 Measures **Maternal health protection** Create a friendly workplace Reviewed work processes fully to ensure that there are corresponding control and improve the benefits to measures for any factors which may cause harm or damage to mothers and working mothers Actively investigated the list of protected employees and encouraged the employees during pregnancy period or after giving birth to apply for protection. In 2021, there were 311 protected objects in total, and they were provided with Pregnancy Gifts, Mother Gifts, and Parenting Gifts that include diverse maternity and childcare products and parenting books. In response to the government's breastfeeding policy, the maintenance and management of breastfeeding (collective) nursing rooms was established to create a workplace-friendly environment, and the certification mark for excellent breastfeeding (collective) nursing rooms was obtained to create a gender-friendly environment for employees. Mental issues Hire special internal Cooperated with professional EAP consultants, introduced Employee consulting psychologists to Assistance Program (EAP), and provided 24-hour 0800 dedicated line plan for complete mental consulting services. Focused on the employee's mental counseling sessions to health promotion work and ease their pressure causedby work or family problems to further improve provide mental health employee's productivity; in 2021, consulting services were provided for 55 times (SKL), and the users were satisfied with this resource. services in line with corporate characteristics. Develop the psychological In 2021, 2 adjustment courses were held separately for new recruits courses that meet the Workplace Happiness: Freshman vs. Freshness and a total of 241 people needs of all levels of the participated in 5 employee mental health lectures, where 85.7% of the company's employees, and participants believed that the courses were quite practical and met their improve employees personal needs. self-identification and MLS organized a mental health-related course - "Stress Relief Methods,

Psychological Resources, and a Good Night's Sleep".

Health Risk Management Measures and Achievements

Major Achievements in 2021

Low Health Risk

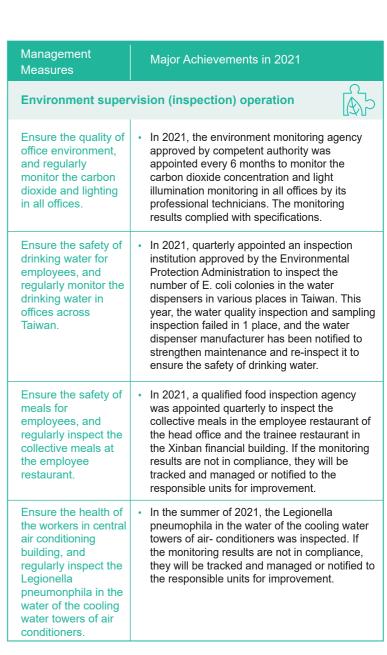
Management

Measures	Major Achievements in 2021
Violence	
Revise the prevention plan for workplace violence while performing duties, and establish the internal processing process for suspected workplace violence incidents in cooperation with the annual health inspection operations.	 Adjust and revise the content of the workplace violence prevention plan for SKL's execution of duties, and gradually carry out the identification and risk assessment of workplace violence at each base (including the regional sales offices). Identification and evaluation work (including the places where workplace violence or internal workplace violence has occurred in 2020 and 2021) at a total of 44 sites was completed in 2021. Completed the risk assessment concerning "workplace violence" prevention plan for all employees In 2021, there were zero external workplace violence incidents and 5 internal workplace violence complaint cases. After acknowledgement of the incidents, an investigation team was established to conduct an investigation and carry on appropriate measures. Provided violence prevention training for all employees and reviewed working processes, so that employees can understand each other and know the types of violence and corresponding response methods.
Senior-level management made the announcement to eradicate workplace violence completely and presented the company's zero tolerance attitude.	 President signed the "Statement on the Prohibition of Discrimination, Harassment and Workplace Violence in the Workplace" to specify that there shall be no act which may cause damage to the legitimate rights and interests of others in workplace. Managers checked themselves through the annual self inspection of workplace violence for management level that whether their management methods are appropriate or not, and are the other employees' acts appropriate, based on the contents of review.

Management Major Achievements in 2021 Measures **Musculoskeletal injuries** Organize In 2021, a survey on questionnaire musculoskeletal discomfort for all office personnel was conducted to surveys on musculoskeletal screen the employees with a high diseases (human risk of potential musculoskeletal factors) prevention diseases. It was analysed through during annual health Advanced Care by health managers examinations. and using the Musculoskeletal Risk Survey Tool (ROSA), and interviews Conduct risk were scheduled with evaluations and formulate physical/occupational therapists or professional doctors to confirm the improvement plans. causes for musculoskeletal discomfort and help to alleviate symptoms. Provide professional Engaged physical/occupational therapists to conduct onsite functional therapists and massage interview, give lectures, and provide consulting services for specific services to help employees to persons by completing an analysis alleviate using the NMQ Musculoskeletal musculoskeletal Questionnaires, health examination discomfort analysis, and the summary service reports made by the health center, in order to alleviate musculoskeletal discomfort, with 127.5 annual service hours in total and use for 268 times cumulatively. 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.





Sustainable Business

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Safety Protection and Emergency Response Mechanism

To ensure the environment in workplace, we dispatched the managers of the business units to receive the training for "Class A and Class B Occupational Health and Safety Business Managers", in accordance with the requirements of occupational health and safety related laws and regulations, to obtain certificates; and worked with health managers to establish a joint rescue network; In order to improve employee's rescue ability in emergency, we dispatched persons to various workplaces to receive 18-hour training for "first aid personnel" to obtain certificates, regularly provided CPR+AED training, and used the new LED first aid training model Brayden to ensure the effectiveness of execution of CPR, and fully improved the operation of the overall emergency rescue network.

In addition, we regularly organized the "Building Public Safety Inspection Certification and Report" and "Fire Safety Equipment Maintenance and Report" to prevent fires and protect public safety, and organized fire drills and building escape drills every year to improve employees' fire and disaster prevention and other abilities. SKB conducted "safety protection and anti-robbery drills" in each branch every six months especially for the risk of robbery, and deployed security guards in each branch to perform safety maintenance work so as to reduce accidents.

In view of that most of the Company's occupational disasters and accidents are traffic accidents, and that delay in internal reporting of any accidents occurred at the time closing to getting off work or on the way to visit customers on holidays may be caused by time, we established worker safety incident notification service, by using the company's internal communication software, to provide diverse channels for employees to report any incidents timely.

Contractor safety management

SKL established the "Regulations on Contractor Work, Change, Safety and Health Management" to manage contractor operations and safety. The Company requires contractors to do their best to meet relevant occupational health and safety 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 make the contractor to pay attention to the environmental precautions to which SKL should pay attention, so as to avoid accidents, and establish a friendly partnership with the contractor. In 2021, zero occupational injury occurred to the workers who were not SKFH's employees but their work or workplace was controlled by the Company.

O SOCIAL CARE

SKFH upholds the ideals for "giving back to the society what one reaps from the society" and established five major public welfare strategies including "health promotion", "care for the disadvantaged", "financial education", "care for the elderly", and "community engagement" based on the 17 Sustainable Development Goals (SDGs) of the United Nations. SKFH integrates the resources of subsidiaries, foundation, and affiliates and uses real actions to create sustainable value for companies, promote positive development in the society, and fulfill our motto of "Our light and heart are always with you". SKFH invested more than NT\$108 million in social engagement in 2021 which benefited approximately 1.49 million participants.



6-2 Health Promotion

6-3 Care for the Disadvantaged

6-4 Financial Education

6-5 Care for the Elderly

6-6 Community Engagement

Sustainability Performances



Invested more than NT\$108 million in social engagement which benefited approximately 1.49 million participants



Volunteer participation hours reached 15,000 hours, with 3,302 volunteers.



65% of investment in commercial initiatives















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Appendix

6-1 Social Welfare Strategy



SKFH actively participates in social welfare activities. To fulfill our duties as corporate citizens, 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, teenagers, women groups, the general public, disadvantaged groups, groups living in remote areas, and take real actions to fulfill 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.

Public welfare

focus area



Health Promotion

Improve people's health risk awareness and promote health and well-being for all ages Connections to activities:

Corporate Indicators:

The Company organizes full-age group health campaigns, the Dementia Friendly Bank, and against cancer activities to improve people's health knowledge and risk awareness.

Corporate Indicators:

Health promotion products Financial investment.

Community Indicators:

Number of Participants Number of beneficiaries.

Care for the elderly

Promote friendly companionship to improve the physical and mental health of the elderly

Connections to activities:

We used the activities such as elderly care everywhere and History Alive to help the elderly improve their quality of life in old age, create cohesion in the society, and improve their physical and mental health.

Corporate Indicators:

Health promotion products Financial investment

Community Indicators:

Number of Participants Number of beneficiaries



Care for the disadvantaged

Provide disadvantaged groups with equal social security and improve their professional competitiveness.

Connections to activities

Promote financial inclusion products and education and care plans for schoolchildren to protect the economically disadvantaged groups with basic coverage, and provide job opportunities for disadvantaged groups to help them break free of poverty.

Corporate Indicators:

Financial inclusion products Financial investment

Community Indicators:

Number of Participants Number of beneficiaries

Community engagement

Protect local culture and improve art and cultural awareness

Connections to activities

We organized activities such as the nationwide painting contests, Shin Kong Cup Street Dance Contest, and Shin kong Dining Table with an acre of happiness to enhance local culture and cultivate outstanding talents. We also support environmental protection initiatives to improve the local economy.

Corporate Indicators:

Health promotion products
Financial investment

Community Indicators:

roducts Number of Participants nt Number of beneficiaries

Financial education

Provide the public with high quality education and help them improve their competitiveness

Connections to activities

SKFH uses events such as youth education programs to help young students improve their professional competitiveness and to enhance their professional financial knowledge.

Corporate Indicators:

Financial inclusion products Financial investment

Community Indicators:

Number of Participants Number of beneficiaries

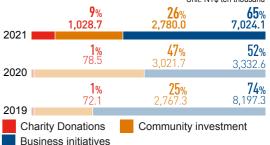
Social welfare investment from 2019 to 2021 (For subsidiaries, please supplement social data to excel sheet) Unit: NT\$ ten thousand



Note: Investments include event expenditures (including administrative expenses), supply donations, and sponsorship.

2019~2021 Social Participation Type

Unit: NT\$ ten thousand



Note 1: Charitable donations: Provide cash, products or supplies for people or groups in urgent needs instantly

Note 2: Community investment: Combined with the five principles of public welfare, cooperate with community organizations to hold public welfare activities, help solve social issues, and provide the required assistance to those in need, so as to enhance their employability and sense of social identity for satisfying their physical and mental demand.

Note 3: Commercial initiatives: Link the core functions of enterprises, hold public welfare activities with finance and insurance expertise, establish financial management concepts and health risk awareness for the disadvantaged children, young students and the public, and use the platform to combine commodities and activities to enhance the willingness of the public to participate in public welfare activities, so as to promote social prosperity and increase the influence of enterprises.

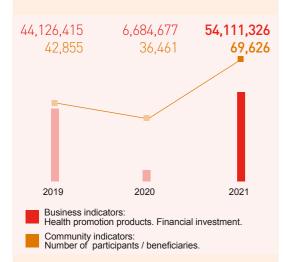
6-2 Health Promotion





Connection between the public welfare strategies and business operations and their performance

SKFH has long been committed to the publicity of the prevention of major diseases and long-term care risks. We hope to lead the public to understand major diseases through holding seminars such as cancer prevention seminars and dementia- friendly seminars, blood donation, nationwide hiking and advocates the concept of "prevention is better than cure" to remind people the importance of having good health, and then gradually achieve the SDGs goal of ensuring health and promoting the well-being of all age groups. In 2021, about NT\$54.1 million was invested in related health promotion activities, and about 70,000 people benefited from it.



Health protection for all ages

Donations for COVID-19 Prevention

In addition to cooperating with the government's anti-pandemic policies, we also joined hands with our subsidiaries and affiliate enterprises to donate NT\$52 million to the Taipei City Government, Taichung City Government, Hsinchu City Government, National Taiwan University Hospital, Shin Kong Hospital, and Min-Sheng Hospital, Far Eastern Hospital, Fu-Jen Catholic University Hospital, etc. The funds were used for the prevention of the pandemic, providing the front line personnel with pandemic prevention allowances. pandemic prevention and care services, quick screening test kits, and other related medical equipment to help out the medical staff, hoping to gather the hearts of Taiwanese people and convey it to everyone, especially the teammates who are standing at the front line.

Shin Kong Financial Holdings and affiliated enterprises donated a total of





Nationwide Blood Donation campaign

To help alleviate the blood shortage problem, Shin Kong's nationwide blood donation campaign "Rolling Sleeves and Donating Blood to Help Others and Yourself" was launched in 25 locations across Taiwan. In cooperation with the illustrator Banai, he encouraged young people to become a passionate blood donor through humorous pictures and texts. In particular, we purchased the "Black Bean Tea" produced by the Tainan Shiaying Farmers' Association, which has the title of "Black Gold in Beans", and took action to assist farmers' livelihood in addition to public welfare.

Cancer Prevention Advocacy

Pink October

For 13 consecutive years, we have responded to the promotion activities of The International Breast Cancer Awareness Month, and have held nearly 50 breast cancer awareness lectures, inviting patients to promote breast cancer prevention and treatment issues, we also have send 22,000 cancer prevention direct mails at Shin Kong Bank branches, reminding women and our female clientsto perform self-examination and regular breast examination.



A total of 17,099 people

Include "Shin Kong Taipei Station" bloodmobile, donated blood throughout the year. Raised 5,599 bags of blood





357

Beneficiaries



Event

Women's Cancer Awareness Health Examination

In view of the low breast cancer screening rate in Taiwan, in order to remind females to cherish themselves, we have cooperated with the "Taiwan Breast Cancer Alliance" to hold the "Breast Care for Spreading Seeds of Love" campaign for 16 consecutive years. In 2021, the mammography truck was set up at the head office of the Shin Kong Bank to allow females to understand the importance of breast cancer screening.

participants

Children's Cancer Advocacy

Focusing on the issue of children's cancer, we cooperated with the Childhood Cancer Foundation to produce a promotional video for the Love Code 88888, and assisted in promoting the donation of electronic invoices in a humorous way through video.



160,000 times.

The number of views of the promotional video exceeded

Printed a total of 9,000 cancer health education pamphlets, providing it at free of charge for 154 hospitals and 320 medical units in Taiwan

Dementia Friendly Bank

Shin Kong Bank has always cared about elderly care issues and supports the United Nations Sustainable Development Goals (SDGs) with the aim of using core competencies of the Company for the welfare of all age groups. The number of defrauded people in Taiwan has increased and elderly people have become targets for fraud rings. As a company that has focused on local business development and prosperity, Shin Kong Bank sought to increase the alertness of service personnel and prevent customers from being defrauded. We strive to become the leader of the "Dementia Friendly Banks" in Taiwan. A total of 58 dementia charity and care activities were held in 2021 for 13.450 participants.



58 public welfare activities



13.450 participants

Remember your companion, Let love follow **Dementia VR Experience Event**

Cooperate with the iFull Family Care Association and LaPangu, and invite local health bureaus, dementia care institutions and other units to work together. Through the situational videos "Taking a Tram", "Getting off the Train" and "Attending a Party", the person can experience the feelings or lost sense of space that may be experienced by people with dementia. Professional certified lecturers guide and discuss the situation of people with dementia which conveys the concept of empathy for dementia, how to improve the interaction with people with dementia, and encourage people to make early financial planning after retirement through the "Safe caring Trust Promotion", and make good use of financial products to plan their finances in advance to ensure financial security.

Dementia Friendly Seminar

Through physical and online lectures and training courses on dementia, we invited senior caregivers' families to share their caring experience. We also invited professional doctors to explain and promote the knowledge of dementia health education for caregivers' families and the general public, and help their carers' families to integrate with society. In addition, the scope of communication has been expanded and staff members and their families have been invited to participate.

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

Cooperate with community colleges and elderly care centers to serve the elderly and families with dementia, and help rebuild the caring relationship. In 2021, we worked with the university's social responsibility unit to recruit college students to become volunteers. When serving the elderly with dementia and their families, they will also cultivate the right concepts and corresponding knowledge, and expand their influence to other young students.



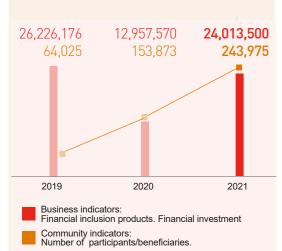
6-3 Protecting the disadvantaged _____





Connection between the public welfare strategies and business operations and their performance

SKFH expects to use its core competencies to fulfill corporate social responsibility, to offer inclusive financial products such as microinsurance, Small amount Whole Life insurance, micro-loans, and fractional share investment, and to develop a variety of digital financial services so that people in remote areas can also have access to financial services. For goods and services, we are particularly committed to protecting the education and companionship of schoolchildren in remote rural areas, and use circular economy donations to make the love we receive from all areas to become substantial help, hoping to strike a balance between caring for the disadvantaged and environmental protection. A total of about NT\$24 million was invested in related activities, with about 244,000 beneficiaries.



Family support and care

Christmas charity activities

Starting from sharing carbon reduction actions and "funding" the frontline, the event "Carbon Reduction with Love to Protect the Environment and Send Warmth for Christmas" was held at the Shin Kong Life Tower, and together with the Shin Kong smallholder farmers' evening market, we shared and conveyed warmth. We also worked with the "Gifting Platforms" and launched an employee fundraiser, which donated supplies according to needs of each family to the Taitung County Underprivileged Care Association and Taiwan Lourdes Association, etc. We also raised Christmas presents for 580 social welfare units and rural schools in Taiwan, putting all the gifted items to good use.

Note: Each kilogram of waste reduced is equivalent to 2.06 kilograms of CO2 reduction.

Micro insurance

We implement care for the disadvantaged in society, and provide free "group micro insurance" for remote villages, indigenous people, low-income, disadvantaged children, families with special circumstances, and people with disabilities, providing basic protection needed by the disadvantaged groups in order to expand the social safety protection. We practice the corporate mission of "everyone has insurance, every family is protected". SKL received a commendation from the Financial Supervisory Commission and was awarded the Performance Excellence Award and the Care for the Disabled Award in the Microinsurance Competition.

New companionship - Pen pal Project

Through the matching of professionals in various fields in the society and the schoolchildren in remote villages to become life and spiritual partners, we hope to increase the opportunities for these small pen pals to write short essays and language practice through letters, and at the same time, through consultation and answers with the elder pen pals, to enrich their life experiences. In addition, we also give scholarships to qualified outstanding small pen pals and the ones under poverty line, helping them to fulfill their dreams.



1,302 kilograms

reducing carbon emissions

A total of 632 kilograms of materials were recycled with 1,718 beneficiaries.





6.6 million

insurance premium donation 35,064 beneficiaries





NT\$ 36,000

scholarship

9 students from economically disadvantaged families and 9 students with outstanding academic achievements.



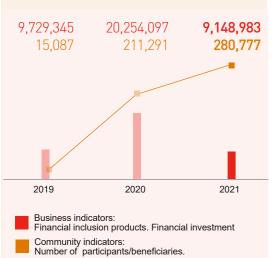
6-4 Financial education





Connection between the public welfare strategies and business operations and their performance

SKFH attaches great importance to youth development. In addition to organizing campus recruitment, scholarships, industry-academia cooperation, and wealth management contests each year to provide young students with academic resources, enhance their actual experience in the finance industry, and improve their professional competitiveness, In addition, financial professionals held financial management and public welfare lectures to help the public establish the correct financial management concepts. In 2021, a total of about NT\$9.1 million was invested in financial education-related activities, with about 281,000 beneficiaries.



Family support and care

Banking Financial Education Program on Campus

The Lao Mei Elementary School in the Shimen District of New Taipei City, Taipei Wenlin Elementary School in the Shulin District, and the Yisheng Elementary School in Fusing District of Taoyuan City, set up the "Shin Kong Campus Bank" to allow students to experience the life of a clerk during the internship program. We used the VR technology to show the students about the financial industry and hope to leave a deep impression in their minds. 62 participants from the Lao Mei elementary school.

Masterlink Cup:Potential Stock Identification Contest

Students from colleges and universities were invited to write research reports, using stocks with potential for development as the competition theme. In 2021, a researcher from MasterLink Investment Consulting who was also the champion from the first competition, was invited to record a promotional video, sharing how to find individual stocks, how to conduct data collection and how to construct the structure of the research report.



TMasterlink Cup: The MasterLink Cup Program Trading Competition

We cooperated with KWay Information Corporation to hold "The MasterLink Cup Program Trading Competition", inviting students and the public to participate, introducing strategic ideas, the logic ideas behind trading, and strategic performance evaluation to the judges to examine the trading skills and risk control capabilities of the participants. We offer priority employment opportunities for winners, of which one winner from the social group has entered.



1,795

participants





8,057,083 times

Number of exposures





2,712,524 times

Number of exposures 115 participants



Sustainable Business

Innovative Services and Responsible Finance

Green Actions

Employee Happiness

Dedicate Efforts in Campus Activities

SKL has organized industry-academia collaboration courses for students of finance-related departments each year and provided students of colleges and universities with opportunities for visiting the Company. We hope that through these internships and visits, students can understand the business philosophy and professionalism of insurance companies, and establish a brand image on-campus. We also provide policyholders and non-policyholders guaranteed scholarships, which is the most substantial help for students.

Young Wealth Management Specialist

Teach the disadvantaged groups and schoolchildren through the three-faceted courses of "Basic Financial Education Course, Painted Dreams Piggy Bank, Bank Career Exploration", to establish the correct concept of money and financial management, improve the level of financial knowledge, and create a happy life.



Cooperated with 133 domestic colleges and universities

A total of 3.074 scholarships were issued, with an amount of about NT\$8 143million



participants

In 2021, a total of 5,210 accounts were opened by people under the age of 12

Masterlink FinTeach Campus Financial Event sponsorship

The Department of Finance from Chien Hsin University of Science and Technology held the "2021 National High school and Vocational School Investment Contest". A total of 2.930 students from 175 senior high vocational schools participated. By encouraging young students to participate in the simulation competition to experience the operation of stocks, the education of investment and financial management can be visualized and help to formulate the ability of financial planning early on in their lives.



6,249

participants

21 applications were successfully sponsored.

Improve finance knowledge of the public

Shin Kong Beautiful Life Lectures

Financial management, leisure and health are the three major themes for the keynotes speeches, where celebrities and elites in various fields were invited to deliver these lectures. Through the lectures, they shared knowledge and life experiences, and brought new vision, energy and enrichment to the audience.



participants

LIFE Lab. seminars

We also organized online and community seminars on various topics including health and family handicraft courses and lectures on health information. In addition, we have promoted health awareness and insurance knowledge with the aim of helping the public enhance their knowledge of finance and insurance.



4,832

participants

MasterLink Investment Lecture Series

In order to enhance people's investment concepts and skills, we held lectures in line with current investment topics, such as introduction of investment products, tools and services, quarterly investment analysis, etc. Through explanations, investors can gain an in-depth understanding of financial products and asset allocation, reducing investment risks caused by insufficient information. We invited financial netizens and celebrity lecturers to give lectures on various financial topics. In 2021, we held 33 lectures of MLS Flipped Classroom on Youtube due to the Covid-19.



55.977

participants

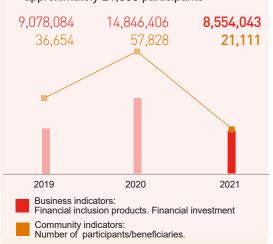
6-5 Care for the elderly _____





Connection between the public welfare strategies and business operations and their performance

SKFH pays close attention to the aging society and low birthrate in Taiwan as well as the demand for healthcare brought forth by such trends. 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. We aim to use our business locations across Taiwan and our advantages in local markets to organize Legacy Art Work activities everywhere and close the distance between finance and customers. We also established a long-term care information network and organized health seminars to encourage people to implement health management and avoid long-term care risks. We invested approximately NT\$8.5 million in related activities in 2021 which benefited approximately 21,000 participants



Creative aging

The Elderly Care Everywhere Events

Together with community activity centers, nursing homes, and disadvantaged groups in Taiwan, we accompanied the elderly and school-aged children to learn how to make lanterns in the spirit of local care, and combined social care and financial education for all ages on the spot to promote "Children's Savings and Banking" and the "Elderly Fraud Prevention".

History Alive and Legacy Art Work

In 2021, "History Alive" entered into the Kunuan tribe, a remote village of Hualien, giving the elders of the indigenous tribes with the opportunity to share their unique life story through the guidance of performing arts. 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.



sessions held

4,870 event volunteers, 17,347 beneficiaries





event volunteers





beneficiaries



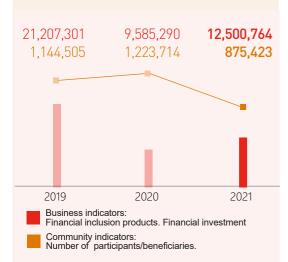
6-6 Community engagement _____





Connection between the public welfare strategies and business operations and their performance

SKFH has focused on local markets for more than 50 years. We have provided sponsorship and supported local cultural activities to protect local culture. At the same time, we also hold a number of leisure sport events, providing opportunities for talents in various fields to show their talents. SKFH invested approximately NT\$12.5 million in 2021 which benefited approximately 875,000 participants.



Potential -

Nationwide Drawing Contest

Through the Nationwide Drawing Contest, we provided a platform for painters of all ages who love to create and learn to show their creativity, and used the power of art to practice the joyful future of caring for all ages. The online voting activity attracted nearly 40,000 netizens to participate, with a total of 139,226 votes were cast, which was the most participated event over the years.



7,000

entries were registered 188,066 beneficiaries



Shin Kong Cup Rubik's Cube Online Challenge

In order to encourage youngsters to engage in appropriate leisure activities, we held a Pocket Rubik's Cube contest to let them work hands-on and promote brain activity, and train their memory, judgment and spatial imagination by learning how to play the Rubik's Cube. At the same time, it also enhances the positive interaction between parents and children.



62

players signed up

Shin Kong Cup Street Dance Contest

We organized the Shin Kong Cup Street Dance Contest for 18 consecutive years to promote street dance culture and promote diverse development of youths. We organized an event in summer time for street dancers to show off their moves and challenge themselves in order to create a better street dance environment, cultivate the next generation of outstanding dancers, and help the street dance culture take root in Taiwan.



211 teams

90,000 people benefited.



The Shin Kong e-Sports Camp for parents and children

In order to enable parents to understand how to use e-sport to implant education, Shin Kong plans the only series of parent-child courses in Taiwan from the perspective of e-sports education, so that children can develop logical thinking, cooperation and communication skills while playing games

In 2021, due to the covid-19,we held the event online so that the event is not affected by restrictions such as space and the pandemic, which was also more in line with the digital spirit of e-sports.



610,000 broadcasts

120 beneficiaries, with a maximum of 7,560 online live broadcasts

Care for the land

Shin kong Dining Table with an acre of happiness

We support farmers from all over the country by inviting them to enter and sell agricultural products at our building square, promote the sustainable development of local non-toxic agriculture through qualified inspection certificates or certification marks, establish a safe and healthy diet concept, and encourage the choice of low-carbon consumption of local ingredients in order to protect the earth and the environment. We can achieve food safety, sustainable agriculture and food agriculture education, contributing to Taiwan's sustainable development.

SROI: NT\$ 5.7 20 Shin Kong smallholder farmers' markets were held;



Environmental Protection Events

We worked with the Society of Wilderness. On the Mid-Autumn Festival, including closing the power supply for non-essential lighting facilities such as self-owned office floor and the landscape lighting on the top floor, plaza signs, exterior wall lighting, sign lights, etc. of 28 self-owned buildings such as the Shin Kong Life Tower, Xinyi Financial Building, Neihu Technology Building, as well as the self-owned office floors and top-floor landscape lighting of 104 branches of Shin Kong Bank and 47 branches of Yuanfu Securities. Let the action of turning off the lights for Earth Hour become the starting point of guarding our earth and achieve the future of a green earth. In addition,

We also 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.



432,093

beneficiaries



Revitalize local tourism

We do our part to support domestic tourism, and we hope to support domestic tourism through the power of enterprises. We have been sponsoring local special events such as the Yanshui Beehive Fireworks Festival in Tainan, the Dajia Matsu Pilgrimage Procession, and the Wandan Red Bean Milk Festival. During the pandemic, we also encouraged self-organized incentive activities to be held within Taiwan in order to support the local tourism industry through the difficult times

Corporate volunteers

We work with more than 30 social welfare institutions in Taiwan to provide volunteer services, resolve social welfare institutions' manpower requirements, and organize volunteer training programs to participating volunteers gain a sense of accomplishment for providing charity services.

In response to the outbreak of covid-19, we join hands with the government to fight the pandemic by assisting in the packaging and distribution of medical masks, easing the demand for masks for licensed doctors in Taipei City, and become a strong back up support for the medical staff.



118,159

beneficiaries



sessions volunteer services were held 2,899 volunteers participated in activities, and total service hours: 11,652 hours



pandemic volunteer activities

with 403 volunteers and total service hours:3.352 hours.



APPENDIX

- **7-1** Supplemental Tables of Economic and Social Data
- **7-2** GRI Standards
- **7-3** GRI Material Topics and Management Approaches
- **7-4** Achievement of Long Term Targets on Material Issues
- **7-5** Sustainability Accounting Standards Board (SASB) Disclosure
- **7-6** United Nations Global Compact
- **7-7** Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- **7-8** Assurance and Verification Statements



7-1

Supplemental Tables of Economic and Social Data _



7-1-1 Engagement with Domestic and Foreign Organizations

Engagement	Organization	Engagement	Organization	
SKFH		MLS		
Permanent Membership	Taiwan Stock Affairs Association, Chinese National Association of Industry and Commerce, Taiwan (CNAIC), Bankers Association of Taipei, Cross-Strait CEO Summit, Taiwan Institute of Directors, Financial Planning Association of Taiwan, and Chinese Human Resource Management Association	Permanent Membership	Taiwan Securities Association, Chinese National Futures Association, Securities Investment Trust and Consulting Association of the R.O.C., Trust Association of R.O.C., Public Company Stock Affairs Association, Taiwan Private Equity Association, Securities Analysts Association, Cross-Strait CEO Summit, Institute for Biotechnology and Medicine Industry, Financial Ombudsman Institution	
Strategic Membership	Taiwan Mergers & Acquisitions and Private Equity Council			
Director, Council Member, or Supervisor	Taiwan Institute for Sustainable Energy, Taiwan Alliance for Net Zero Emission	Participation in Committees	Taiwan Securities Association, Chinese National Futures Association, Securities Investment Trust and Consulting Association of the R.O.C., Trust Association of R.O.C.,	
SKL		SKB		
Strategic Membership	Insurance Society of the Republic of China, Life Insurance Association of the Republic of China, Chinese Human Resource Management Association, Actuarial Institute of Chinese Taipei, Computer Society of the Republic Of China (CSROC), Life Office Management Association (LOMA), International Insurance Society (IIS), The Real Estate Association of R.O.C., Chinese Insurance Service Association, Chinese Excellent Management Association, Information Management Association, Institute of Internal Auditors, R.O.C., Life Insurance Association of the Republic of China, Taiwan Financial Services Roundtable, Taiwan-ASEAN Business Council, Financial Ombudsman Institution (FOI), Taiwan Insurance Institute, Institute of Financial Law and Crime Prevention, Financial Information Sharing and Analysis Center, Taiwan Aademy of Banking and Finance FinTech, Asia Investor Group on Climate Change (AIGCC),	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, Overseas Credit Guarantee Fund, Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), Agricultural Credit Guarantee Fund, Chinese Human Resource Management Association, The Institute of Internal Auditors-Chinese, Society for Worldwide Interbank Financial Telecommunication (SWIFT)	
Director, Council Member, or Supervisor	International Corporate Governance Network (ICGN) Finacial Governance and Compliance Association of the Republic of China	Supervisor or Consulting Director	Taiwan Mobile Payment Co., Ltd. and Taiwan Clearing House	
SKIT		Participation in Projects or Committees	R.O.C. Bills Finance Association, Open API Research and Application Development Committee	
Permanent Membership	Chinese National Futures Association, Securities Analysts Association, Chinese Taipei and Financial Ombudsman Institution	SKPIA		
Participation in Committees	Securities Investment Trust & Consulting Association of the R.O.C. (SITCA)	Permanent Membership	Insurance Agency Association of the Republic of China, Chinese Insurance Service Association, and Financial Ombudsman Institution, The Insurance Operations Society of The Republic of China	

7-1-2 New Full-time Employees in 2021

		Number of employees	% of all new full-time employees	% of all full-time employees
	< 30	160	19.2	1.0
Mala	30-50	211	25.3	1.3
Male	> 50	43	5.2	0.3
	Subtotal	414	49.7	2.6
	< 30	196	23.5	1.2
Female	30-50	201	24.1	1.2
remale	> 50	22	2.6	0.1
	Subtotal	419	50.3	2.6
	Junior	41	4.9	0.3
Management Level	Middle	9	1.1	0.1
	Senior	16	1.9	0.1
Nationality	Taiwanese	818	98.2	5.1
Nationality	Foreign National	15	1.8	0.1
Workplace	Taiwan	813	97.6	5.1
	Overseas	20	24	0.1
Total		833	100	5.2

Note 1: Due to the different nature of sales business, the above table does not include insurance agents.

Note 2: If considering the personnel in Note 1, the total number of new employees is 2,523, and the ratio of new employees is 15.6%.

Note 3: The number of new employees is based on the number of new full-time employees of SKFH and its subsidiaries in service at the end of 2021.

Note 4: % of all full-time employees = the number of new employees in 2020 / the total number of full-time employees of SKFH and its subsidiaries.

7-1-3 Number of Employees who Resigned and Turnover Rate in 2021

		Total
Number of em the company	927	
Total Turnove	er Rate (%)	11
	< 30	114
Resigned Male	30-50	223
	> 50	111
	< 30	120
Resigned Female	30-50	242
	> 50	117
	Senior	20
Resigned	Middle	24
Management	Junior	64
	Turnover Rate (%)	0.5
	Taiwanese	909
Nationality Foreign National		18
	Taiwan	90
Workplace	Overseas	18
Disabilities	3	

Note1: Due to the different nature of sales business, the above table does not include insurance agents.

Note2: If considering the personnel in Note 1, the total number of employees who left the company is 2,860, and the turnover rate is 14.6%.

Note3: Total departures are defined as employees who left the organization voluntarily or due to dismissal, retirement, illness, or death in the line of duty, excluding secondments.

Note4: Turnover Rate= Number of full-time employees left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note5: Turnover Rate of Management= Number of management left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note6: The foreign national resigned employee is the overseas employee of SKB.

7-1-4 Internal Hiring Analysis in 2021

		Total
	< 30	6
Male	30-50	26
Iviale	> 50	9
	Subtotal	41
	< 30	7
Famela	30-50	42
Female	> 50	9
	Subtotal	58
	Junior	33
Management Level	Middle	4
	Senior	3
Nationality	Taiwanese	98
Nationality	Foreign National	1
Workplace	Taiwan	99
Workplace	Overseas	0
Total		99

7-1-5 Occupational Accident Data and Absenteeism Statistics in 2021

	Male	Female	Total
Occupational Injuries	3	9	12
Occupational Deaths	0	0	0
Incident Rate (IR)	0.32	0.78	0.60
Lost Day Rate (LDR)	1	10	6.9
Disabling Injury Frequency Rate (FR)	0.32	0.63	0.51
Disabling Injury Severity Rate (SR)	1	6	4
Frequency Severity Indicator (FSI)	0.02	0.06	0.04
Absentee Days	2,271	7,321	9,591
Absentee Rate (AR)	0.20%	0.42%	0.33%
Total Hours Worked	9,262,440	14,080,304	23,242,744

Note 1: Due to the different nature of sales business, the above table does not include insurance agents.

Note2: Incidence rate (IR, the third decimal place is unconditionally rounded off) = occupational injury (cases) X 1,000,000 / total hours worked

Note3: Loss day rate (LDR, the first decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked

Note4: Disabling injury frequency rate (FR, the third decimal place is unconditionally rounded off) = total occupational injury (cases) X 1,000,000 / total hours worked

Note5: Disabling injury severity rate (SR, the first decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked

Note 6: Frequency severity indicator (FSI, the third decimal place is unconditionally rounded off) = square root of (FR X SR / 1,000)

Note7: Absentee days: include 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

Note8: Absentee rate (AR)=(Number of absentee days in the accounting period / Total days scheduled to be worked in the accounting period)x 100%

Note9: Total days scheduled to be worked in the accounting period =total number of employees*annual workdays

Note10: Total hours worked: Expected total number of employee hours worked (total number of employees * daily working hours * annual workdays)

7-1-6 Analysis on Employee's Nationality in 2021

	Taiwam	Hong Kong	Myanmar	Malaysia	Vietnam	China
Percentage of total employees	99.81%	0.14%	0.01%	0.01%	0.01%	0.01%
Percentage of all management positions	100%	0%	0%	0%	0%	0%

7-1-7 Penalties and Improvement Measures

Description of Penalties in 2021	Improvement Measures
SKFH	
Fined NT\$2 million, mainly due to the deficiencies in stakeholder's transaction.	Made improvement based on the penalty, and strengthened the education and training on employees.
SKL	
Fined NT\$1.8 million, mainly due to the deficiencies in client solicitations and underwriting procedures.	Made improvement to underwriting procedures, and strengthened the education and training on employees.
Fined NT\$2.6 million, mainly due to the deficiencies in stakeholder's transaction.	Made improvement based on the penalty, and strengthened the education and training on employees.
MLS	
Fined NT\$720,000, mainly due to the deficiency in the internal control of the trading host placement in the Co-Lo room, and the firewall log records were not properly preserved.	Made improvement based on TWSE procedures.
Fined NT\$240,000, mainly due to inappropriate salesperson behavior when serving customers.	Made improvement based on the penalty, and strengthened the education and training on employees.
Fined NT\$240,000, mainly due to documents sent to customers not marked with warnings, etc.	Made improvement based on the penalty, and strengthened the education and training on employees.
SKIT	
Fined NT\$600,000, mainly due to the deficiency in a discretionary investment account investing in securities without the written consent of the client or without a contract.	Made improvement based on the penalty, and strengthened the education and training on employees.

Note: For the details of penalties, please refer to the "Disciplinary actions received in the past 2 years due to violation of laws and major defects and improvement shall be disclosed in accordance with the following principles" in the 2021 SKFH (AGM) Annual Report, P. 129.

7-2 GRI Standards



Topic		Corresponding Chapter	Page Number
₽	GRI 102: General Disclosures 2016		
102-1	Name of the organization	2.1.1 About SKFH	20
102-2	Activities, brands, products, and services	2.1.1 About SKFH	20
102-3	Location of headquarters	About This Report	4
102-4	Location of operations	2.1.1 About SKFH	20
102-5	Ownership and legal form	SKFH 2021(AGM) Annual Report: Organizational Chart The Controlling Company and Its Subordinate Companies	-
102-6	Markets served	2.1.1 About SKFH	20
102-7	Scale of the organization	2.1.1 About SKFH 2.1.2 Financial Performance 5.1.1 Employment Status	20 22 68
102-8	Information on employees and other workers	5.1.1 Employment Status	68
102-9	Supply chain	2.1.1 About SKFH	20
102-10	Significant changes to the organization and its supply chain	No significant changes	-
102-11	Precautionary Principle or approach	2.5.3 Risk Management Policy and Mechanisms	33
102-12	External initiatives	1.2.3 Sustainability Promotion	11
		and Public Influence 2.5.5 Climate Change Risks 3.5.3 ESG Credit	34 55
102-13	Membership of associations	7.1.1 Engagement with Domestic and Foreign Organizations	106
102-14	Statement from senior decision-maker	From the Chairman and the President	02
102-16	Values, principles, standards, and norms of behavior	2.3.1 Ethical Management	25

Topic	Corresponding Chapter	Page Number
GRI 102: General Disclosures 2016		
102-18 Governance structure	1.2.1 Corporate Sustainability Committee	11
	2.2.1 Board of Directors	23
102-40 List of stakeholder groups	1.3 Stakeholder Engagement	12
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
102-44 Key topics and concerns raised	1.4 Materiality Assessment	15
102-45 Entities included in the consolidated financial statements	2.1.1 About SKFH	20
102-46 Defining report content and topic Boundaries	1.4 Materiality Assessment	15
102-47 List of material topics	1.4 Materiality Assessment	15
102-48 Restatements of information	SKL's updated water use data for the past two years, and SKB updated GHG data for the past 3 years due the change of statistic methods	-
102-49 Changes in reporting	1.4 Materiality Assessment	15
102-50 Reporting period	About This Report	4
102-51 Date of most recent report	About This Report	4
102-52 Reporting cycle	About This Report	4
102-53 Contact point for questions regarding the report	About This Report	4
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102-56 External assurance	7.8 Assurance & Verification Statement	119



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Topic		Corresponding Chapter	Page Number	Topic		Corresponding Chapter	Page Number
	GRI 201: Economic Performance 2016				GRI 404: Training and Education 2016		
201-1	Direct economic value generated and distributed	2.1.2 Financial Performance	22	404-1	Average hours of training per year per employee	5.3.2 Training Investment and Effectiveness	83
201-2	Financial implications and other risks and opportunities due to climate change	2.5.5 Climate Change Risks	34	404-2	Programs for upgrading employee skills and transition assistance programs	5.3.1 Major Training Strategic Principles and Plans	80
	GRI 203: Indirect Economic Impacts 2016			404-3	Percentage of employees receiving regular performance and career	5.2.2 Talent Retention and	77
203-2	Significant indirect economic impacts	3.4 Financial Inclusion 3.5 Sustainable Finance	50 52	404-3	development reviews	Performance Management	. //
					GRI 405: Diversity and Equal Opportunity		
- 🛒	GRI 205: Anticorruption 2016			405-1	Diversity of governance bodies and employees	2.2.1 Board of Directors	23
205-2	Communication and training about anticorruption policies and procedures	2.3.1 Ethical Management 2.3.2 Anti-Money Laundering	25 28			5.1 Employee Equality and Inclusiveness	68
205-3	Confirmed incidents of corruption and actions taken	2.3.1 Ethical Management	25	405-2	Ratio of basic salary and remuneration of women to men	5.1 Employee Equality and Inclusiveness	68
	GRI 206: Anti-Competitive Behavior 2016			 @±	GRI 412: Human Rights Assessment		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3.1 Ethical Management	25	412-2	Employee training on human rights policies or procedures	5.1.3 Human Rights Protection	70
	GRI 305: Emissions 2016				GRI 417: Marketing and Labeling 2016		
305-1	Direct (Scope 1) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	61	417-1	Requirements for product and service information and labeling	3.2.1 Legal Compliance of	47
305-2	Energy indirect (Scope 2) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	61			Products and Marketing Strategies	47
305-3	Other indirect (Scope 3) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	61	417-2		No incidents	+
305-4	GHG emissions intensity	4.2.1 Actions to Reduce Carbon Emissions	61		information and labeling	1	1
305-5	Reduction of GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	61	417-3	Incidents of non-compliance concerning marketing communications	No significant incidents	+
	GRI 401: Employment 2016				GRI 418: Customer Privacy 2016		
401-1	Total number and rate of new employee hires/employee turnover during the reporting period, by age group, gender and region.	7.1.2 New Full-time Employees in 2021 7.1.3 Number of Employees who Resigned and Turnover Rate in 2021	107 107	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.3 Protection of Customer Privacy	48
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4.1 Complete Benefits System	87		GRI 419: Socioeconomic Compliance 2016		
401-3	Parental leave	5.4.1 Complete Benefits System	87	419-1	Non-compliance with laws and regulations in the social and economic area	7.1.6 Penalties and Improvement Measures	128

7-3 GRI Material Topics and Management Approaches



Indicator / Item	Page Number

_ © _	G4 Financial Service Sector Disclosures	
FS1	Policies with specific environmental and social components applied to business lines	52-54
FS2	Procedures for assessing and screening environmental and social risks in business lines	52
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	52-54
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	25-27
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	52-54
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	50-51
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	50-51
FS13	Access points in low-populated or economically disadvantaged areas by type	21
FS14	Initiatives to improve access to financial services for disadvantaged people	50
FS15	Policies for the fair design and sale of financial products and services	47
FS16	Initiatives to enhance financial literacy by type of beneficiary	100-101

Topic		Corresponding Chapter	Page Number
<u> </u>	Business Performance		
103-1	Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
103-2	The management approach and its components	About SKFH 2.1.2 Financial Performance From the Chairman and the President	20 22 02
103-3	Evaluation of the management approach	2.1.2 Financial Performance	22

<u></u>	Corporate Governance and Ethical Managemen	it	
103-1	Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
103-2	The management approach and its components	2.2 Corporate Governance 2.2.1 Board of Directors 2.3.1 Ethical Management	23 23 25
103-3	Evaluation of the management approach	2.2.1 Board of Directors 2.2.3 Audit System 2.3.1 Ethical Management	23 24 25

_ 🗿	Information Security		
103-1	Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
103-2	The management approach and its components	2.4 Information Security	29
103-3	Evaluation of the management approach	2.4.1 Information Security Management Mechanism	29

Legal Compliance 1.4 Materiality Assessment 15 103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 2.3 Legal Compliance 25 2.3 Legal Compliance 103-3 Evaluation of the management approach 25



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Risk and Crisis Management			A A	Talent Attraction and Retention		
103-1 Explanation of the material topic and its	Boundary 1.4 Materiality Assessment	15	103-	Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
103-2 The management approach and its com	2.5.1 Risk Management Organizational Structure 2.5.3 Risk Management Policy and	31	103-	The management approach and its components	5.2.2 Talent Retention and Performance Management 5.4.1 Complete Benefits System	77
	Mechanisms 2.5.4 Risk Management Culture	34	103-3	3 Evaluation of the management approach	5.2.2 Talent Retention and Performance Management	77
103-3 Evaluation of the management approach	2.5.4 Risk Management Culture	34			-	
్ట్ర్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ్మ			Г.	Actions for Climate Change		1 45
103-1 Explanation of the material topic and its	Boundary 1.4 Materiality Assessment	15	103	. , ,	1.4 Materiality Assessment	15
103-2 The management approach and its com	ponents 3.1 Digital and Innovative Finance	42		-2 The management approach and its components	2.5.5 Climate Change Risks	34
103-3 Evaluation of the management approach	3.1 Digital and Innovative Finance	42	103	-3 Evaluation of the management approach	2.5.5 Climate Change Risks	34
				Talent Cultivation and Development		
Sustainable Finance			103	-1 Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
103-1 Explanation of the material topic and its	Boundary 1.4 Materiality Assessment	15	103-	-2 The management approach and its components	5.3 Career Development	80
103-2 The management approach and its com	oonents 3.5.1 Responsible Investment 3.5.2 The Principles for Sustainable Insurance (PSI)	15 53	103	-3 Evaluation of the management approach	5.3.3 Talent Reserve and Internal Rotation Mechanism	85
	3.5.3 ESG Credit	55	r-0	7 Family in the and dismissed labor		
103-3 Evaluation of the management approach	3.5.1 Responsible Investment 3.5.2 The Principles for Sustainable Insurance (PSI)	52 53	103	Equal rights and dignified labor Explanation of the material topic and its Boundary	1.4 Materiality Assessment	15
	3.5.3 ESG Credit	55	103-	-2 The management approach and its components	5.1.2 Diverse and Equal Employment Opportunities 5.1.3 Human Rights Protection	69 70
Customer Relations and Service	Quality		103	-3 Evaluation of the management approach	5.1.3 Human Rights Protection	74
103-1 Explanation of the material topic and its	Boundary 1.4 Materiality Assessment	15			1	' '
103-2 The management approach and its com	oonents 3.3.1 Customer Service 3.3.2 Customer Complaint and Communication	49 on 49	Γ	`	d d Matariality Accessorate	1.5
			103		1.4 Materiality Assessment	15
103-3 Evaluation of the management approach	3.3.1 Customer Service 3.3.2 Customer Complaint and Communication	49 on 49		2 The management approach and its components	3.4 Financial Inclusion	50
	OSSE SUSTAIN SOFTPIAIR GIRD SOFTITION	7/	103	-3 Evaluation of the management approach	3.4 Financial Inclusion	50

7-4 Achievement of Long Term Targets on Material Issues __



long-term target	Achievement in 2020	Achievement in 2021
Business Performance		
Targets to be achieved by 2025: Maintain a long-term stable profit and dividend distribution	The consolidated net profit after tax in 2020 was NT\$14,459 million and the EPS was NT\$1.12. The total asset scale exceeded NT\$4.36 trillion, an increase of 8.12% year on year. The consolidated shareholders' equity was NT\$241,579 million and the net value per share was approximately NT\$18.12. Cash dividends are distributed at NT\$ 0.4 per share in 2020.	The consolidated net profit after tax in 2021 was NT\$22.730 billion and the EPS was NT\$1.67. The total asset scale exceeded NT\$4.69 trillion, an increase of 7.53% year on year. The consolidated shareholders' equity was NT\$263.382 billion and the net value per share was approximately NT\$18.21. Cash dividends were distributed at NT\$0.43 per share in 2021.
Corporate governance and ethical management		
Targets to be achieved by 2026: Establishing a Nomination Committee Increase the number of female Directors, reaching over 20% of the all the Directors of the Board of Directors Increase the number of Independent Directors, reaching more than one-third of the all the Directors of the Board of Directors Continue to implement the dishonest behavior risk assessment mechanism, so that the risk matrix score calculated by multiplying the overall operation frequency by operation amount is less than 3 (the highest 9 points and the lowest 1 point for risks).	Has completed the establishment of the preliminary structure of the dishonest behavior risk assessment mechanism	Has completed the establishment of the structure of the dishonest behavior risk assessment mechanism. After evaluation, the risk matrix score of overall operation frequency × operation amount is less than 3 points.
Information Security		
Targets to be achieved by 2025: Complete the overall governance organization for information security Establish a system for assessment on the overall maturity of information security governance Establish a Computer Security Incident Response Team (CSIRT) Establish an information security and threat information sharing mechanism for the Group Continue to cultivate information security talents	Major subsidiaries have obtained ISO 27001 certification.	 Major subsidiaries have obtained ISO 27001 certification. To strengthen the information security governance structure, SKFH established a dedicated information security department, the Information Security Department.
Legal Compliance		
Targets to be achieved by 2025: • Digitalize 50% of legal compliance businesses. The training rate related to anti-corruption policy and ethical management in the Group reaches 100%.	Has completed the formulation of Anti-Corruption Policy and revised the Guideline for Ethical Corporate Management Policy and Best Practice Principles.	Completed the requirement proposal and supplier selection for the legal compliance business management system. Provided anti-corruption education and training to the legal compliance unit of each subsidiary, and recommended that each subsidiary conduct internal education and training.
Risk and crisis management		
Targets to be achieved by 2026: Achieve stable profit and net worth under the IFRS17 financial reporting system Under the ICS supervision, the ICS ratio is above the capital adequacy standard	 Has promoted in the company. Has shared current status analysis with and suggest subsequent directions to research institutions. Was responsible for editing the first ICS technical guidelines in the insurance industry. 	 Financial: Continued to cooperate with the competent authorities on trial calculations and internal tracking results and adjust Company strategies on a rolling basis. Operational: Implemented IFRS17 and ICS related systems.

insurance industry.

· Has conducted the first comprehensive trial calculation in the



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long-term target	Achievement in 2020	Achievement in 2021
Innovation and digital finance		
Targets to be achieved by 2025: • SKFH's digital customers become more than 3.2 million • Proportion of SKL's e-insurance becomes more than 95% • Proportion of SKB's digital transactions becomes more than 88% • Proportion of MLS's digital transactions becomes more than 83%	 SKFH's digital customers were 2.3 million in 2020. Proportion of SKL's e-insurance was 94.6% in 2020. Proportion of SKB's digital transactions was 84.4% in 2020. Proportion of MLS's digital transactions was 74.3% in 2020. 	 SKFH's digital customers were 2.51 million in 2021 Proportion of SKL's e-insurance was 94.1% in 2021. Proportion of SKB's digital transactions was 90.1% in 2021. Proportion of MLS's digital transactions was 78.1% in 2021.
Sustainable finance		
 Targets to be achieved by 2025: SKL: Continue to improve sustainable investment procedures to achieve sustainable and stable investment results, and the five-year CAGR of investment in securities in compliance of with the Company's sustainable investment principle reaches 3%. SKB: Sign the Equator Principles. Continue to promote the financing for solar power plant projects, and the total financing balance grows to \$4 billion by the target year with a 103% increase from 2021. 	Has completed formulation of Sustainable Finance Policy.	SKL: Marketable securities in line with the company's sustainable investment principles has increased by 8% in 2021 compared to 2020 SKB: Has completed the signing of the Equator Principles. Has complete the formulation of the "Sustainable Credit Policy"
Customer relations and service quality		
Targets to be achieved by 2025: • SKL: NPS reaches 80% • SKB: NPS of OU digital account reaches 45%; NPS of online banking reaches 30%.	SKL's NPS was 75.7%.	 SKL: 2021 NPS was 78.8%. SKB: OU digital account NPS was 41%; online banking NPS was 26%.
Talent attraction and retention		
Targets to be achieved by 2025: Reaching 90% of the retention rate of outstanding talents Employee engagement rate of 72%	The retention rate of key talents reached 96.3%.Employee engagement rate was 75%	The retention rate of key talents reached 95.9%.Employee engagement rate was 73%
Actions for climate change		
 Targets to be achieved by 2025: Reduce 2% of carbon emissions per year (base year: 2019) Obtain 6 licenses for green buildings The investment growth rate of project investment in green energy-related businesses is 400%, as compared with 2020. 	 Carbon emissions were reduced by 3.8%. Has obtained 5 licenses for green buildings and 1 pending licenses for green buildings. 	 Carbon emissions were reduced by 10% from the base year. Has obtained 5 licenses for green buildings and 1 pending licenses for green buildings. Based on 2020, the growth rate of the project investments in green energy related businesses in 2021 was 235%.
Talent cultivation and development		
Targets to be achieved by 2025: • The average training hours per employee reaches 100 hours • The rate of replacement for internal vacancy remains at 50%	The average training hours per employee was 97.71 hours. The rate of replacement for internal vacancy was 52%.	 The average training hours per employee was 80.60 hours. The rate of replacement for internal vacancy was 59%.
Financial Inclusion		
Targets to be achieved by 2025: • Keep developing new inclusive financial products and services • Keep winning microinsurance related awards	 Launched the "Housing Renovation Loan Interest Subsidies" Was awarded the Performance Excellence Award in the Micro-insurance Competition 	Established sign language video translation platform. Launched the Light of Hope Family Support Credit Loan Was awarded the "Micro-Insurance Performance Excellence Award" and the "Disability Care Award"

/-b Sustainability Accounting Standards Board (SASB) Disclosure _____



Insurance

Topic : Transparent Information & Fair Advice for Customers			
FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Disciplinary actions received in the past 2 years from competent authority(information date: March 2022) https://reurl.cc/9GyLDd	
date: April 2022) Complaints-to-claims ratio: For ever 1,000 claim applications, number of complaints received = [number of claim applications for appraisal/the total		Ombudsman Institution (information	
FN-IN-270a.3 Customer retention rate SKFH 2021 Q4 Earnings Update (P.12) Persistency Ratio: https://reurl.cc/p1X4p8		SKFH 2021 Q4 Earnings Update (P.12) Persistency Ratio: https://reurl.cc/p1X4p8	
FN-IN-270a.4	Description of approach to informing customers about products	Chapter 3.2.1 Legal Compliance of Products and Marketing Strategies of this Report.	



Topic : Management Incorporation of Environmental, Social, and Governance Factors in Investment

FN-IN-410a.1	Total invested assets, by industry and asset class	SKFH Q4 2021 Earnings Update (P.13) Investment Portfolio https://reurl.cc/p1X4p8
FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	SKL Institutional Investors Stewardship Report https://reurl.cc/e3a7Z7



Topic: Policies Designed to Incentivize Responsible Behavior

FN-IN-410b.1 Net premiums written related to energy efficiency and low carbon technology		Net premiums written related to energy	Not applicable. SKFH does not operate property insurance products.
FI	N-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors.	Chapter 3.5.2 The Principles for Sustainable Insurance (PSI)- Principle 1 "Products and services developments" of this Report.

Insurance



Topic : Environmental Risk Exposure

FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	For the analysis of the impact of climate-related natural disasters on personal insurance products, due to data limitations, the related methodology still needs further research. We will continue to		
FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modele natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	research in order to present more complete data and conduct full analysis of the impact of climate risks on life insurance products in the future.		
FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy			



Topic: Systemic Risk Management

-	FN-IN-550a.1	Exposure to derivative instruments by category: (1)total potential exposure to noncentrally cleared derivatives, (2)total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives.	Shin Kong Life Insurance Co., Ltd. Individual Financial Statement 2020-2021 (P.52) 9. Financial instruments measured at fair value through profit or loss
	FN-IN-550a.2	Total fair value of securities lending collateral assets	In 2021, SKL's financial asset securities lending agreement amounted to NT\$5,934,664,000. Shin Kong Life Insurance Co., Ltd. Individual Financial Statement 2020-2021 (P.152)
-	FN-IN-550a.3	Description of approach to managing capitaland liquidity-related risks associated with systemic non-insurance activities.	Shin Kong Life Insurance Co., Ltd. Individual Financial Statement 2020-2021 (P.147, P.149, P.158)





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Code Accounting Metric Disclosure Content Code Accounting Metric Disclosure Content Disclosure Content

Insurance



Topic: Activity Metric

FN-IN-000.A Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance

- Premium income: Premium income and benefits for each insurance type (informate date:March 2022) https://reurl.cc/n1X0o6
- Number of valid SKL policies in 2021: 18,339,248

Commercial Bank



Topic : Data Security

FN-CB-230a.1

- (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected
- (1)No data breaches incidents in 2021.
- (2)The ratio of data breaches related to personal information was 0.
- (3)No account holders were affected.

Commercial Bank



Topic : Data Security

FN-CB-230a.2 Description

Description the of approach to identifying and addressing data security risks 2.4 Information Security

2.5.2 Emerging Risks

- Identification: Regularly performed information security testing during system development and maintenance, and conducted computer system information security assessment in accordance with regulations. Analyzed comprehensive security tests to discover and fix information security threats and weaknesses as well as to reduce the risk of external service exposure, ensuring the stability of the information system and the effectiveness of information security management and control.
- **Mechanism:** SKB's information security has long been based on the three goals, "grasping effective information in advance", "detecting problems early in the event", and "recovering operations quickly after the event". In accordance with the NIST CSF classification, through managing personnel training as well as implementing control equipment based on identification, protection, detection, response, and recovery process, SKB improved the information security protection mechanism and met its goals.
- Threat pattern: In order to deal with various types of attacks, SKB has adopted a multi-layered in-depth
 defense structure, deployed various systems, such as firewall, anti-virus, spam filtering, intrusion detection and
 defense, and Internet behavior management, and commissioned the industry's best information security
 vendors to collaborate on tests and drills under various scenarios, so as to examine the effectiveness of its
 defense and response capability.
- Reporting: For any personal information infringement incident, the risk level should be determined based on the "Emergency Response Procedures for Infringement on Personal Information". In the case of a low-risk incident, after identifying the victim, appropriate reassurance should be given to the victim to ensure that the incident does not continue; in the case of a high-risk incident, after confirming the victim, appropriate reassurance should also be given to the victim, including the facts of the accident, the countermeasures taken, and any available consultation service hotline, etc., to make sure the incident does not continue.
- Trends: SKB optimizes the parameters of its information security protection equipment and system by collecting effective information from external units and information centers, such as major system weaknesses, information security threats, and information security incident alerts. Based on the type, frequency, and source of attacks observed by external intelligence and information systems, it also implements early warning and monitoring to strengthen defense. Since 2020, SKB has been working with the Financial Information Sharing and Analysis Center (FISAC) in the "F-SOC and Cross-domain Joint Defense Plan", along with many other financial institutions, to set up monitoring scenarios and share information on security incidents in order to understand the current information security status and trends. SKB also makes every effort to respond to risk threats as soon as possible and effectively enhance the overall information security defense capability.
- Regulations: SKB operates its businesses in accordance with the regulations and requirements set by the competent authorities and the Bankers Association, pays close attention to changes in laws, and reviews its control measures and legal compliance. SKB has established the "Information Security Policy" as a general standard for information security. According to the "Financial Institutions Information Security Protection Benchmark" published by the Bankers Association, the information security policy should be reviewed annually, audited when there are major changes, and amended to be in line with current information security goals to ensure its suitability, adequacy, and effectiveness.
- **External standards:** Has obtained ISO 27001:2013 certification since 2015. Obtained Information Security Management System (ISMS) verification; implemented various control and management measures; has been certified by the British Standards Institution (BSI) for 8 consecutive years and continued to maintain the validity of the certificate. Purchased "Information Security Insurance" policy in 2021 to strengthen the resilience of information security, enhance the capacity of operation and management, and transfer risks in the event that SKB's financial information services are affected or obstructed by external factors which result in losses.



FN-CB-410a.2

Description of the approach to the

risk analysis

incorporation of environmental, social,

and governance (ESG) factors in credit



· 2.5.5 Climate Change Risks

· 3.5.3 ESG Credit

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(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate

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SASB classification in the future.

(a) Personal credit balance was NT\$461.2 billion, (b) Small business credit balance was NT\$157.25 billion, and (c) Corporate credit balance was NT\$223.7 billion.

Appendix

Code	Accounting Metric	Disclosure Content	Code	Accounting Metric	Disclosure Content
Commerci	al Bank		Commercia	Commercial Bank	
Topi	ic:Financial Inclusion and Capacity Educ	ation	Topic	: Business Ethics	
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	 SKB has offered a total of 4,021 loans to small and medium enterprises in 2021. The total loan amount was NT\$157.25 billion. (For the definition of small enterprise, please refer to the Small and Medium Enterprise Administration, Ministry of Economic Affairs.) 	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	SKB didn't have related legal proceedings in 2021.
		SKB has offered 20 loans for the reconstruction of dangerous and old buildings in 2021. The total loan amount was NT\$2.05 billion.	FN-CB-510a.2	Description of whistleblower policies and procedures	SKB Internal and External Personnel Whistleblowing Procedures
FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs	SKB plans to disclose more information on past due and nonaccrual loansin the future.	Topic	: Systemic Risk Management	
	designed to promote small business and community development	add and nonaccidal realism are ratalic.	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	SKB is not a G-SIB bank, so this is not applicable.
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Information of previously unbanked or underbanked customers is not available to be collected yet.	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Capital adequacy is disclosed on P.87 of the 2021 Annual Report. According to SKB's stress test operating guidelines, relevant departments are requested to provide stress test scenarios to carry out stress tests of
FN-CB-240a.4	Number of participants in financial literacyinitiatives for unbanked or underbanked customers	Participants of "Little Financial planner" event: 24 people Participants of Campus banking and financial education program: 62 people at Lao Mei Elementary School		and other passiness delivities	different business activities. The stress test results are reported to the Risk Management Committee and submitted to the Board of Directors for future reference. For the results of stress tests, the corresponding management measures or actions shall be taken according to various circumstances and other available information, pursuant to Paragraph 5 of Article 7 of SKB's Stress Test Operating Guidelines.
Topic : Incorporation of Environmental, Social, and Governance Factors in Credit Analysis				: Activity Metric	
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	SKB Annual Report "Credit Risk Quality Information".SKB plans to disclose the credit exposure information in accordance with the SASB classification in the future.	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Please refer to the SKB Annual Report. Chapter 5 Operational Highlights 3. Business Overview (1) Savings business SKB plans to disclose in accordance with the

FN-CB-000.B

/- United Nations Global Compact _



Principle	Corresponding Chapter

Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights.	5.1.3 Human Rights Protection	
Make sure that they are not complicit in human rights abuses.	5.1.3 Human Rights Protection 4.3.1 Supplier Sustainability Management	



_	000	
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. The elimination of all forms of forced and compulsory labor.		5.1.4 Diverse Communication Channels
		5.1.3 Human Rights Protection
	5. The effective abolition of child labor.	5.1.3 Human Rights Protection
	6. The elimination of discrimination in respect of employment and occupation.	5.1.3 Human Rights Protection



Environment

Businesses should support a precautionary approach to environmental challenges.	4.1 Environmental Sustainability 4.2.1 Actions to Reduce Carbon Emissions
Undertake initiatives to promote greater environmental responsibility	3.5. Sustainable and Responsible Finance 4.1 Environmental Sustainability 4.2.2 Energy and Resource Management
Encourage the development and diffusion of environmentally friendly technologies.	3.5.5 Green Energy Finance



Anti-Corruption

A \-	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	2.3.1 Ethical Management

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies



Item	Corresponding Chapter	Page Number
Reference Article: Article 4, Paragraph 3		
Number of data breaches, percentage involving personally identifiable information, and number of account holders affected	2.4.3 Reporting of Information Security Incidents	30
Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities	3.4 Financial inclusion	50
Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services	6.4 Financial education	100
Products and services designed by individual operating units to create benefits for the environment or society	4.2.1Actions to Reduce Carbon Emissions	61

Assurance and Verification Statements





This is to verify that

Shin Kong Financial Holding Co., Ltd

38F., No.66, Sec. 1, Chung-Hsiao W. Rd., Taipei, Taiwan, R.O.C.

Holds Statement No: TWN13264839GT-2 Rev.1

Bureau Veritas Certification (Taiwan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Shin Kong Financial Holding Co., Ltd. for the period stated below. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Shin Kong Financial Holding Co., Ltd. BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification

- Shin Kong Financial Holding Co., Ltd at 38F., 39F., and 42F., No.66, Sec. 1, Chung-Hsiao W. Rd., Taipei, Taiwan, R.O.C.
- Period covered by GHG emissions verification: January 1, 2021 to December 31, 2021

- Category 1 Direct GHG emissions and removals: 33.3788 tCO₂e
- Category 2 Indirect GHG emissions from imported energy: 229.0787 tCO₂e
- Category 3 Indirect GHG emissions from transportation: 1.3890 tCOse Category 4 - Indirect GHG emissions from products used by organization: 3.3986 tCO₂e

Level of Assurance and Qualifications

- Ressonable assurance
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Based on the process and procedures conducted, we conclude that the GHG statement for Category 1, 2, 3 and 4 is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018.

It is our opinion that Shin Kong Financial Holding Co., Ltd. has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries



Andrew Lee, Technical Reviewer Originally Issue: 27/5/2022

Adula Andrew Lee, CER Manager Latest Issue: 27/5/2022

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ISO 14064 Greenhouse Gas Emission -Shin Kong Life Insurance





ISO 14064 Greenhouse Gas Emission -Shin Kong Bank

ISO 14064 Greenhouse Gas Emission -Shin Kong Financial Holding

Bureau Veritas Certification (Taiwan) Co., Ltd. 3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10563, Taiwan R.O.C. +886-2-2570 7655



This is to verify that

MasterLink Securities Co., Ltd.

22F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City

Holds Statement No: TWN13264839GT-1 Rev.1

Bureau Veritas Certification (Taiwan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by MasterLink Securities Co., Ltd. for the period stated below. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of MasterLink Securities Co., Ltd. BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- MasterLink Securities Co., Ltd. at 22F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
- · Period covered by GHG emissions verification: January 1, 2021 to December 31, 2021

- Category 1 Direct GHG emissions and removals: 188.8413 tCO₂e
- Category 2 Indirect GHG emissions from imported energy: 4,182,6804 tCO₂e
- Category 3 Indirect GHG emissions from transportation; 22.4789 tCO₂e
- Category 4 Indirect GHG emissions from products used by organization: 57.0653 tCO₂e

Level of Assurance and Qualifications

- Reasonable assurance
- . This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Based on the process and procedures conducted, we conclude that the GHG statement for Category 1, 2, 3 and 4 is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018

It is our opinion that MasterLink Securities Co., Ltd. has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Adules Andrew Lee, Technical Reviewer Andrew Lee, CER Manager Originally Issue: 6/5/2022 Latest Issue: 6/5/2022



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GREENHOUSE GAS EMISSIONS

This is to verify that

Shin Kong Investment Trust Co., Ltd.

12F., No.123, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) Holds Statement No: TWN13264839GT-3 Rev.1

Bureau Veritas Certification (Tahaan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by 5hin Kong Investment Trust Co., Ltd. for the period stated below. This Verification Statement applies to the rolated information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Shin Kong investment Trust Co., Ltd. BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- Shin Kong Investment Trust Co., Ltd at 12F., No.123, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
- Period covered by GHG emissions verification: January 1, 2021 to December 31, 2021

- Category 1 Direct GHG emissions and removals: 12.1414 tCO:e
- Category 2 Indirect GHG emissions from imported energy: 135.5840 tCO₂e
- Category 3 Indirect GHG emissions from transportation: 1.9327 tCO₂e
- Category 4 Indirect GHG emissions from products used by organization: 1.1121 tCO₂e

Level of Assurance and Qualifications

Reasonable assurance

Andrew Lee, Technical Reviewer

Originally Issue: 27/5/2022

. This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Based on the process and procedures conducted, we conclude that the GHG statement for Category 1, 2, 3 and 4 is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018

It is our opinion that Shin Kong Investment Trust Co., Ltd. has established appropriate systems for the collection, appreciation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Andrew Lee, CER Manager Latest Issue: 27/5/2022



Bureau Veritas Certification (Taiwan) Co., Ltd. 3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10553, Taiwan R.O.C.



VERIFICATION STATEMENT **GREENHOUSE GAS EMISSIONS**

This is to verify that

Shin Kong Property Insurance Agency Co., Ltd.

19F., 66, Sec. 1, Chung-Hsiao W. Rd., Taipei, Taiwan, R.O.C.

Holds Statement No: TWN13264839GT-4 Rev.1

Bureau Veritas Certification (Taiwan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Shn Kong Property Insurance Agency Co., Ltd. for the period stated below. This Verification Statement applies to the related information included within the accoped violk described below.

The determination of the GHG emissions is the sole responsibility of Shin Kong Property Insurance Agency Co., Ltd., BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification

- . Shin Kong Property Insurance Agency Co., Ltd. at 19F., 66, Sec. 1, Chung-Hsiao W. Rd., Taipei, Taiwan, R.O.C.
- Period covered by GHG emissions verification: January 1, 2021 to December 31, 2021

- Category 1 Direct GHG emissions and removals: 21.8760 tCO₂e
- Category 2 Indirect GHG emissions from imported energy: 6.7661 tCO₂e
- Category 3 Indirect GHG emissions from transportation: 0.9277 tCO2e
- . Category 4 Indirect GHG emissions from products used by organization: 0.1018 tCO2e

Level of Assurance and Qualifications

- Reasonable assurance
- . This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Originally Issue: 27/5/2022

Based on the process and procedures conducted, we conclude that the GHG statement for Category 1, 2, 3 and 4 is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018

It is our opinion that Shin Kong Property Insurance Agency Co., Ltd. has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries

Adula Andrew Lee, CER Manager Andrew Lee, Technical Reviewer Latest Issue: 27/5/2022



Bureau Veritas Certification (Taiwan) Co., Ltd. 3F-B, No. 16, Nanjing E. Rd., Sec. 4, Talpel 10553, Talwan R.O.C. +886-2-2570 7655

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ISO 14064 Greenhouse Gas Emission -MasterLink Securities

Bureau Veritas Certification (Taiwan) Co., Ltd. 3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10553, Taiwan R.O.C. *886-2-2570 7655

ISO 14064 Greenhouse Gas Emission -Shin Kong Investment Trust

ISO 14064 Greenhouse Gas Emission Shin Kong Property Insurance Agency







ISO 45001 Occupational Health and Safety Management System -Shin Kong Life Insurance

ISO 10002 Customer Satisfaction Management System -Shin Kong Life Insurance

bsi.





Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: Shin Kong Life Insurance Co., Ltd. No. 33, Lane 11, Guangfu N. Rd. Songshan Dist. Taipei City 105410

Holds Certificate No: IS 591619

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

The provision of development, operation and maintenance of information systems, management of network infrastructure, server room and other supporting activities within The Information System Division.

This is in accordance with the Statement of Applicability, IS-2-0403-T02, version 2.5 dated 26

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2012-11-09 Latest Revision Date: 2021-07-07





Effective Date: 2021-07-21 Expiry Date: 2024-07-20

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Printed copies can be validated at www.bsl-global.com/ClientDirectory or telephone +886 (02)2656-0333.

Talwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nel-Hu Dist., Talpel 114, Talwan, R.O.C. A Member of the BSI Group of Companies.

ISO 27001 Information Security Management System -Shin Kong Life Insurance







Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: Taiwan Shin Kong

Commercial Bank Co. Ltd. No. 29, Ln. 11, Guangfu N. Rd. Songshan Dist. 105410 Taiwan

Holds Certificate No: IS 640869

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

> The provision of development, operation, and maintenance of information systems; management of network infrastructure, server room and related supporting information processing activities within Operations Information Technology Department, Core Information Technology Department, Digital Information Technology Department, Information Security Technology Department, and Digital Platform Development Section and Digital Research and Development Section of Digital Financial Department.

This is in accordance with the Statement of Applicability, IS2002-02, version 2 dated 6

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2016-01-05 Latest Revision Date: 2021-12-01





Effective Date: 2022-01-05 Expiry Date: 2025-01-04

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Taiwan Headquarters: 2nd Floor, No.37, Xi-Hu Rd., Nei-Hu Dist., Taipel 114, Taiwan, R.O.C. A Member of the BSI Group of Companies.

ISO 27001 Information Security Management System -Shin Kong Bank



Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: MasterLink Securities Corporation MasterLink Futures Corporation 7F. & 22F. No. 97, Sec. 2, Duenhua S. Rd. Da'an Dist. Taipei City 106

Holds Certificate No: IS 524730

and operates an Information Security Management System which complies with the requirements of ISO/IEC

The provision of system development, operations and maintenance of all supporting information processing activities, management of related server room activities including Duen-Nan server room, Bet-Wa server room, Banqiao data center, and network management for MasterLink Securities Corporation and MasterLink Futures Corporation within Information

This is in accordance with the Statement of Applicability, A-A07-0002, version 2.9 dated 06

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2008-01-25 Latest Revision Date: 2019-12-02

Effective Date: 2020-01-25 Expiry Date: 2023-01-24

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Taiman Hendescarters: 5th Reer, No.30, Juliu Rd., Nei-Hu Dist., Tuiper 114, Terwan, R.C.C. A Member of the BEI Group of Companies.

ISO 27001 Information Security Management System -MasterLink Securities



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG FINANCIAL HOLDING CO., LTD.'S SUSTAINABILITY REPORT FOR 2021

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 Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022)/03/02-2022/04/22). 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.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all SKFH's Stakeholders.

RESPONSIBILITIES

The information in the SKFH's Sustainability Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of SKFH. SGS has not been involved in the preparation of any of the material included in the Sustainability Report

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.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
- B. AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

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Assurance Statement for Sustainability Report, GHG Protocol (Scope 3 Category 15 Investments) and SASB (Insurance)

- 1. GRI Standards (Core)
- 2. AA1000 Accountability Principles (2018)
- 3. GHG Protocol (Scope 3 Category 15 Investments)
- 4. SASB (Insurance)
- 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 v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- systems against the A41000 Accountability Principles (2018); and
 evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting
 extandards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in
- evaluate of the report against the SASE Disclosures and Metrics included in the INSURANCE Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Total Impact Measurement and Management, and Social Return on Investment assessments (SROI), Task Force on Climate-related Financial Disclosures (TCPD) related disclosures 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 organization, 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 specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in a coordance with the reporting criteria.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) 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 proactively consider enabling stakeholders' participation in identifying relevant material sustainability topics and their solutions.

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

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The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. SKFH has responded in a way that addressed the needs, concerns and expectations of stakeholders. Impact

SKFH has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SKFHs Sustainability Report of 2021, 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 consider how to integrate the GHG emissions financed by investments into SKFH's business strategies and how to identify polices, goals, targets potential opportunities related to carbon management which may have positive influence in enhancing the creating sustainable value of SKFH.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

SKFH has referenced with SASB's Standard, INSURANCE, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in SKFH's audited consolidated financial statements, SKFH used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into SKFH's overall management process. It is recommended to monitor internal and external drivers of ESG risk and opportunity and benchmark performance on SASB disclosure topics against peers to enhance continuous improvement.

GHG PROTOCOL CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

SGS has been contracted by SKFH for the verification of indirect Greenhouse Gas emissions arising from Stock, Preferred Stock, Corporate Bonds, Corporate Credit, and Project Finance investments activities defined by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard as Category 15 Investments. The disclosing emissions of the GHG Protocol Scope 3 Category 15 Investments of 2,948.1 thousand metric tonnes of CO2 equivalent within SKFH's Sustainability Report of 2021 were assessed for its accuracy and completeness a moderate level of scrutiny as part of the SGS ESG & Sustainability Report Assurance process. Information has been gathered, recorded, compiled, analyzed, and disclosed in a way that both allows external examination of the quality and materiality of the information, and for intended stakeholders to have a general understanding of the GHG performances related to SKFH is investment activities.

Signed: For and on behalf of SGS Taiwan Ltd



David Huang Senior Director Taipei, Taiwan 21 June, 2022 WWW.SGS.COM



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Independent Limited Assurance Report

To Shin Kong Financial Holding CO., Ltd.

We have been engaged by Shin Kong Financial Holding CO., Ltd. ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2021 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (hereinafter referred to as the "Rules") Article 4, Emphasized Disclosures and Summary of Subject Matter Assured" on page 125-126 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China. to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following

- · Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement;
- · Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitation

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies.

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

For the convenience of readers and for information purpose only, this document has been translated into English from the original Chinese version. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language version shall prevail.

Summary of items for enhanced disclosure and confirmation in accordance with Article 4 of the "Regulations Governing the Preparation and Filing of Continuing Reports by Listed Companies" (hereinafter referred to as the "Regulations")



Page	Corresponding Chapters	Applicable standards	Regulations		
1. SKFH and	1. SKFH and its subsidiaries did not have any information security penalties in 2021.				
30	2-4-3 Reporting of Information Security Incidents	The number of information security penalties imposed on SKFH, SKL, SKB, MLS, SKIT, SKPIA and SKVC in 2021. Notes • Check with the FSC and the competent authority of each subsidiary to see if there is any penalty events. • The scope of penalties: including major sanction and non-major sanction. • The scope of disclosure: The FSC, the Banking Bureau, the Securities and Futures Bureau and the Insurance Bureau have leaked the information.	Paragraph 3, item 1		
2. Table "Info	ormation Security Penalties in the Past Fo	ur Years" Data Breach Incidents (Number of Incidents).			
30	2-4-3 Reporting of Information Security Incidents	The number of penalties imposed as a result of data leakage incidents imposed on SKFH, SKL, SKB, MLS, SKIT, SKPIA and SKVC in 2021. Notes Check with the FSC and the competent authority of each subsidiary to see if there is any penalty events. The scope of penalties: including major sanction and non-major sanction. The scope of disclosure: The FSC, the Banking Bureau, the Securities and Futures Bureau and the Insurance Bureau have leaked the information.	Paragraph 3, item 1		
3. Table "Info	ormation Security Penalties in the Past Fo	ur Years" The percentage of personal information leakage incidents caused by information security.			
30	2-4-3 Reporting of Information Security Incidents	The percentage of personal information leakage incidents by information leakage and the number of customers and employees affected by information leakage in 2021 for SKFH, SKL, SKB, MLS, SKIT, SKPIA and SKVC. SKFH has established the "Notification of Significant Incidents in Accordance with Laws and Regulations of SKFH and its subsidiaries". In the event of a personal information breach, SKFH and its subsidiaries are required to comply with the "Notification of Significant Incidents in accordance with the Act" and to specify the number of persons affected by the data breach. Notes • Check with the FSC and the competent authority of each subsidiary to see if there is any penalty events. • The scope of penalties: including major sanction and non-major sanction. • The scope of disclosure: The FSC, the Banking Bureau, the Securities and Futures Bureau and the Insurance Bureau have leaked the information.	Paragraph 3, item 1		
4. TTable "Inf	formation Security Penalties in the Past F	our Years" Number of customers and employees affected by data leakage(persons).			
30	2-4-3 Reporting of Information Security Incidents	The percentage of personal information leakage incidents by information leakage and the number of customers and employees affected by information leakage in 2021 for SKFH, SKL, SKB, MLS, SKIT, SKPIA and SKVC. SKFH has established the "Notification of Significant Incidents in Accordance with Laws and Regulations of SKFH and its subsidiaries". In the event of a personal information breach, SKFH and its subsidiaries are required to comply with the "Notification of Significant Incidents in accordance with the Act" and to specify the number of persons affected by the data breach. Notes • Check with the FSC and the competent authority of each subsidiary to see if there is any penalty events. • The scope of penalties: including major sanction and non-major sanction. • The scope of disclosure: The FSC, the Banking Bureau, the Securities and Futures Bureau and the Insurance Bureau have leaked the information.	Paragraph 3, item 1		



Table of Contents

Sustainability Strategy and Governance

Sustainable Business Innovative Services and Responsible Finance

Employee Happiness

Green Actions

Social Care

Appendix

Page	Corresponding Chapters	Applicable standards	Regulations
5. Table"Inclu	sive Financial Products Performance	in 2021" number and balance of loans to SMEs.	
50	3-4 Financial inclusion	The number and balance of loans to SMEs of SKB in 2021.	Paragraph 3, item 2
		 Notes Excluding overseas branches and subsidiaries clients. If there are multiple approved numbers for the same enterprise account, the account will be counted by the approved number (i.e., the same approved number will be counted only once). The balance of loans is calculated as the total balance of loans (including Non-accrual loan) to SMEs as of December 2021. The lending business of Shin Kong Bank is conducted in accordance with the "Standards for Identifying Small and Medium-sized Enterprises" issued by the Ministry of Economic Affairs, which means that a business with a paid-in capital of less than NT\$100 million or with less than 200 employees is considered a small enterprise if it has registered as a company or business in accordance with the law. 	
6. Table "Perf	ormance of financial inclusion produc	cts in 2021". The number of loans and balances of loans for reconstruction of urban unsafe and old buildings.	
50	50 3-4 Financial inclusion	The number and balances of loans for reconstruction of urban unsafe and old buildings of SKB in 2021. Notes • Excluding overseas branches and subsidiaries clients. • If there are multiple approved numbers for the same hazardous and old building redevelopment account, the approved number is used for the account (i.e., the same approved number is counted only once).	Paragraph 3, item 2
		 The balance of the loan is calculated as the sum of the loan balance as of the end of December 2021 that meets the requirements of Article 10-1 of the Urban Dangerous and Aging Buildings Accelerated Reconstruction Ordinance. SKB "Guidelines for Accelerated Redevelopment Financing of Urban Dangerous and Aging Buildings" are based on the "Statute for Expediting Reconstruction of Urban Unsafe and Old Building" announced by the Construction and Planning Agency, and distinguish between the types of loans for land financing, construction financing, joint construction guarantee, redevelopment revolving funds, and repayment of existing debts, and perform credit operations in accordance with the relevant guidelines and criteria for each type. 	
7. Table "Fina	nncial talent cultivation" The school ba	anking and financial education program,was attended by 62 participants from Laomei Elementary School in Shimen Distr	ict, New Taipei City.
100	6.4 Financial Education	Number of SKB participation in campus banking financial education programs in 2021. Notes * The definition of disadvantaged groups is as follows: Referring to the definition of SASB, the disadvantaged groups lacking banking services may include but are not limited to students, youth, new residents, senior citizens, ethnic minorities, low-income households, etc., or the financial insurance industry may specify themselves. * According to the Ministry of Education and Statistics Department > Basic School Information by Level > School Directory > School Directory and	Paragraph 3, item 3
		Change List by Level for the 110th school year> Schools in Remote Areas , the number of participating elementary schools in the rural areas were selected and counted.	
8. Table "202 ²	1 e-paper reduction performance" SKI	e-insured "Vital Cover One-Year Hospital Daily Value Health Insurance" reduced carbon footprint emissions by a total o	1.64 tons.
62	4-2-1 Actions to Reduce Carbon Emissions	The tons of carbon emissions reduced by SKL e-insured acceptance of "Vital Cover One-Year Hospitalization Daily Value Health Insurance" in 2021. Notes • Calculation basis: "Vital Cover One-Year Hospitalization Daily Amount Health Insurance" enrollment documents contains 12 sheets of paper after the revision on 2021/9/15 and 11 before the revision, which is used to calculate the base value of carbon emission reduction A4 paper.	Paragraph 3, item 4
		Carbon reduction formula: Calculated according to the carbon footprint of the Environmental Protection Administration.	
9. Table "Perf	ormance of Financial Instruments in	2021" The Number of Microinsurance Underwriters and the Amount of Premium Income.	
50	3-4 Financial inclusion	The number of microinsurance underwriters and the amount of premium income of SKL in 2021. Notes Number of Underwriters: the number of insured persons and collective insurance is calculated according to the number of policies issued for individual insurance, and the number of insured persons is calculated for group insurance; the number of insured persons is calculated separately for additional contracts, riders or endorsement clauses.	Paragraph 3, item 4
		 Microinsurance policies are subject to the requirements of the FSC Insurance Bureau to check the eligibility of the insured and confirm that the insured meets the 11 categories of economic disadvantages or specific status as defined by the FSC Insurance Bureau before they are allowed to be insured. The maximum amount of coverage is \$300,000 for individual and collective microinsurance and \$500,000 for group microinsurance, both of which do not exceed the maximum coverage required by the FSC. The insurance period is also in accordance with the one-year insurance contract required by the FSC. 	

