



新光金控

Shin Kong Financial Holdings

2022 SUSTAINABILITY REPORT

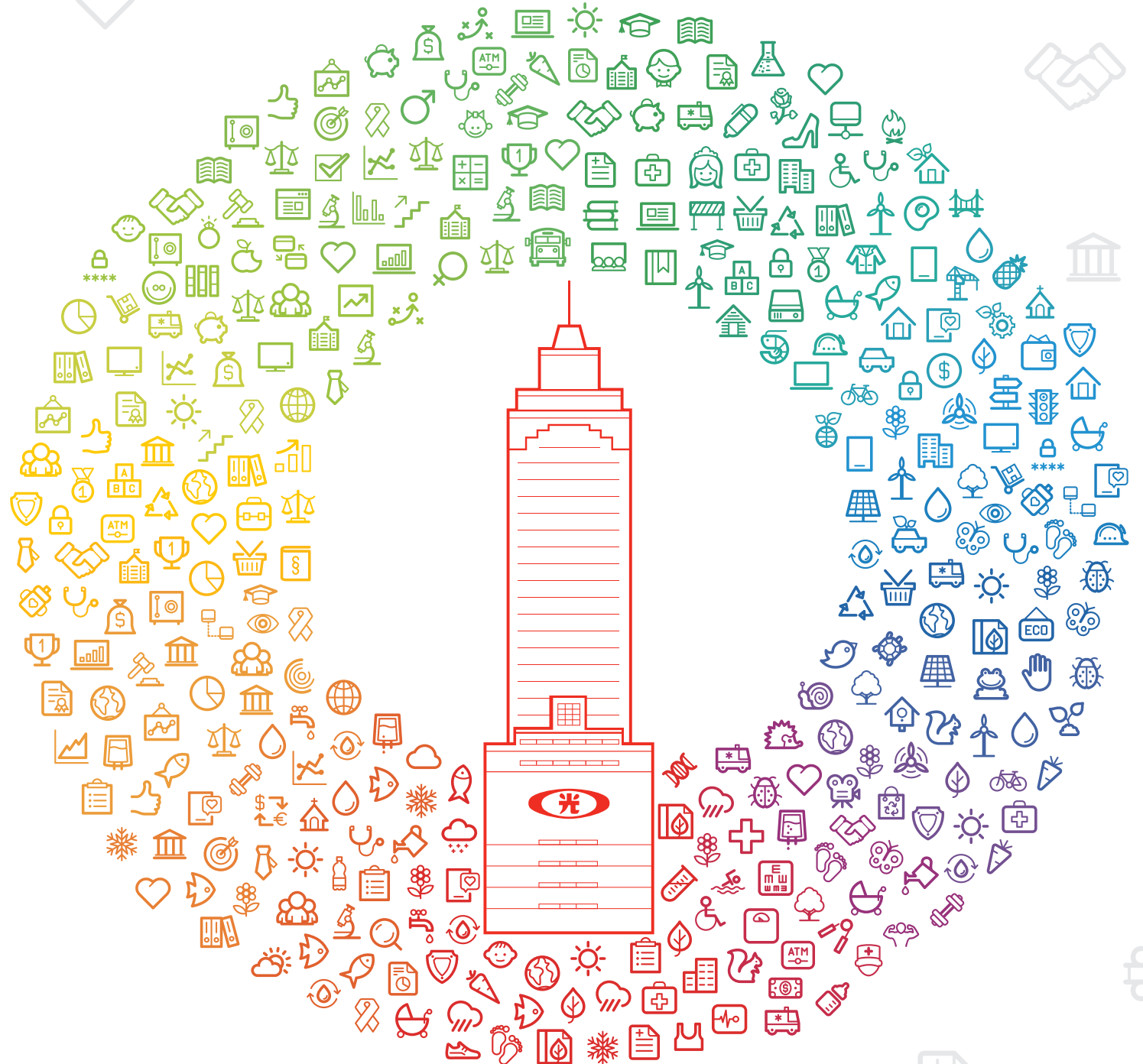


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From the Chairman and President

In 2022, the world entered a post-COVID-19 era, and the economic market faced the risk of economic downturn caused by central banks' suppression of high inflation. The outbreak of the Ukraine war triggered a new round of food and energy crises, which increased the cost of people's living. According to the "Global Risks Report 2023" published by the World Economic Forum (WEF), in a world with an imbalanced geopolitical and economic environment, environmental and social crises remain the biggest challenges of the next 10 years. The top three risks include failure of climate change mitigation and adaptation, natural disasters and extreme weather events, and biodiversity loss and ecosystem imbalance. It is evident that the challenges facing the world in the future are even more severe. Shin Kong Financial Holdings (SKFH) follows the three sustainable values of "low carbon", "innovation", and "common good". And deeply understands that "one person walks fast, but a group walks far." We work hand in hand with stakeholders to strive for economic prosperity, social welfare, and environmental sustainability goals, in order to become a high-quality enterprise that combines "sustainable management" with "corporate profits".

SKFH has long been committed to corporate sustainability development, in line with the regulatory framework of the Financial Supervisory Commission (FSC) and actively aligning with international trends, to implement corporate governance. Our consolidated total assets have exceeded NT\$4.85 trillion, ranking fifth among financial holding companies in Taiwan. Through the organizational structure of the Corporate Sustainability Committee under the SKFH Board of Directors, we continuously improve sustainable practices in all aspects. In 2022, we were once again selected as a constituent stock of the Dow Jones Sustainability Index (DJSI), ranked at the "Leadership Level" in the Carbon Disclosure Project (CDP) questionnaires for climate change, and won the "Most Prestigious Sustainability Awards-Top 100 Domestic Corporates" of the Taiwan Corporate Sustainability Awards (TCSA), demonstrating SKFH's sustainable business philosophy and achievements. Moreover, we received high recognition from professional evaluation institutions at home and abroad.

► Low Carbon

In order to mitigate global climate change, SKFH has officially signed a commitment to develop Science-based Targets initiatives (SBTi) for carbon reduction. Starting from ourselves, we actively establish climate governance, continuously promote various measures to reduce operational GHG emissions and energy consumption, and implement the principle of carbon pricing. We have established an internal carbon pricing system to encourage SKFH and its subsidiaries to actively reduce carbon emissions and accelerate the low carbon transition of the Group. In 2022, we established our first carbon-neutral branch and were awarded 7 green building certificates as well as the "Green Level Label" by Taiwan Alliance for Net Zero Emission; In addition, to develop a climate adaptation strategy, following the framework of Task Force on Climate-Related Financial Disclosures (TCFD), we issued our first TCFD report, analyzing the potential impact of climate change on the Company's operations and value chain while establishing a complete climate risk management system, and strengthening corporate climate resilience. SKFH will continue to expand the scale of green financing and investment, fulfill the stewardship as an institutional investor, plan for a coal phase-out and take engagement actions, exercise voting rights, and leverage its financial influence to drive low carbon transition and strive for the common goal of achieving net zero emissions worldwide.

► Innovation

To enhance competitiveness, we have set "digitalization as the foundation to drive transformation" as our strategic goal. The digital financial development strategy is delineated from five key aspects: artificial intelligence, blockchain, cloud computing, big data, and the ecosystem. Internally, an AI-RegTech model sharing platform and multiple robotic process automation (RPA) tools are introduced to enable real-time sharing of regulatory information between SKFH and its subsidiaries, saving over 70,000 hours of manual labor. Externally, various digital products and services are continuously launched, including online e-insurance, OU digital accounts, OU PointCard, micro-enterprise loans, a micro-investment platform for low-asset odd lot trading, and a platform for regular fixed-amount saving plans in Taiwan and US stocks, to expand the accessibility of financial products and services and enhance customer satisfaction. With the digital transformation, information security has also become a key focus. We have established a comprehensive information security protection mechanism, formed the Information Security Committee, and appointed a chief information security officer to supervise the operation of information security management and the implementation of important information security plans in SKFH and its subsidiaries for the purpose of strengthening privacy protection and implementing the principle of fair treatment of customers.

► Common Good

We uphold a corporate culture and core values that are "people-oriented" and consider our employees as important assets for the sustainable development of the Company. We provide long-term support for employee career empowerment and development, actively implement gender equality, practice zero tolerance for discrimination and harassment, commit to human rights and are dedicated to defending the human rights of our employees and creating a friendly workplace environment. In terms of employee benefits, we have implemented a hybrid office model and an employee stock ownership trust. We also provide various types of leave and childbirth subsidies that exceed legal requirements, to build solidarity and improve retirement benefits, and to support our employees in achieving work-life balance through concrete actions. In addition, to promote social welfare, we have utilized our core competencies to establish five major public welfare initiatives: "Health Promotion", "Care for the Disadvantaged", "Financial Education", "Care for the Elderly" and "Community Engagement" in the hopes of realizing corporate sustainable values and promoting positive social development. In 2022, SKFH invested more than NT\$88.52 million in social participation, benefiting approximately 2.54 million people.

► Future Prospects

In 2023, as Shin Kong Group celebrates its 60th anniversary, we have made "Shin Kong 60, Sustainable Innovation" as our strategic theme and formulated the following six strategic directions for the future development, namely "Stabilize profitability to increase net worth", "Create profit sources and expand markets", "Integrate resources to deepen synergy", "Optimize customer experience through digital transformation", "Focus on legal compliance risk control and advance fair customer treatment" and "Implement corporate governance and promote sustainability". Upholding the innovative spirit of our former Chairman, Mr. Wu Ho-Su, who believed that "maintaining the status quo is to fall behind, and progress can only be made through research and development. "we will continue to pursue stable profitability, utilize operational synergies, cultivate value customer groups, improve overall management efficiency of distribution channels, optimize customer experience, and use digital means to enhance business growth and create new business opportunities. At the same time, we will comply with the government's regulatory objectives, align with international accounting standards (IFRS 17) and other international standards such as the Insurance Capital Standard (ICS), while implementing the principle of fair treatment to customers. We aspire to utilize ESG to build corporate resilience, implement sustainable development, achieve SDGs, and finally realize the sustainable spirit and values of "Light Everywhere, Our Hearts with You."



Chairman

President

Olivia Wu

SKFH Overview

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. SKFH upholds the vision of becoming the best comprehensive financial service institution in the Greater China region, with a mission to maximize customer, shareholder, and employee benefits. We actively participate in charitable and public welfare activities to create a better social environment, all in constant pursuit of sustainable corporate operations.

Shin Kong Financial Holding Co., Ltd.

Industry	Finance and insurance industry
Company Name	Shin Kong Financial Holding Co., Ltd.
Address	38F, No. 66, Section 1, Zhongxiao West Road, Taipei City (Headquarters)
Paid-in capital	NT\$ 157,846,182,430
Website	https://www.skfh.com.tw
TWSE stock symbol	2888



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



Stabilize profits and increase net worth.



Create profit sources and expand markets.



Integrate resources and enhance synergy.



Digital transformation and experience optimization.



Emphasize legal compliance, risk control and treat customers fairly.



Implement corporate governance and promote sustainable operations.

Note: In 2022, there was no significant change in SKFH's scale, structure, and ownership.

► Business Scope

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.

► Overview of Domestic Business Locations

Unit: Number of Locations

	SKL			SKB	MLS	SKIT	SKPIA
	Branch	Regional Sales Office and Branch Office	Service Center	Branch	Branch	locations	company
Area with low population density ^{Note1}	2	13	1	1	1	0	0
Off-shore islands ^{Note2}	1	2	0	0	0	0	0
Total locations in Taiwan	23	319	34	104	44	3	1

Note 1: Calculated in accordance with the area table of Taiwan Administrative divisions and population data at the end of December 2022. 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.

► SKFH Overseas Deployment

SKL

In 2006, SKL set up Hanoi 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 representative office in Myanmar.

SKB

SKB has set up a branch in Hong 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.

MLS

MLS set up MasterLink Securities(Hong Kong) Corporation Limited in Hong Kong and set up three subsidiaries in Tianjin to provide suitable financial, wealth management, business consulting, and investment services to customers in China, Hong Kong, and Taiwan.

Business Performance

SKFH upholds a stable business strategy. We achieved a consolidated net profit of NT\$2.169 billion with an EPS of NT\$0.10. The total asset amounted to NT\$4.85 trillion with an annual growth rate of 3.53%. The consolidated shareholders' equity amounted to NT\$212.13 billion, and the net value per share was NT\$13.41.

In 2022, SKFH recorded a Profit from operations of NT\$100.9 billion. In particular, the life insurance sector contributed 76.71% of the profit, followed by the banking sector and the securities sector with a contribution of 17.7% and 4.5% respectively. The other sectors (including SKFH itself but excluding the long-term investment income, as well as investment trust, venture capital and insurance agent) contributed only 1.1% of the profit, and SKFH doesn't operate the property insurance business.

For the operating performance and asset portfolio of SKFH in 2022, please refer to "Chapter 5 Operational Highlights" in the SKFH 2022 AGM Annual Report.

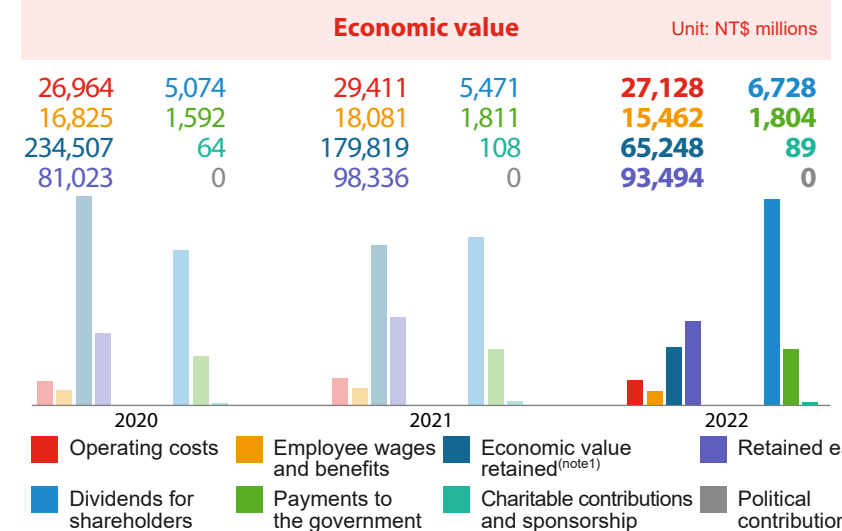
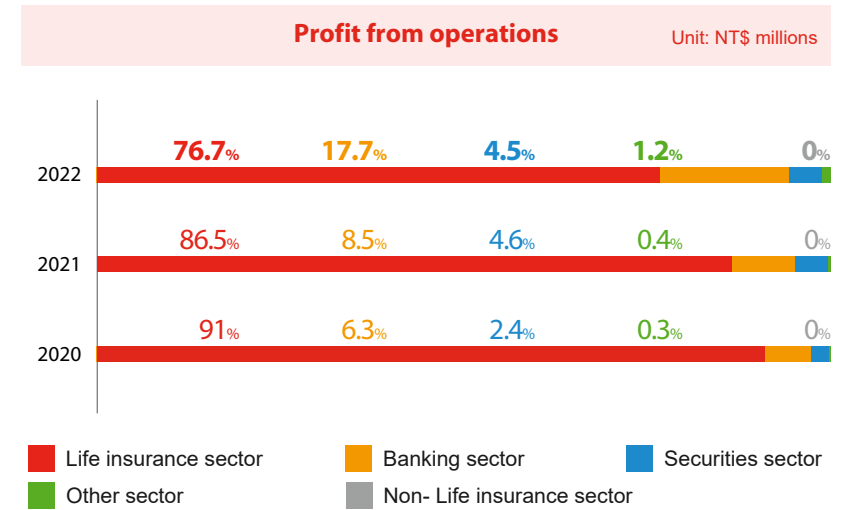
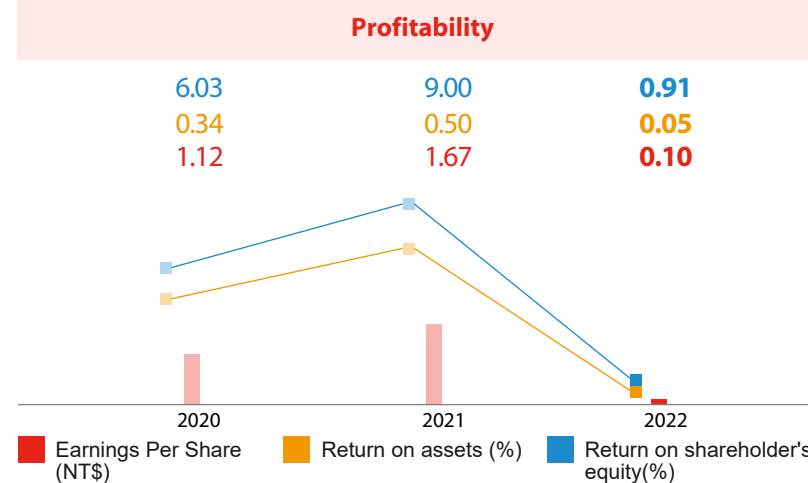
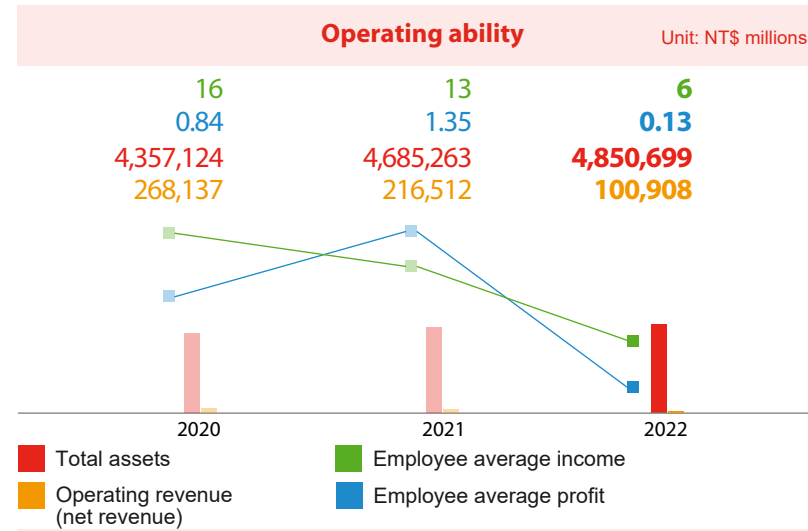
Profit from operations



76.7% Life insurance
17.7% Banking sector
4.5% Securities sector
1.1% Other sector

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.

SKFH Economic Performance in the Past Three Years



Note 1: 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.

Note 2: No political donations have been made in the past three years.

2022 Sustainability Achievements

<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>				
<p>Dow Jones Sustainability Indices World Index Constituent</p>	<p>Carbon Disclosure Project - The leadership level A- for Climate Change</p>	<p>Bloomberg Gender Equality Index Constituent</p>	<p>FTSE4Good TIP Taiwan ESG Index Constituent</p>	<p>Corporate Governance Evaluation Top 20% in the 9th Corporate Governance Evaluation</p>
				
<p>Taiwan Sustainable Investment Award Case Impact- Sustainable Thematic Investment Gold Award</p>	<p>Taiwan Sustainable Action Award SDG4- Silver Award</p>	<p>Taiwan Corporate Sustainability Award Top 100 Sustainable Corporate</p>	<p>Taiwan Corporate Sustainability Award Sustainability Report Platinum Award - Finance and Insurance Industry</p>	<p>Taiwan Alliance for Net Zero Emission Green-Level Label</p>

2022 Sustainability Performances

Sustainable Business



- In 2022, the Board of Directors' performance evaluation resulted in excellence.
- Established the Information Security Committee at the financial-holding level to strengthen information security governance.
- Set up risk management personnel in each business unit of SKFH to enhance risk management at the front line.

Environmental Sustainability



- Introduced ISO 14046 water footprint verification, ISO 50001 energy management system certification, ISO 14001 environmental management system, ISO 14067 carbon footprint standard, ISO 20400 sustainable procurement guidelines.
- A total of 38.32 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 255.86 tons.
- Rated in the leadership level A- by the Carbon Disclosure Project(CDP) for climate change.
- Received Green-Level Label from Taiwan Alliance for Net Zero Emission.

Customer Services and Innovative Products



- Customer Satisfaction reached 94.8% and awarded "Best Intelligent System Application Enterprise" and "Best Service Innovation Enterprise" at the CSEA in the 2nd consecutive year.
- SKFH group's digital customers have exceeded 2.77 million persons and won recognition from 24 domestic and international digital awards.
- About 240 thousand pieces of inclusive financial products brought NT\$181.7 billion business benefits to enterprises.

Employee Happiness



- Established the occupational safety and health policy at the financial-holding level, and set up the Occupational Safety and Health Committee.
- Included in Bloomberg GEI in 2023, which recognizes our efforts in creating a friendly and inclusive workplace.
- Shin Kong Bank was selected as one of the "Best Companies to Work for in Asia".

Sustainable Finance



- Published the first TCFD Report.
- Officially signed the statement of commitment for SBTi, and set science-based carbon reduction targets based on the guidelines in the hopes of leveraging our financial impact to drive various industries towards sustainable development goals.
- ESG-themed investment and loans totaling NT\$ 288.3 billion.
- Green investment and loans totaling NT\$ 51.7 billion.

Social Care



- Invested more than NT\$88.52 million in social engagement which benefited approximately 2.54 million participants.
- Volunteer participation with a total of 5,202 people and hours reached 32,556 hours.
- 66% of investment in commercial initiatives.



01

SUSTAINABILITY STRATEGY AND GOVERNANCE

- 1.1 SDGs Strategy
- 1.2 Sustainability Governance
- 1.3 Sustainability Impact Valuation
- 1.4 Stakeholder Engagement
- 1.5 Materiality Assessment

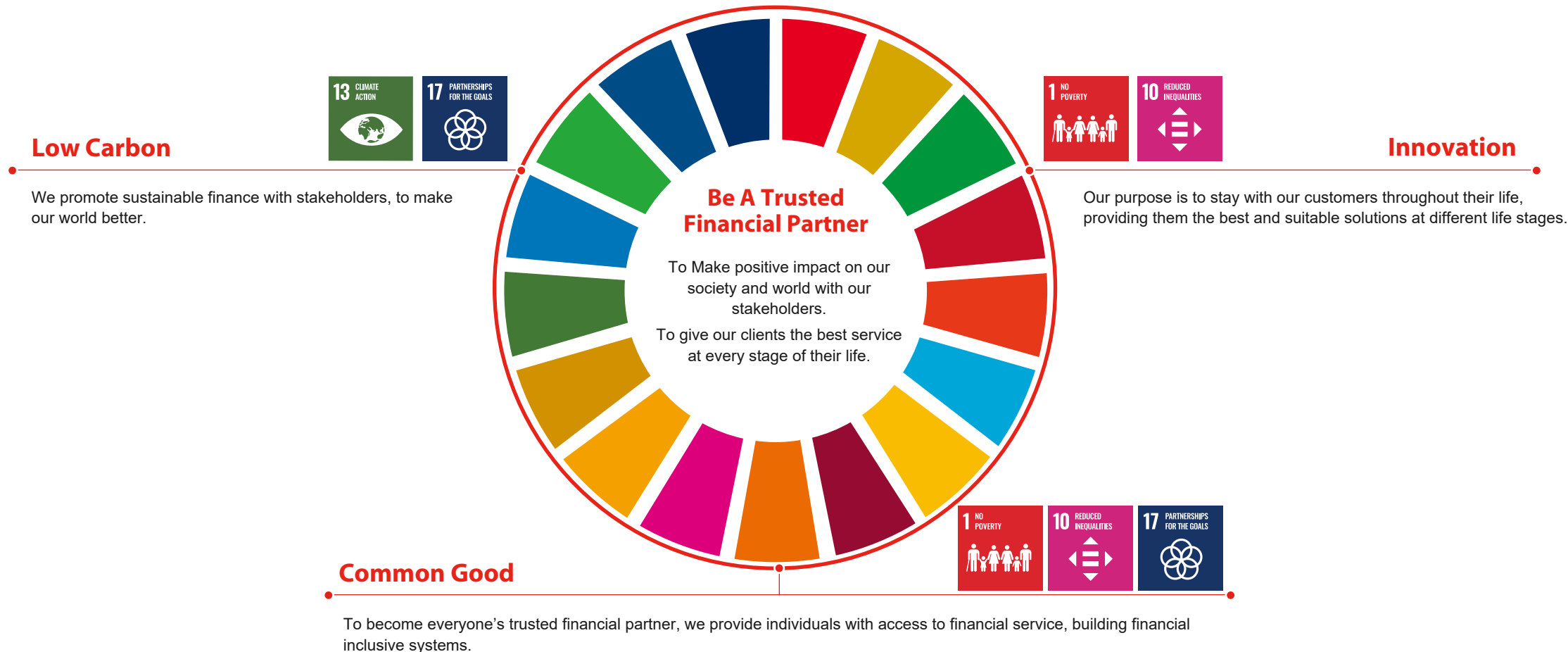
SUSTAINABILITY STRATEGY AND GOVERNANCE



1.1 SDGs Strategy

SKFH has adopted the United Nations' Sustainable Development Goals (SDGs) and started from the "care for life" perspective. Through action strategies such as "addressing climate change and promoting low-carbon energy efficiency", "innovating digital finance and optimizing customer service quality", and "expanding social participation and caring for disadvantaged groups", we aim to

leverage our core competencies and provide financial products that are friendly to the environment, society, and customers at all stages of their lives, and work with stakeholders to promote sustainable financial development. We strive to achieve our values of "low carbon, innovation, and common good", and continue to move towards the vision of being a "trusted financial partner".



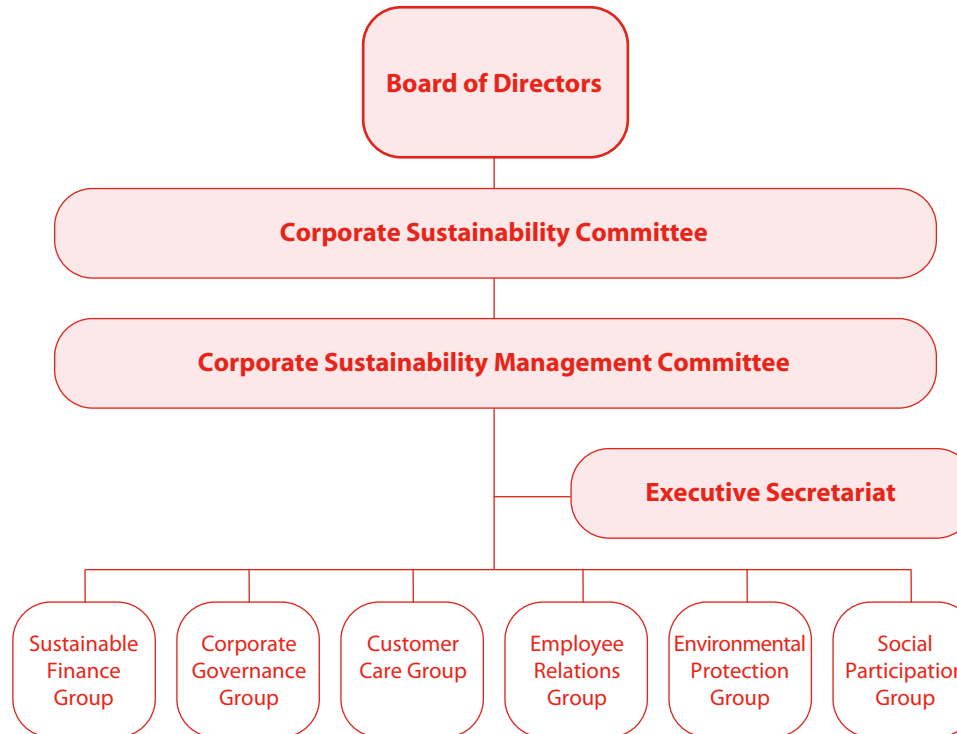
1.2 Sustainability Governance

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 shall consist 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 2022, and the attendance rate of the members is 100%. The Committee reported the corporate sustainability performance and future plans, as well as the corporate governance and integrity implementation status. For the Committee's 2022 operations in detail, please refer to the official [SKFH website](#).

Corporate Sustainability Committee Organization Chart



1.2.2 Corporate Sustainability Policy and Guidelines

To ensure the implementation of our Corporate Sustainability Policy, SKFH established the “Sustainable Development Policy” and “Sustainable Development 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 “Sustainable Development Policy” and “Sustainable Development Best Practice Principles”.



1.3 Sustainability Impact Valuation

Input/Output in value chain	Making changes to social well-being	Sustainability Impact Valuation						Stakeholder	Material Issue
		Impact	2021 NTD	Impact (+) (-)	2022 NTD	Impact (+) (-)			
Economic									
<ul style="list-style-type: none"> Purchase amount Investment amount Net Income Cash dividends Depreciation and amortization Tax 	Drive industry development	Purchase boosts supply chain output value	6,358,542,167	●●●●●○○○	5,936,005,907	●●●●●○○○	Suppliers	Supplier Sustainability Management	
		Salary of supply chain workers	869,352,658	●●●●●○○○	816,824,187	●●●●●○○○	External employees		
		Result in supply chain environment externalities	(57,370,016)	●●●○○○○○	(53,878,611)	●●●○○○○○	Environment and Society		
		Promoting stakeholder well-being	Investment boosts industry chain output value	2,308,704,637,269	●●●●●●●●	2,663,446,949,782	●●●●●●●●	Customers	Sustainable Finance
			Salary of industry chain workers	292,043,215,214	●●●●●●○○	337,493,710,987	●●●●●●○○	External employees	
			Result in industrial chain environment externalities	(27,602,690,823)	●●●●●○○○	(32,119,680,640)	●●●●●○○○	Environment and Society	Climate Action
Value-added income	30,807,594,418		●●●●●○○○	14,802,458,684	●●●●●○○○	Investors, Customers, Suppliers and the Government	Business Performance		
Environmental									
<ul style="list-style-type: none"> Greenhouse gas emissions Water use Gas and diesel fuel use Waste disposal 	<ul style="list-style-type: none"> Creating/avoiding climate change risks Causing/avoiding water scarcity and water-borne diseases Air pollution causes human and ecological toxicity Air pollution causes acidification and eutrophication 	The social cost of carbon emissions	(45,604,032)	●●●○○○○○	(48,725,519)	●●●○○○○○	Environment and Society	Green Operations	
		The social cost of water consumption	(5,231)	●○○○○○○○	(5,695)	●○○○○○○○	Environment and Society		
		The social cost of air pollution	(2,577,509)	●●○○○○○○	(2,980,672)	●●○○○○○○	Environment and Society		
		The social cost of waste disposal	(4,550,324)	●●○○○○○○	(4,086,467)	●●○○○○○○	Environment and Society		
Social									
<ul style="list-style-type: none"> Workplace disasters Health Promotion Employee training Employment and remuneration Corporate volunteers 	<ul style="list-style-type: none"> Loss of physical and mental health Consumption of social and medical resources Causes/avoids chronic disease risk Professional knowledge and skills enhancement Giving a wage that maintains life quality Promoting the well-being of local communities 	The social cost of workplace disasters	(353,983)	●○○○○○○○	(3,947,840)	●●○○○○○○	Employees and Society	Friendly and Healthy Workplace	
		Work-related health risks	(19,371,853)	●●●○○○○○	(36,581,909)	●●●○○○○○	Employees		
		Future salary growth benefits	1,512,424,004	●●●●●○○○	1,854,670,168	●●●●●○○○	Employees	Talent Recruitment and Retention	
		Purchasing power and well-being	20,186,809,000	●●●●●○○○	18,274,460,000	●●●●●○○○	Employees and Society	Talent Cultivation and Development	
		The social value of volunteer services	8,480,521	●●○○○○○○	19,438,252	●●○○○○○○	Society	Social Participation	

Level of influence / Monetary value (million NTD)

●○○○○○○○ 0~1 ●●○○○○○○ 1~10 ●●●○○○○○ 10~100 ●●●●○○○○ 100~1,000

●●●●○○○○ 1,000~10,000 ●●●●●○○○ 10,000~100,000 ●●●●●●○○ 100,000~1,000,000 ●●●●●●●● >1,000,000

As a catalyst for industry development, SKFH is dedicated to creating long-term values for stakeholders and constantly exploring ways to leverage its financial expertise to promote better quality of life for humanity while mitigating the environmental impacts associated with business growth.

SKFH has adopted the Impact Valuation methodology, which combines the financial perspective of profit & loss with the triple bottom line (TBL) management framework encompassing economic, environmental, and social aspects. This approach evaluates the positive (benefits) and negative (costs) impacts on stakeholder interests resulting from value chain activities, from an external standpoint. It further translates these impacts into a consistent monetary language, transparently presenting the tangible value created directly or indirectly by the Company's operations. Additionally, it assesses the risks and opportunities arising from the operational processes.

The analysis indicates that SKFH's sustainability impact is concentrated in the downstream of the value chain, specifically in investment and financing activities. In 2022, financial support through investments, financing and credit extended to various entities drove the overall industry chain to generate approximately NT\$2.7 trillion in production value. This, in turn, generated approximately NT\$550,000 indirect employment opportunities and NT\$337.5 billion in wage income. However, the industry's supply and demand processes also consumed natural resources and caused environmental pollution, resulting in social costs of approximately NT\$32.1 billion.

As an asset owner, SKFH recognizes the importance of financial institutions in the sustainable value chain and hopes to make a difference through investment and financing. SKFH's core business pushes for sustainable transition in the industry to mitigate the societal and environmental impact on stakeholders, handle the risks and opportunities of sustainable issues, and make a positive impact in sustainable finance. Please refer to Chapter 4 Sustainable Finance for details about the company's sustainable finance.



This table continues from the Sustainability Impact Valuation chart on the previous page

Note 1:

The upstream/downstream impact of the value chain is calculated using the input-output model, including the economic benefits from the supply and demand of the industrial chain driven by investment and financing activities, as well as the relevant environmental issues, new employment opportunities, and salary. References include the Report on Input-Output Statistics (DGBAS 2020), Report on Green National Income Account (DGBAS 2022), Energy Balance Sheet (Bureau of Energy 2022), EXIOBASE 2 database, and more.

Note 2:

Value-added revenue include net income (investors), interest (customers), depreciation and amortization (suppliers), taxes (government), and other direct financial benefits to stakeholders. The methodology is based on VBA (2022).

Note 3:

Environment externality factors include the social cost of carbon from greenhouse gas, air pollution, wastewater, waste, and water consumption; health loss cost; and ecosystem damage cost. The currency value conversion is calculated according to US EPA (2016), OECD (2012), and CE Delft (2018).

Note 4:

The social costs from workplace disasters are calculated from productivity loss caused by work injuries, workers' compensation, and willingness to pay to avoid workplace disasters. The methodology is based on the UK HSE (2017), Jiune-Jye Ho (2005), and the Institute of Labor, Occupational Safety And Health (2013).

Note 5:

Work-related health risks are employees found to have high blood pressure, hyperlipidemia, high blood sugar, and obesity through regular health checkups. Based on the research of WHO (2008) and Chieh-Hsien Lee (2009), the risks are calculated from the attribution of cardiovascular diseases and work stress, as well as the social cost of related medical resources.

Note 6:

Employee future earnings refer to the average annual expected value from employees gaining professional skills and knowledge by participating in company operating activities, which affect their salary growth. The methodology is based on VBA (2022).

Note 7:

Employee purchasing power and well-being are calculated from salary and welfare expenses.

Note 8:

The value of corporate volunteering is calculated by multiplying the hours of volunteer service by the average hourly wage of financial and insurance employees (DGBAS 2021).

Note 9:

On account of different economic conditions in various countries, the value coefficient is adjusted according to the gross national income (GNI) measured by the purchasing power parity (PPP) in each region, and the time boundary is aligned to the currency value based on 2017. The methodology is based on OECD (2012) and PwC UK (2015).



1.4 Stakeholder Engagement

SKFH has established diverse communication channels to listen to stakeholders and maintain a good interactive relationship. We have identified eight major categories of stakeholders who may be in contact with, influenced by, or impacted by the business activities of our subsidiaries. Through

various channels, we engage in communication with stakeholders. The communication channels, frequency, and key topics of concern for stakeholders are as follows, and the annual communication results as well as material issues were reported to the Board of Directors on December 28, 2022.

Methods and Issues of Stakeholder Engagement



Shareholders and investors

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Company website / Permanent Institutional investors' conference / Quarterly Credit ratings / Annually Spokesperson / Permanent Investors' conference / Irregular Email / Permanent Service hotline / Permanent Shareholders' Meeting / Annually 	<ul style="list-style-type: none"> Information Disclosure Business Overview Dividend Policy Laws and Regulations Corporate Governance 	<ul style="list-style-type: none"> 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

Communication Results in 2022

- 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 4 investor conferences to communicate the direction of business performance and strategic development, and regularly report investor concerns to the management.
- Responded to more than 400 investor questions by phone and email.
- Update the credit ratings of SKFH and its major subsidiaries.
- The Annual General Shareholders' meeting was held on May 27, 2022.



Customers

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Physical service locations, exclusive services, VIP activities, satisfaction surveys, care for policyholders / Permanent Online: Company website, 0800 customer service hotline, fans page, APP / Permanent 	<ul style="list-style-type: none"> Customer rights Service quality Complaint channels Product innovation Financial inclusion Green finance Digital services 	<ul style="list-style-type: none"> Counter services, automatic service equipment Web/app online service functions 24/7 Customer service center (online AI, audio, and email customer services) Social media Issuance of newsletters and digital brochures Organize finance seminars Special visit

Communication Results in 2022

- Satisfaction with SKL: 95.77%
- Satisfaction with SKB: 88.27%
- Satisfaction with MLS: 90.45%



Employees

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> 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 Seminars / 4-5 times/year Unions / Irregular Labor-management meeting / Quarterly Exit interview / Irregular 	<ul style="list-style-type: none"> Compensation and Benefits Career Development Labor Relations Training Recruitment Workplace Environment Safety and health Human rights protection Channels of communication Performance management 	<ul style="list-style-type: none"> 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

Communication Results in 2022

- Employee Engagement 73%
- The Leader Campus of Commonwealth Magazine courses have been viewed 3,072 times in 2022.
- Held 10 lectures on financial trends, social care, corporate governance, gender equality, break down unconscious bias and other related topics.
- Quarterly labor-management meetings were held, and 4 meetings were held in 2022



Government and Regulatory Authorities

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Official letters / Irregular Attend meetings organized by the competent authority / Irregular Court activities / Irregular Seminars / Irregular 	<ul style="list-style-type: none"> Compliance with laws and regulations Cooperate with education on regulations and policy implementation Information Disclosure Tax payment 	<ul style="list-style-type: none"> 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

Communication Results in 2022

- Publish the General Shareholders' Meeting Annual Report both in Chinese and English
- Top 6% to 20% in corporate governance evaluation
- Attend regulators' policy publication and public hearings



Suppliers

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Supplier Management Regulations / Irregular Price negotiation meetings / Irregular Project meetings / Irregular Contract negotiations / Irregular 	<ul style="list-style-type: none"> Open Tender Fair price negotiation Fair procurement 	<ul style="list-style-type: none"> Business seminars and price negotiation meetings Onsite audit, inspection and acceptance, and education of labor safety and health awareness

Communication Results in 2022

- 100% of new suppliers have signed the Supplier's ESG Commitment Letter
- Hold an ESG supplier conference to share sustainable low-carbon strategies and actions on August 19th



Media

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Rating and surveys / Irregular Seminars / Irregular Interviews / Irregular Press conferences / Irregular Press Releases / Irregular 	<ul style="list-style-type: none"> Economic performance Corporate Governance Labor Relations ESG ratings for caring for disadvantaged groups 	<ul style="list-style-type: none"> Participation in rating and surveys organized by various institutions Invite the media to participate in material activities

Communication Results in 2022

- Participate in the World Sustainable Citizenship Awards and hold 2 media gatherings
- SKFH and its subsidiaries issued a total of 152 press releases
- SKFH held 8 investor conference, open to media questions
- SKFH and its subsidiaries held press conferences irregularly



NPO/NGO

Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Seminars in the public interest / Irregular Charity Activities / Irregular Environmental conservation activities / Irregular Cash donations / Irregular Sponsorship and collaboration / Irregular 	<ul style="list-style-type: none"> Industrial trend Academic promotion Social Welfare 	<ul style="list-style-type: none"> 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

Communication Results in 2022

- Cooperate with more than 30 social service units in Taiwan
- volunteer services : 665 sessions
- Volunteers : 5,202 people
- Total service hours : 32,556 hours

Communities, community organization



Main Communication Channel / Frequency of Communication	Issues	Modes of Communication
<ul style="list-style-type: none"> Lectures / Irregular Press conferences / Irregular Local art and cultural activities and activities in the public interest / Irregular Foundation / Permanent Website / Permanent 	<ul style="list-style-type: none"> Environmental Protection Ecological conservation Employment opportunities Community development and care activities 	<ul style="list-style-type: none"> 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

Communication Results in 2022

- Organized activities to clean the Tamsui River, clean the streets, and trained 9 "EcoDiver ecological divers" to conduct physical examinations on coral reefs
- Sponsor Penghu Fireworks Festival, the Dajia Matsu Pilgrimage Procession, Yanshui Beehive Fireworks Festival, thousands of people swimming across Sun Moon Lake, and Chiayi City International Band Festival
- Held more than 200 lectures on financial management, health and life

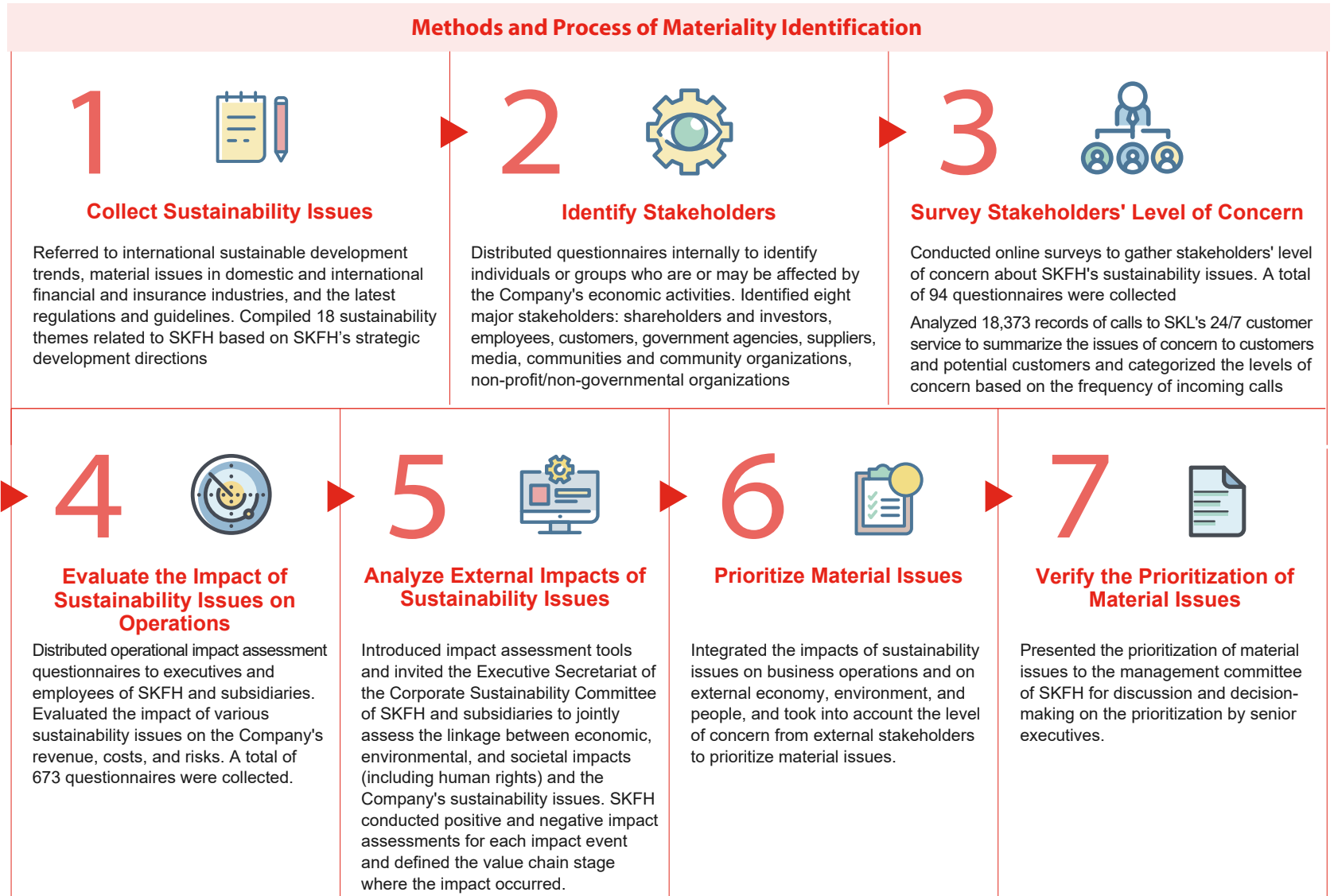


1.5 Materiality Assessment

In response to the concerns of stakeholders and to establish the linkage to the long-term value of the enterprise, SKFH identifies material issues, establishes relevant performance indicators, sets mid- to long-term goals, and regularly monitors and manages related performances. Through these practices, we strive to uphold the values of low carbon, innovation, and common good, as part of our commitment to sustainability.

1.5.1 Material Analysis and Prioritization

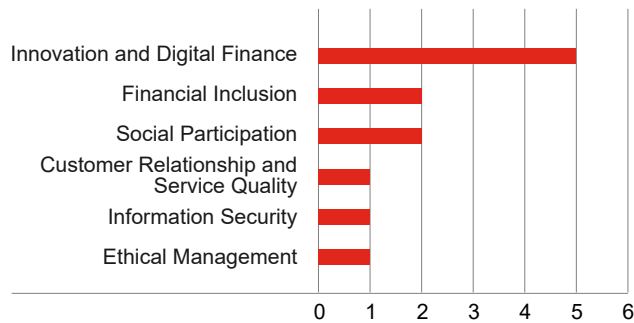
SKFH conducts annual materiality analysis following the GRI Universal Standards 2021, specifically the GRI 3 Material Topics 2021, using the Impact Valuation methodology, as well as integrating impact methodologies developed by the Value Balancing Alliance (VBA) and These impact-oriented materiality analysis frameworks are employed to identify material sustainability issues for SKFH. Based on the materiality analysis, SKFH has established relevant performance indicators and medium to long-term targets for regular monitoring and management.



► Level of concern from stakeholders

Level of concern from stakeholders is an important criterion for determining materiality. SKFH has gathered insights on level of stakeholders' concern to sustainability issues through surveying and its 24/7 customer service hotline. A total of 18,467 stakeholders participated in this process, including customers (18,403), the general public (37), shareholders and investors (14), external experts and scholars (5), suppliers (5), media (2), and non-profit/non-governmental organizations (1). The survey reveals that the most significant issue of concern for customers is "Innovation and Digital Services." For other key stakeholders, the top three issues of concern are "Business Performance," "Customer Relationship Management," and "Corporate Governance and Ethical Management."

Concerned Sustainability-Related Issues from 24/7 Customer Service Hotline



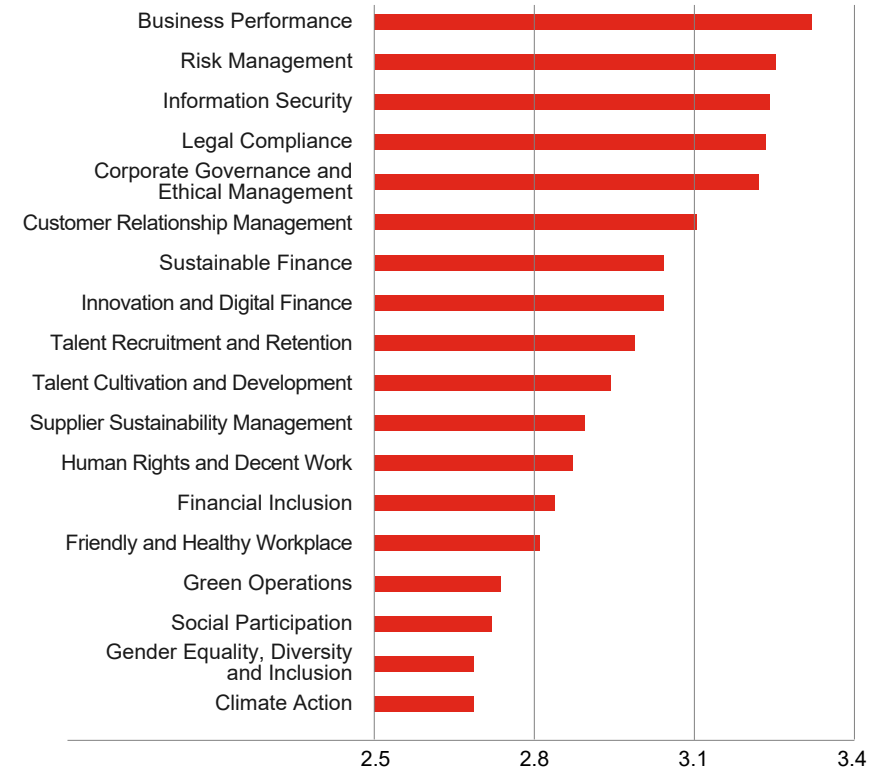
External Stakeholders' Level of Concern Survey Results



Operational impacts to the Company

Leveraging operational core to drive sustainability is a crucial policy for SKFH in pursuing corporate sustainability. It is aimed at fostering company growth and enhancing organizational resilience through sustainable initiatives. To this end, we invited 673 managers and employees in the materiality analysis, assessing the impact of each sustainability issue on company revenue, profitability, costs, and risk. Significance was determined by prioritizing the extent of influence of each sustainability issue on company operations. Results found the top three paramount issues, "Business Performance," "Risk Management," and "Information Security."

Assessment on Impact to the Company

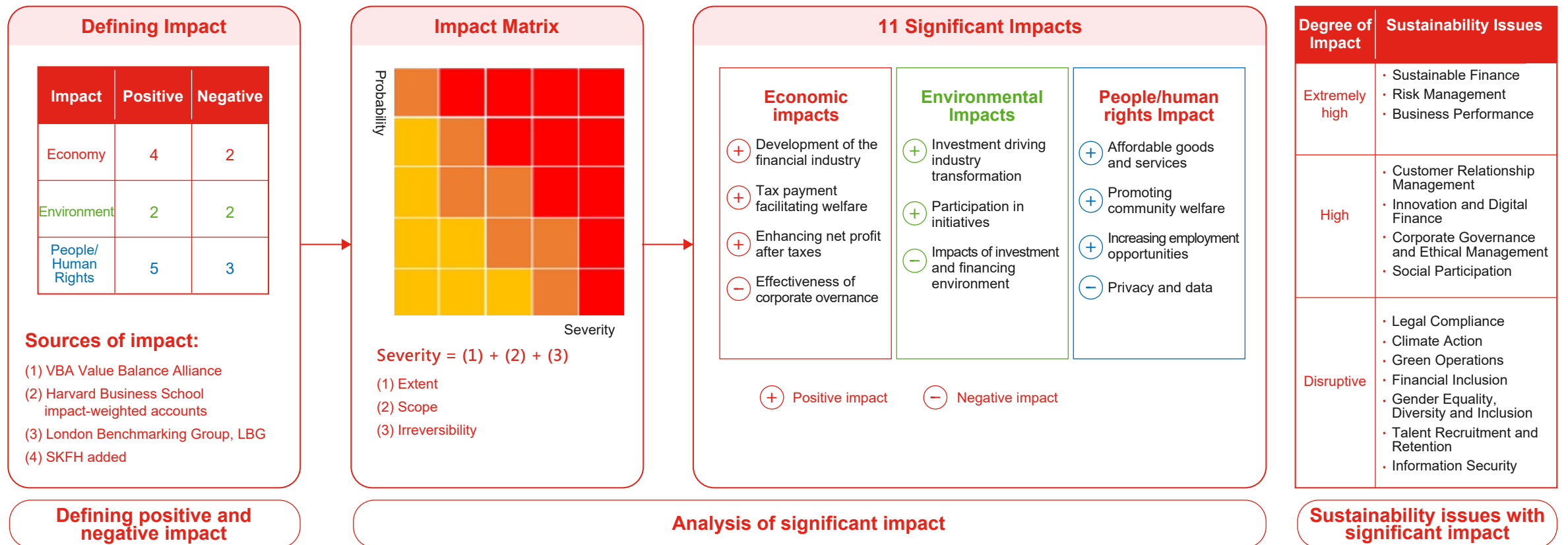


Impacts on economy, environment, and society

In assessing the impacts on the economy, environment, and society, SKFH adopts methodologies developed by the Value Balancing Alliance (VBA) and Harvard Business School's "Impact-Weighted Accounts." These approaches enable a quantitative analysis of the economic, environmental, and social dimensions based on impact and the identification of SKFH's material issues. By applying these international standards and guidelines, SKFH identifies 18 positive and negative impacts, comprising 6 economic, 4 environmental, and 8 related to human rights. Through the evaluation conducted by 20 employees, considering the severity, scope of influence, irreversibility, and likelihood of occurrence for actual and potential impacts, 11 significant impacts and sustainability issues were identified.

In addition, SKFH also adopted a monetized impact assessment approach to identify material issues with impact valuation. The monetized analysis of impact valuation suggests that "Sustainable Finance," "Talent Recruitment and Retention," "Business Performance," "Supplier Sustainability Management," and "Talent Cultivation and Development" are the most significant issues. They primarily generate positive impacts, including increased industry value propelled by investments and procurement, as well as external workers' income in the industry chain. The negative impacts mainly arise from environmental externalities of the supply chain. For details, please refer to 1.3 Sustainability Impact Valuation.

SKFH's Impact Assessment Process



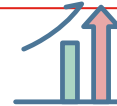
Defining positive and negative impact

Analysis of significant impact

Sustainability issues with significant impact

SKFH Double Materiality

Material Issues	Business impact			Economic, environmental, and human rights impact				
	Revenue	Cost	Risk	Financial industry development	Tax/net income	Industrial transformation	Community well-being	Direct/Indirect Employment opportunities
Business Performance	●	●	●		●		●	
Customer Relationship Management	●		●		●			
Corporate Governance and Ethical Management	●	●	●		●			
Risk Management	●	●	●					
Innovation and Digital Finance	●			●				
Sustainable Finance		●		●	●	●		●
Talent Recruitment and Retention					●			●
Information Security		●	●					
Social Participation							●	
Talent Cultivation and Development							●	
Legal Compliance	●	●	●					
Climate Action						●		
Friendly and Healthy Workplace							●	
Green Operations						●		
Gender Equality, Diversity and Inclusion							●	
Financial Inclusion				●			●	
Human Rights and Decent Work							●	
Supplier Sustainability Management						●		●



► Material Issues Prioritization

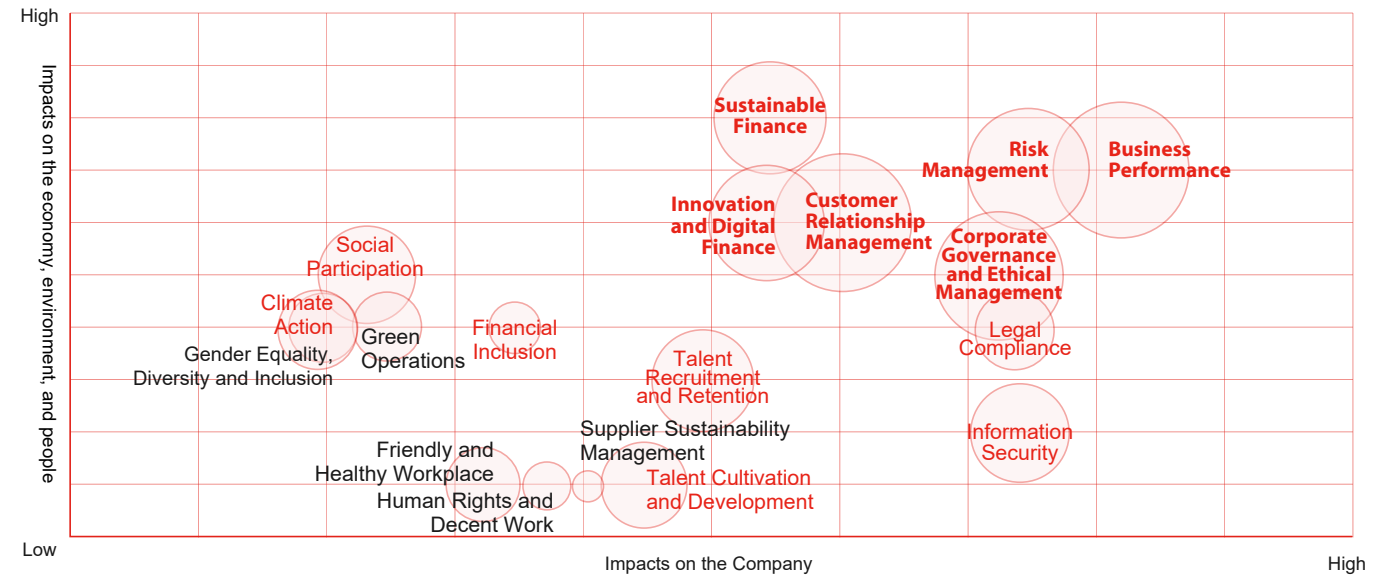
Based on the assessment results of the impacts of various sustainability issues on business operations and on external environment, society, and people, we categorized the impacts into three levels (low to high) and calculated the cumulative scores of materiality based on the level of stakeholders' concern. We have arranged the order of materiality issues based on the cumulative scores of significance for each sustainability issue as shown in the following table:

Sustainability Issues	Level of Impact on Corporate Operations	Level of Impact on External Issues	Level of Concern from Stakeholders	Cumulative Score of Materiality
Business Performance	●●●	●●●	●●●	9
Customer Relationship Management	●●●	●●●	●●●	9
Corporate Governance and Ethical Management	●●●	●●●	●●●	9
Risk Management	●●●	●●●	●●●	9
Innovation and Digital Finance	●●●	●●●	●●●	9
Sustainable Finance	●●●	●●●	●●●	9
Information Security	●●●	●●○	●●○	7
Social Participation	●○○	●●●	●●●	7
Legal Compliance	●●●	●●○	●●○	7
Talent Recruitment and Retention	●●○	●●○	●●○	6
Financial Inclusion	●●○	●●○	●●○	6
Talent Cultivation and Development	●●○	●○○	●●○	5
Climate Action	●○○	●●○	●●○	5
Friendly and Healthy Workplace	●●○	●○○	●○○	4
Green Operations	●○○	●●○	●○○	4
Gender Equality, Diversity and Inclusion	●○○	●●○	●○○	4
Human Rights and Decent Work	●●○	●○○	●○○	4
Supplier Sustainability Management	●●○	●○○	●○○	4

●●● High-level impact/concern ●●○ Mid-level impact/concern ●○○ Low-level impact/concern

In order to gain a clearer understanding of the internal and external impacts of each sustainability issue, we have also utilized a bubble chart as a visual tool. The internal impact is represented on the X-axis, the external impact is on the Y-axis, and the size of the bubbles reflects the level of stakeholder concern. By analyzing the distribution of sustainability issues on the matrix coordinates and the size of the bubbles, we can comprehend the degree of impact and level of concern for each sustainability issue.

Area of bubble: Level of concern from stakeholders



Materiality: High, Medium, Low

1.5.2 Impact Description and Management Policy of Material Issues

■ Economic ■ Environmental ■ Social



Materiality Prioritization : High		
Material Issues / Description of Impact	GRI Specific Topic	Management Policy
<p>Business Performance</p> <p>It reflects the pros and cons of the company's operating conditions, and shows potential in future growth and development.</p>	GRI 2: General Disclosures 2021 GRI 201 : Economic Performance	From the Chairman and President, SKFH Review
<p>Corporate Governance and Ethical Management</p> <p>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.</p>	GRI 2: General Disclosures 2021 GRI 205: Anti-corruption	1.2.1 Corporate Sustainability Committee 2.1 Corporate Governance 2.2.1 Ethics Management and Code of Conduct
<p>Customer Relationship Management</p> <p>Good service quality can improve corporate brand image, build customer trust in the company, and cultivate brand loyalty.</p>	GRI 2: General Disclosures 2021 GRI 417: Marketing and Labeling	3.2 Customer Relationship Maintenance
<p>Risk Management</p> <p>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.</p>	GRI 2: General Disclosures 2021	2.4 Risk Management
<p>Innovation and Digital Finance</p> <p>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.</p>	GRI 203: Indirect Economic Impacts	3.1 Digital and Innovative Finance
<p>Legal Compliance</p> <p>The Company is a financial institution that provides various types of financial products and services, including insurance, banking, securities, and investment trusts. Financial institutions are fund management centers, and their funds come from financial consumers.</p> <p>The Company manages the funds from consumers and is bound by strict ethical standards of conduct, therefore it should comply with laws and regulations.</p>	GRI 2: General Disclosures 2021 GRI 206: Anti-Competitive Behavior	2.2 Legal Compliance
<p>Sustainable Finance</p> <p>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.</p>	GRI 203: Indirect Economic Impacts	4.1 Sustainable Finance Strategies

Materiality Prioritization : Medium		
Material Issues / Description of Impact	GRI Specific Topic	Management Policy
<p>Climate Action</p> <p>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.</p>	GRI 201: Economic Performance	4.4 Climate Actions
<p>Talent Recruitment and Retention</p> <p>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.</p>	GRI 401: Employment	6.2 Talent Recruitment and Retention
<p>Social Participation</p> <p>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.</p>	GRI 203: Indirect Economic Impacts	7.1 Social Welfare Strategy
<p>Information Security</p> <p>By continuously strengthening the information security protection capability we provide safe, convenient and uninterrupted financial services.</p>	GRI 418: Customer Privacy	2.3 Information Security 3.2.3 Protection of Customer Privacy
<p>Financial Inclusion</p> <p>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.</p>	GRI 203: Indirect Economic Impacts	3.4 Financial Inclusion
<p>Talent Cultivation and Development</p> <p>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</p>	GRI 404: Training and Education	6.3 Career Develop

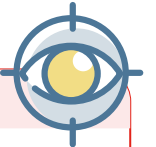


1.5.3 Incorporating Material Issues into Risk Management

SKFH conducts comprehensive risk analysis based on the Company's scale, industry, business characteristics, and operational activities, taking into account key regulations and focus areas of corporate sustainability, including climate change. We routinely analyze and identify applicable sources and categories of risks, define the Company's own risk categories, conduct detailed risk scenario identification for each risk category, and periodically review their relevance.

The risk categories of the Company include the following dimensions: strategic risk, operational risk, financial risk, information risk, compliance risk, integrity risk, and other emerging risks. By inventorying key risk indicators and integrating the results of materiality analysis, appropriate qualitative measurement criteria are developed based on risk profiles, expressing the probability and the impact level of risk events.

Material Issues	Business Performance	Corporate Governance and Ethical Management		Sustainable Finance	Legal Compliance
Risk considerations	Insufficient liquidity to meet the additional funding needs	Ineffective functioning of the Board of Directors or functional committees	Instances of lack of integrity within the company	Investments in controversial or poor-performing companies from an ESG perspective	In the event of a material breach of laws and regulations
Risk type	Financial Risk	Operational Risk		Financial Risk	Compliance Risk
Risk assessment	If a financial institution experiences liquidity risk, it can impact customer rights and even face a crisis in smooth operations	When the Board of Directors or functional committees fail to operate effectively, corporate governance cannot be properly implemented, which can affect shareholder rights	Instances of lack of integrity within the company can potentially affect the interests of various stakeholders such as employees, customers, and suppliers	Controversial industries and companies with poor ESG performance, due to their low ESG ratings, will lose favor among investors, subsequently affecting their long-term stock prices; If the Company invests in such companies, it will also affect long-term profitability.	If SKFH and our subsidiaries are involved in significant violations of laws and regulations, we may face penalties from competent authorities. This can severely damage the corporate image and affect the confidence of financial consumers in our company's brand.
Risk mitigation measures	We regularly monitor our liquidity and, in the event of such a risk, we will undertake fundraising measures	Through annual performance evaluations of the Board of Directors and functional committees, we ensure regular monitoring and disclosure of their operations	We conduct an annual assessment of integrity risks within the Company and have established the "Internal and External Personnel Whistleblowing Procedure" to encourage anyone who discovers crimes, fraud, or violations of laws by employees of SKFH or our subsidiaries to report them	We have formulated the "Sustainable Finance Policy" that excludes investments in controversial industries and integrates ESG considerations into our investment and financing decision-making processes	The Company collects the latest legal updates and industry penalty cases on a daily basis and disseminates them promptly to all units and subsidiaries of SKFH via email. Regular operations for changes in laws and regulations, self-assessment of compliance with industry penalty cases, and legal compliance self-evaluations are also conducted.
Probability of risk occurrence (rated from 1 to 5, indicating "almost impossible" to "very likely")	●○○○○	●●○○○		●●○○○	●●●●○
Severity of risk (rated from 1 to 5, indicating "very minor" to "extremely severe")	●●●●●	●●●○○		●●○○○	●○○○○



Material Issues	Information Security	Customer Relationship Management	Innovation and Digital Finance	Climate Action
Risk considerations	Important information system having been compromised	Improper management of customer data	Risks associated with the introduction of new FinTech and the development of innovative service models	Global net-zero emission pressure brought about by climate change
Risk type	Operational Risk	Compliance Risk	Operational Risk	Financial Risk
Risk assessment	Threats today such as computer viruses and hacker attacks can cause extensive damage to information systems. Natural or man-made disasters can also result in hardware damage in data centers. Compromised information systems can lead to business disruptions for the company	Financial institutions hold a significant amount of important customer personal information. Improper data management can lead to the leakage of customer personal information, causing harm to customer rights and violating personal information protection laws	The introduction of new FinTech and the development of innovative service models represent new territories both in terms of technology and regulations. In the event of an information security incident, it could lead to customer data breaches, leakage of corporate confidential information, financial and reputational losses for the company, and potential penalties from competent authorities for non-compliance with information security regulations	Amidst global attention on achieving net-zero emissions, industries with high carbon emissions will face pressures such as carbon fees and taxes in the future. If the financial industry fails to undertake decarbonization in its investment and financing portfolios, it will likely be affected by increased carbon costs associated with high-carbon industries, thereby impacting investment and financing returns
Risk mitigation measures	We will identify key business processes and their corresponding information systems, assess the importance of business functions and the extent of their impact, and evaluate associated risk levels. Appropriate hardware and software resources should be planned, designed, and enhanced accordingly, with related operational processes improved at the same time. SKFH and our subsidiaries should establish data backup mechanisms and contingency plans based on related risk levels. We should also strengthen simulation tests and emergency response drills to ensure the normal operation of information systems and data protection, thereby reducing the risk of system interruptions caused by unforeseen natural disasters or human errors.	The Company has implemented the "Personal Information Protection Policy" and incorporates personal information protection agenda into the evaluation of the risk management system and legal compliance audits. In addition, the "Personal Information Protection Management Team" has been established, consisting of units handling a large amount of personal information and the leading units of personal information management systems in each subsidiary. Regular drills are conducted to prepare for personal data breaches and to establish a comprehensive personal information protection management mechanism	In the adoption of emerging FinTech, a comprehensive security assessment should be conducted to ensure a clear understanding of specific risks involved and the maturity level of existing controls. This assessment should encompass areas such as personal information protection, information system security controls and safeguards, as well as relevant audits related to information security.	The Company has established the "High Carbon Industry Management Measures" and "Low Carbon Investment Goals" to assist subsidiaries' investment units in effectively managing climate risks. Through monitoring high-carbon industries, we aim to achieve our financial decarbonization objectives.
Probability of risk occurrence (rated from 1 to 5, indicating "almost impossible" to "very likely")	●●○○○	●●●●●	●●○○○	●●○○○
Severity of risk (rated from 1 to 5, indicating "very minor" to "extremely severe")	●●●●○	●○○○○	●●●●○	●●○○○

1.5.4 Material Issue Strategies and Mid- to Long-Term Goals

1. Business Performance

Strategies

- 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.

Mid- and Long-term Goals

Targets to be achieved by 2026:

- Maintain a long-term stable profit and dividend distribution



2. Corporate Governance and Ethical Management

Strategies

- 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.

Mid- and Long-term Goals

With the target year set as 2026, goals to be achieved:

- Establish a Nomination Committee
- Increase the representation of women directors to constitute over 20% of the total board seats
- Increase the representation of independent directors to constitute over one-third of the total board seats
- Continuously implement the mechanism for evaluating the risk of unethical conduct to maintain a risk matrix score (the overall frequency × amount of operations) below 3 points (the highest risk score being 9 and the lowest being 1)



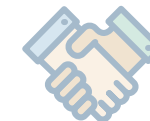
3. Customer Relationship Management

Strategies

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.

Mid- and Long-term Goals

By 2026, annual NPS of subsidiaries improve compared to previous years, or a reduction in the proportion of those scoring 0-6



4. Risk Management

Strategies

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

Mid- and Long-term Goals

With the target year set as 2026:

- Achieve stable profitability and steady net worth under the IFRS 17 financial reporting system
- Attain an ICS ratio that exceeds the capital adequacy standard under the ICS regulatory framework



5. Innovation and Digital Finance

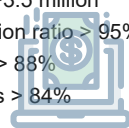
Strategies

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

Mid- and Long-term Goals

With the target year set as 2026, goals to be achieved:

- Number of SKFH digital accounts >3.5 million
- Maintain a life insurance e-application ratio > 95%
- Digital transaction ratio in banking > 88%
- Digital transaction ratio in securities > 84%



6. Legal Compliance

Strategies

- Establish a legal compliance management system within the Group and promote the digitalization of compliance processes.
- Provide relevant educational training on the Code of Ethics to personnel at all levels within the Group

Mid- and Long-term Goals

With the target year set as 2026 goals to be achieved:

- Implement 100% digitalization of the legal compliance processes.
- Achieve a 100% training rate for the education on the Code of Ethics within the Company



7. Sustainable Finance

Strategies

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

Mid- and Long-term Goals

With the target year set as 2026 goals to be achieved:

- Life Insurance: Continuously strengthen the sustainable investment process to achieve sustainable and stable investment performance. Achieve a 5-year CAGR of 3% in the amount of securities investments under the principles of sustainable investing
- Securities investment trust: Issue funds related to green industries
- Banking:
 - Promote project financing for solar power plants, aiming for a total financing balance growth of NT\$4 billion
 - Organize irregular client conferences on ESG net-zero transition to promote green financing
 - Issue sustainable bonds



8. Climate Action

Strategies

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.

Mid- and Long-term Goals

With the target year set as 2026, goals to be achieved:

- Join SBTi and adhere to the 1.5 °C carbon reduction target
- Continuously acquire green building certifications
- Achieve a 400% growth rate in investment amounts for green energy-related businesses compared to the baseline year of 2020



9. Talent Recruitment and Retention

Strategies

- 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

Mid- and Long-term Goals

With the target year set as 2026, goals to be achieved:

- Achieve a 90% retention rate for outstanding talent
- Achieve a 73% employee engagement rate



10. Social Participation

Strategies

With "Innovation, Service, Integrity, and Feedback" as its four business philosophies, SKFH upholds the corporate motto of "What is taken from the community is used in the community". In addition to establishing a foundation to actively invest in public service, SKFH supports various charitable causes with practical actions to give back to the community.

Mid- and Long-term Goals

Achieve 4 hours of corporate volunteering per capita for SKFH and subsidiaries by 2026



11. Information Security

Strategies

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.

Mid- and Long-term Goals

With the target year set as 2026, goals to be achieved:

- Establish a comprehensive information security governance organization
- Implement the FFIEC CAT to assess information security governance maturity
- Acquire ISO 27001 international certification for information security management systems (ISMS)
- Establish a Computer Security Incident Response Team (CSIRT)
- Establish a mechanism for sharing information security and threat intelligence within the Group
- Develop an information security career path and competency map to continuously cultivate information security talent



12. Financial Inclusion

Strategies

Commit to promoting financial sustainability and strive for a triple win in economy, environment, and society. Make financial services more accessible and allow individuals to enjoy the advantages of financial services and participate in the financial market

Mid- and Long-term Goals

By 2026, our main subsidiaries will respectively develop or enhance at least one inclusive financial product or service each year



13. Talent Cultivation and Development

Strategies

We continue to improve our human resources management and development system to provide the best environment for employees to develop.



Mid- and Long-term Goals

Targets to be achieved by 2026:

- The average training hours per employee reach 100 hours.
- The rate of replacement for internal vacancies reaches 60%.

Note: For details on the achievement of mid- and long-term goals related to material issues, please refer to section 8.5 in this Report

Adjustment of Material Issues, 2022	Material issues	Differences between years	Explanation on changes
	Social Participation	New issue	Materiality elevated due to higher degree of external impact
	Human Rights and Decent Work	Removed issue	Removed from material issues due to insignificant external impact

02 SUSTAINABLE BUSINESS

Shin Kong Financial Holding implements corporate governance, complies with laws and regulations, and establishes a sound risk management mechanism to promote sustainable development.



SUSTAINABLE BUSINESS

- 2.1 Corporate Governance
- 2.2 Legal Compliance
- 2.3 Information Security
- 2.4 Risk Management

Sustainability Performances



In 2022, the Board of Directors' performance evaluation resulted in excellence



Established the Information Security Committee at the financial-holding level to strengthen information security governance



Set up risk management personnel in each business unit of SKFH to enhance risk management at the front line



2.1 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 6 to 20% companies in the “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange Corporation. These results affirmed the performance of SKFH’s corporate governance.



2.1.1 Board of Directors

SKFH Board of Directors has 15 Directors including 3 Independent Directors. A total of 14 meetings were convened in 2022 and the attendance rate of members of the Board of Directors was 98%. 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 12.21 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. For more details about the independence, diversity and professionalism of the board members’ nomination and election, please refer to “Board Diversity Policy and Implementation” on the official website.

Name of Director	Director title	Independence (Note 2)	Basic Composition			Qualifications				Expertise				Experience GICS Level1
			Years of continuous directorship at the Company			Insurance	Banking	Securities	Asset management	Accounting	Law	Information technology	Risk Management/ Financial Management/ Actuarial	
			Less than 3 years	3 to 9 years	Over 9 years									
♂ Victor Hsu	Director	●	●			●						●	Finance	
♂ Te-Cheng Chiu	Director	●	●					●	●				Finance, consumer discretionary, public utilities	
♂ Benson Wu	Director	●		●								●	Finance, public utilities	
♂ Yun-Wan Yeh	Director	●			●	●				●		●	Consumer discretionary, daily consumer goods, finance	
♂ Po-Han Lin	Director	●			●								Consumer discretionary, daily consumer goods, finance, real estate	
♂ Shih-Chi Hung	Director	●		●									Consumer discretionary, finance, communication services, public utilities	
♂ Tung-Ming Wu	Director	●		●		●				●		●	Raw materials, manufacture, consumer discretionary, daily consumer goods, finance, information technology.	
♂ Hsin-Ta Wu	Director	●		●									Manufacture, consumer discretionary, finance	
♂ Chi-Ming Su	Director	●			●	●							Raw materials, consumer discretionary, finance	
♂ Po-Tseng Pan	Director	●	●			●					●	●	Finance	
♂ Richard Wu	Director		●									●	Finance, public utilities, communication services, real estate	
♂ Tseng-Chang Lee	Director	●	●				●					●	Finance	
♂ Chi-Ming Wu	Independent Director	●	●									●	Finance	
♂ Yung-Ming Shiu	Independent Director	●	●									●	Finance	
♀ Mei-Hwa Lin	Independent Director	●		●						●			Finance	

Note 1: All directors are citizens of the Republic of China. None of them serves concurrently as the Company’s employee. None of them is from under-represented social group.

Note 2: The non-executive directors are independent by meeting at least 4 of the 9 criteria (of which at least 2 of the 3 first criteria) listed below:

- The director must not have been employed by the company in an executive capacity within the last year.
- The director must not accept or have a “Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year”, other than those permitted by SEC Rule 4200 Definitions, including 1) payments arising solely from investments in the company’s securities; or 2) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed.
- The director must not be a “Family Member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer.”
- The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company’s senior management.
- The director must not be affiliated with a significant customer or supplier of the company.
- The director must have no personal services contract(s) with the company or be a member of the company’s senior management.
- The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- The director must not have been a partner or employee of the company’s outside auditor during the past year.
- The director must not have any other conflict of interest that the board itself determines to not be considered independent.

2.1.2 Functional Committees

► 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.

Compensation Policy for Directors and Executives



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 senior executives 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, senior executives, 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 0.5% 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 and Executives

- To connect financial performance to bonus, the annual performance bonus and long-term incentive bonus for the President and senior executives are effectively connected to the Company's business performance and the President's and senior executives' 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

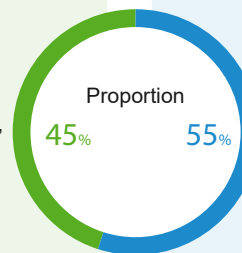
The business performance of SKFH and its subsidiaries, such as financial revenue, insurance contract value, net worth, proprietary / brokerage / underwriting performance, deposits/financial management trust/scale of funds, investment / fund/ commission performance, ROE, breakeven rate, hedging costs,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

Achievement Rate in 2022 **85%**

Non-financial- indicators

Exchange of talents between SKFH and subsidiaries, customer segment management, digital finance/fair treatment of customers / effectiveness of information security promotion, implementation of legal compliance and internal control system, corporate governance evaluation and global sustainability rating, and ESG performance such as introduction of TCFD (including the management of climate metrics and targets) and talent retention rate, etc.

Achievement Rate in 2022 **108%**



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:

Internal performance evaluation / Once a year Most recent evaluation results




In 2022, the average score of the evaluation dimensions of the SKFH board of directors was between 4.7 and 4.9, while the average score of individual directors' performance was between 4.7 and 5.0. The evaluation result for both was "excellent" (a score of 4.6 to 5 is considered "excellent," with the highest score being 5).

External performance evaluation / Once every three years Most recent evaluation results

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.

The annual compensation for the Company’s President and senior executives 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 senior executives), 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 unlocking condition 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 2022, the Company’s unlocking conditions for granting long-term incentive bonus are: during the waiting period FY2023-FY2025, the ranking of the total shareholder return (TSR) rate relative to other life insurance 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 life insurance 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

According to “SKFH Senior Manager Long-Term Incentives and Bonus Distribution Guidelines”, if the President or senior executives 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 or fines by competent authorities, 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.

2.1.3 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 Board of Directors in 2022

- Monthly report to the Audit Committee**

Monthly audit report
- Quarterly report to the Audit Committee and the Board of Directors**

Quarterly audit report
- Annual report to the Audit Committee and the Board of Directors**

 1. Minutes of the meetings between the Audit Committee Members (Independent Directors) and Auditors
 2. Results of the effectiveness evaluations on the internal audits of subsidiaries



► 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 2022, 20 meetings of the Audit Committee were convened, and the average attendance rate was 100%.

2.2 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" as material internal norms of supervision or management of legal compliance. SKFH collects information on the latest laws, regulations and penalties in the industry every day, delivers legal information to units and subsidiaries instantly via email, and regularly organizes self-inspections for changes in laws, regulations and penalties in the industry to optimize the compliance procedures and critical incident reporting mechanisms for SKFH and its subsidiaries.

To ensure compliance at SKFH and its subsidiaries, SKFH held six meetings on compliance matters for SKFH and its subsidiaries, conducted one training session for directors, supervisors, and senior executives of SKFH and its subsidiaries, two training sessions for employees, and an annual managers' meeting on compliance for each department. SKFH also reports on its compliance performance to the Board of Directors and the Audit Committee every six months. The compliance assessments of SKFH subsidiaries continued in 2022 in accordance with the "Regulations for the Assessment for Subsidiaries' Compliance Operations." The assessment covered the implementation of the compliance system and the execution of anti-money laundering and counter-terrorism financing measures, with the aim of enhancing the effectiveness of our compliance operations at SKFH and its subsidiaries.

When a subsidiary plan 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 2022, neither SKFH nor its subsidiaries had any significant violations of environmental or social regulations. Other cases subject to penalties by competent authorities for violating economic laws and regulations have been remedied, and internal education and control measures have been strengthened. For relevant details, please refer to Appendix 8.2.7.

2.2.1 Ethical Management and Code of Conduct



In order to establish a corporate culture of integrity and to strengthen development, SKFH has made reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". The Board of Directors and senior management have all issued the "Statement of Compliance with the Ethical Management Policy" to actively implement the commitment to integrity in business. The Company has also formulated 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 from top to bottom.

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 Financial Holding. The Company has established its "Code of Ethics" in 2005 and made an amendment in 2022. The "Code of Ethics" covers directors, supervisors, executives and employees of the Company and the Company's subsidiaries, and 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) 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 Code of Ethics connects with employee performance evaluation, and the Company adopts zero tolerance for the acts against the "Code of Ethics". The Company integrates the compliance effectiveness into all employees' annual performance assessment index. If there is any violation of the "Code of Ethics", the Company will handle it and take disciplinary actions in accordance with its HR management regulations and related laws and regulations. For less serious cases, a warning; for serious cases, a demerit; for more serious cases, a major demerit. The evaluation result will affect the annual bonus amount according to the severity of the case, so as to make employees comply with the code of ethical.

In 2022, SKFH did not have any corruption cases, such as corruption and bribery. There were 7 material violations of the Code of Ethics by employees of subsidiaries, including rules on business practice violations by sales personnel, data incidents, sexual harassment and workplace conflict, which have been substantiated. The breach cases are categorized as follows. The related incidents have been punished by disciplinary measures, such as job transfer, demerits, and revocation of registration. The sexual harassment and workplace conflict incidents are investigated and considered in accordance with the laws and regulations, and the Company has conducted follow-up corrective and remedial measures, such as individual counseling.

Breaches of Code of Ethics						
Area of breaches	2021			2022		
	Processing	Processed	Number of cases	Processing	Processed	Number of cases
Corruption or Bribery	0	0	0	0	0	0
Rules on Business Practice	0	6	6	0	3	3
Discrimination	0	0	0	0	0	0
Data Security (Including Customer Privacy Data)	0	0	0	0	2	2
Conflicts of Interest	0	0	0	0	0	0
Antitrust	0	0	0	0	0	0
Anti-Money Laundering	0	0	0	0	0	0
Insider Trading	0	1	1	0	0	0
Sexual Harassment	0	0	0	0	1	1
Occupational Health and Safety (Workplace conflict)	0	0	0	0	1	1
Total number of cases		7			7	

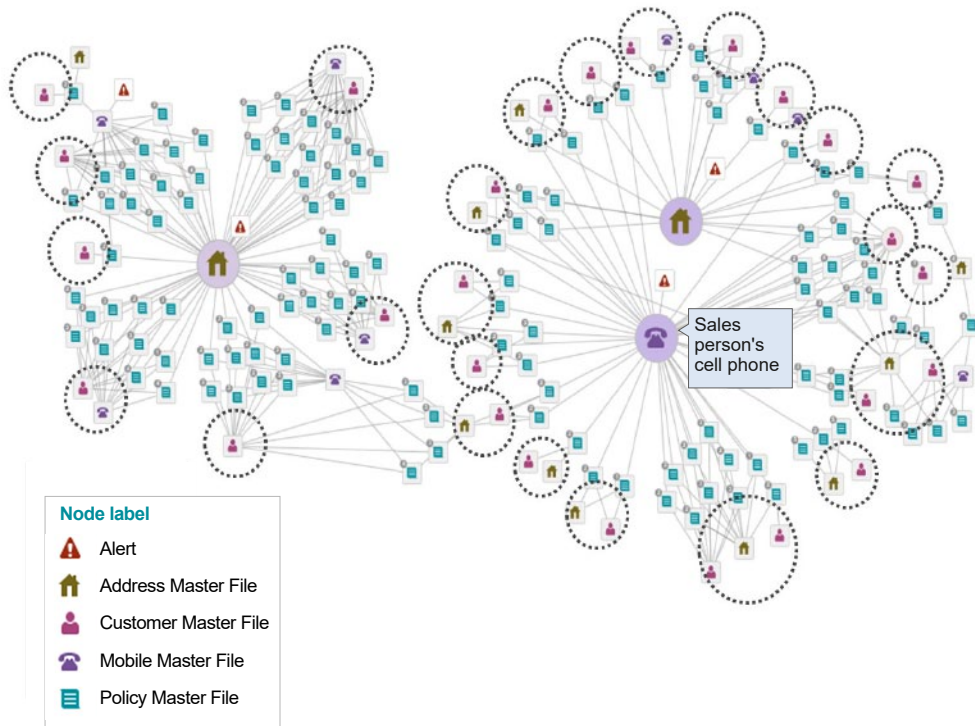


To proactively prevent sales personnel from violations of the Code of Ethics, Shin Kong Life has established the "13 Compliance Courses for Sales Personnel" and requires business managers to conduct monthly compliance training for employees. For the internet generation, the company has made "Legal Compliance Divination Lot" education materials, disseminated through online courses, multimedia video network broadcasting, publications such as posters or warning slogans, to promote prevention of various types of misconduct. Shin Kong Bank, in response to violations of the Code of Ethics, not only strengthens internal education and promotion but also turns the cases into training materials. The Bank also adjusts the scope of system permissions, and provides training for specific personnel to avoid similar incidents from happening again.



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.

In addition, SKL was the first in the industry to launch the "Sales Personnel Fraud Risk Prevention and Control Model" to prevent abnormal solicitation acts of sales personnel 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 2022, there was a decrease in cases of misconduct for personal gain among Shin Kong Life sales personnel from the previous year, indicating that this model is effective in preventing abnormal solicitation behavior.



To encourage anyone who detects potential criminal activity, fraud, or violations of laws committed by our employees to report such acts, the Company has established the "Internal and External Whistleblowing Regulations." The Regulations set up internal and external whistleblowing channels, and through an enhanced mechanism for protecting whistleblowers, it ensures that whistleblowers are safeguarded from any threat or adverse consequences. If a significant violation or potential damage to the Company is found after investigation, the reporting unit responsible for receiving the whistleblowing reports will report the details of the case, the handling process, and the subsequent review and improvement measures to the Board of Directors.

Internal and External Complaint/Whistleblowing Channels




SKFH	Customer complaint mailbox: audit@skfh.com.tw	SKL	whistleblower@skl.com.tw
	Whistleblower mailbox: Independent Director representative: id@skfh.com.tw Internal audit unit: whistleblower@skfh.com.tw	SKB	audit@skbank.com.tw
	Employee communication mailbox: skfh-hr@skfh.com.tw	MLS	whistleblower@masterlink.com.tw
	Sexual harassment complaint: shinkong113@skfh.com.tw / (02)7725-3216	SKIT	whistleblower@mail.skit.com.tw
		SKPIA	skpia99@skl.com.tw

In addition to the internal and external whistleblowing and complaint channels, the Company has also established an ethics and integrity consultation channel. This includes regularly sending information on the latest regulations, trends, and updates to laws and regulations through email, the intranet, and training. We have also developed a database and platform for common legal information and queries on operational activities for departments' use at any time. Furthermore, employees can seek advice and recommendations on ethics and compliance issues by participating in communication meetings on legal compliance, supervisory meetings, or by contacting the Legal Compliance Office directly.

2.2.2 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 Anti-Money Laundering and Countering Financing Terrorist and related internal management systems in accordance with their own industries. SKFH is also required to organize regular comprehensive AML/CFT evaluation for subsidiaries to identify, evaluate, and effectively understand their AML/ CFT risks, and adopt suitable improvement or prevention measures. To optimize our money laundering prevention and counter-terrorism financing risk assessment methodology and in light of the 2021 National Money Laundering and Terrorist Financing and Proliferation Financing Risk Assessment Report, which for the first time assessed the risk of arms proliferation, the “Money Laundering and Terrorist Financing and Proliferation Prevention Guidelines” and the “Money Laundering and Terrorism Financing Risk Assessment Procedures” were revised yet again in 2022. The subsidiaries also adopted a consistent methodology to complete a comprehensive anti-money laundering and counter-terrorism financing risk assessment in 2022.

To enhance the understanding of money laundering and terrorism financing risks among our senior management, SKFH held the “Money Laundering and Terrorist Financing and Proliferation Prevention Committee” every six months in 2022 to consolidate our risk control 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 2022. 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

To ensure effectiveness of money laundering and terrorism financing prevention measures at SKFH and its subsidiaries, the Company organized an “Training Session for Directors, Supervisors, and Senior Executives of SKFH and Its Subsidiaries” in August 2022. Personnel from the Anti-Money Laundering Office of the Executive Yuan were invited to give a presentation on “Introduction to Financial Sanctions and the Latest Developments in AML/CFT Trends”. A total of 52 directors, independent directors, supervisors, and executives (including the CEO) attended the session to enhance their professional knowledge and build a culture of anti-money laundering and counter-terrorism financing by keeping up-to-date with the latest trends.

SKFH and its subsidiaries organized 20 AML training sessions in 2022. 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.

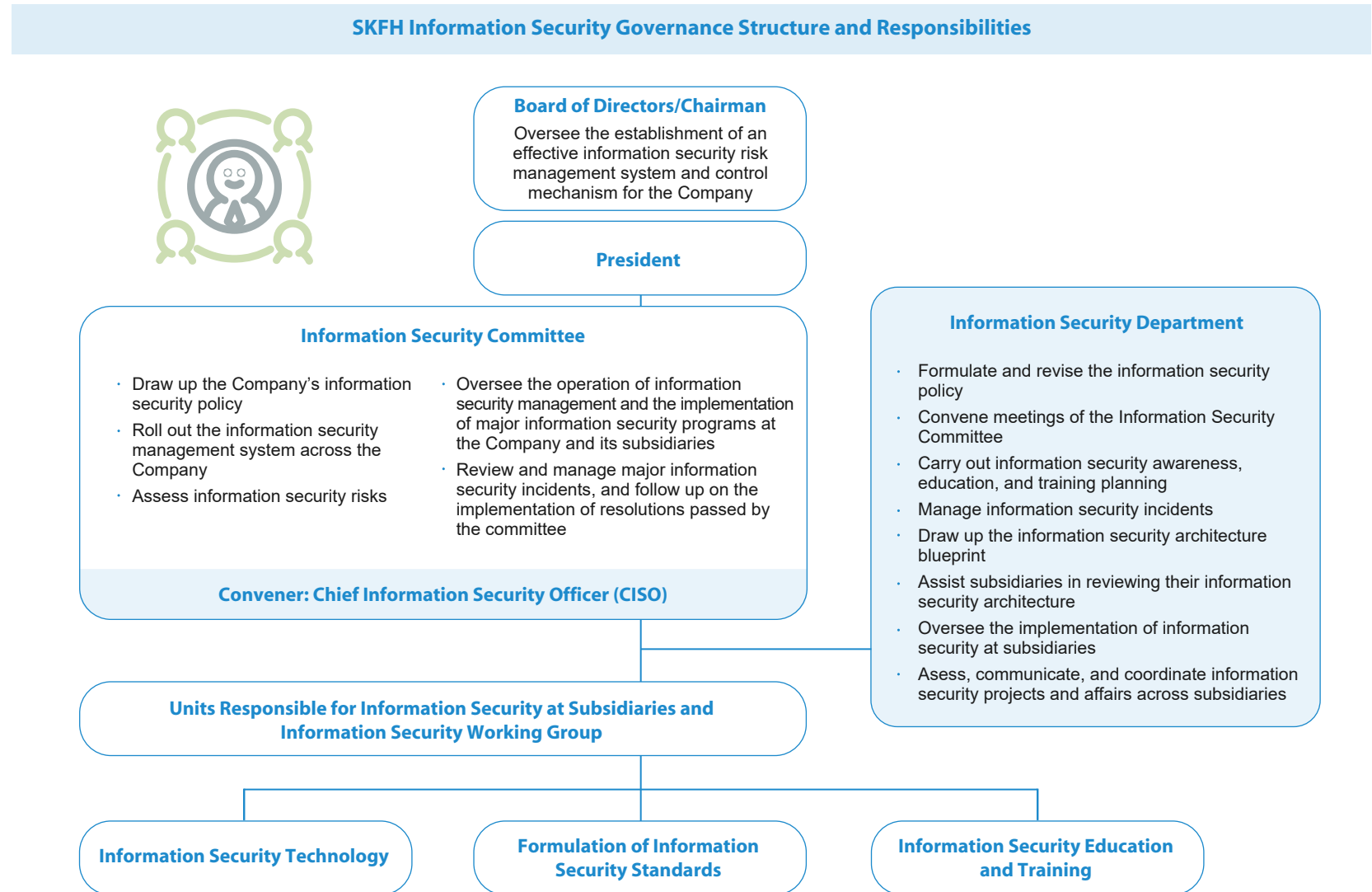


2.3 Information Security

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.

2.3.1 Information Security Management Mechanism

To complete the information security governance structure, SKFH established the Information Security Department as the dedicated unit in charge for information security, and also established the Information Security Committee, which and the Company's Chief Information Security Officer(CISO), K.T. Chang serves as the convener, The Information Security Committee holds quarterly meetings and includes members from the Company and its subsidiaries, such as supervisory first-level managers and information security department heads.





2.3.2 Information Security Education and Training

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, to prevent information security emergencies or information system disruptions caused by disasters and network attacks, we continue to strengthen the level of our off-site backup system and conduct semi-annual drills to ensure our business operations and customers' rights. SKFH and its subsidiaries also use the latest information security information from home and abroad to identify any information security gaps as early as possible, so as to achieve the effect of early warning and prevention, and to strengthen information security joint defense.

Shin Kong Life, a subsidiary, has been continuously developing its information security management system with a solid foundation in the ISO 27001 standard over the years. It has also integrated the BS 10012 personal data management system and adopted the ISO 22301 business continuity management systems to effectively address the challenges of hybrid security risks. With its outstanding "Integrated Information Security" strategy, Shin Kong Life has improved its "information resilience" and was invited to receive the Information Resilience Excellence Award at the BSI International Security Standard Management Annual Conference and Excellent Organization Commendation Ceremony. Furthermore, the Company utilized Robotic Process Automation (RPA) to develop semi-automated information security threat analysis, reducing threat response time. This initiative was awarded the Excellent Award for Digital Information Security at the 2nd Commercial Times Digital Financial Award. In 2022, Shin Kong Life received two prestigious awards, demonstrating industry recognition for its achievements in information security and personal data protection.

	Course	Attendee	Course Hours	Training Completion Rate
SKFH	Information Security Management - Information Security Practice and Advocacy	Management	7.5 hours	100%
	General information security (including social engineering)	All employees	3 hours	100%
	Professional Course for Information Security Personnel	Information security personnel	151.1 hours	100%
SKL	Information Security Management - The Role of Enterprises in Promoting Information Security Governance, Fintech and Information Security Risk Management	Management	9 hours	100%
	Social Engineering	All employees	0.5 hours	100%
	General Information Security	All employees	3.3 hours	100%
	Professional Course for Information Security Personnel	Information security personnel	711 hours	100%
SKB	Advanced Information Security Education Training Seminar	Management	35 hours	100%
	Social Engineering	All employees	1.8 hours	100%
	General Information Security (including Internet of Things)	All employees	40.4 hours	100%
	Professional Course for Information Security Personnel	Information security personnel	552.5 hours	100%
MLS	General Information Security	All employees	3 hours	100%
	Social Engineering	All employees	0.1 hours	100%
	Professional Course for Information Security Personnel	Information security personnel	18.5 hours	100%
SKIT	General Information Security	All employees	3 hours	100%
	Social Engineering	All employees	0.5 hours	100%
	Professional Course for Information Security Personnel	Information security personnel	20 hours	100%
SKPIA	General Information Security	Information security personnel	2 hours	100%

2.3.3 Reporting of Information Security Incidents and Simulation

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, block chain, 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.

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 2022, no information security penalty occurred in SKFH and its subsidiaries. We will continue to improve information security management in 2023.



Information security penalties in the last four years

	2019	2020	2021	2022
Violation of information security or network security (number of cases)	1	0	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\$)	NT\$600,000	0	0	0

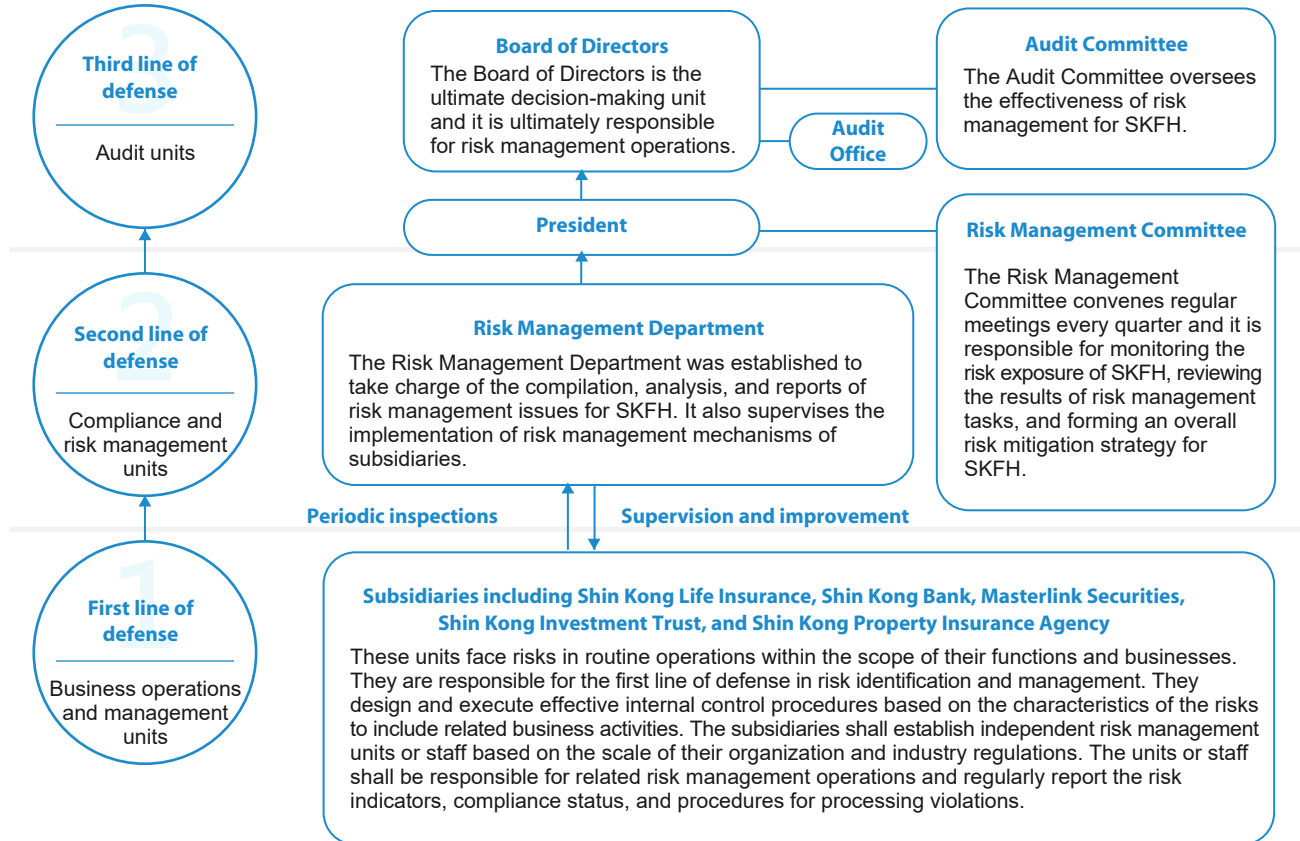
2.4 Risk Management

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.



2.4.1 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. The structure is as follows:



2.4.2 Emerging Risks

Faced with intensifying global challenges, SKFH has identified two key emerging risks, namely energy transition risk and geopolitical risk. Descriptions, impacts, and mitigation measures for these two major risks are as follows:



Energy Transition Risk

Description of the Risk

The Taiwan Government has set the objective to build a nuclear-free home by 2025, whereby Taiwan will no longer use the nuclear power and convert the original coal-fired power generation into wind power, hydropower, solar power and other renewable energies after 2025.

However, Taiwan is restricted by a small territory and dense population, the growth rate of renewable energy devices can't satisfy the current demand in the following 3-5 years and three blackout events without an early warning have swept across Taiwan in the past two years. In the future, the inadequate electric power reserve will trigger a power shortage crisis, and Taiwan will possibly adjust the direction of the energy policy, which will pose an energy transformation risk.

Impact

Taiwan will be highly probable to maintain the existing coal-fired power generation to avoid the power shortage crisis given an undersupply from renewable energy devices, which will make it hard to reduce the carbon emission coefficient. As a result, local enterprises will be forced to accept the electric power with the high carbon emission.

However, the Company committed the SBT by the end of 2022 and will actively set the emission reduction goal. Local investees' use of the electric power with the high carbon emission will influence the Company's effort to meet the financed emissions reduction progress of scope 3. This could potentially prevent the company from achieving the SBT net zero emissions goal and have the following impacts on the company:

- **Losing favor with investors:** In face of the trend of sustainability, investors will pay growing attention to the Company's sustainability performance. Now, the Company ranks middle to top in terms of the international ESG rating and has an A- CDP rating. If the Company fails to achieve the net zero goal on schedule, this will influence the ESG rating of the Company and erode the Company's fascination to investors.
- **Ambiguous brand image:** The Company defines the brand values of low carbon, innovation and mutual benefit. If the Company fails to achieve the carbon reduction objective, this will undermine the Company's brand image and downgrade the public recognition of the Company's brand.

Mitigating actions

- The Company has kept investing in and extending loans to solar power stations to promote the overall development of the renewable energy industry.
- We will actively consult the government to develop alternative energy solutions.
- We will assess emerging green energy solutions, and if they have the potential, we will invest.



Geopolitical Risk

Description of the Risk

The geopolitical conflicts, including the Russian-Ukrainian war, the China-US trade war and the military threat from China and North Korea, have become the long-term major risks we will have to face in the following 2~5 years. They will directly or indirectly affect the overall economic factors, including policies of central banks worldwide, inflation and supply chain, and deliver an adverse impact on the operation or investment of the Company.

Impact

- Adverse impact on financial markets: The immediate reaction of the financial market to political events will trigger a significant elevation of financial risks, arouse various control measures taken by the Company, influence the investment strategy and prejudice the long-term investment income. The US has played an important role in recent significant geopolitical risk events. In particular, its frequent interest rate hikes intended to curb inflation has resulted in the market fluctuation both in the US and worldwide. Moreover, if they lead to the excessive money undersupply, it will possibly become the biggest risk that will cause an economic downside to the US. North America is one of the major risk exposure of SKFH, and the US takes the biggest proportion. Thus, its downturn will affect the Company's revenue performance to a certain extent. In the long run, the adverse impacts from the political and economic events will undermine the profitability and solvency of the investment subjects, which will trigger the impairment assessment mechanism and deliver a significant impact.

Adverse impact on investment position: Affected by the Russian-Ukrainian war and the sanctions against Russia, Shin Kong Life

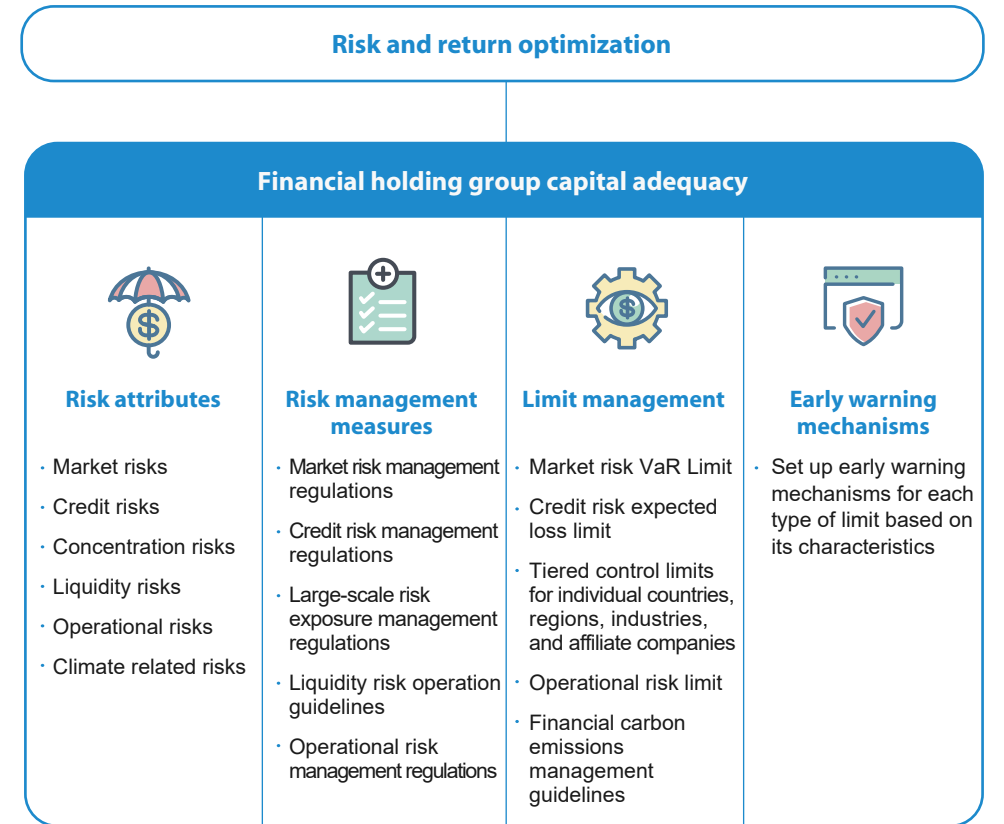
- Insurance has suffered an exposure position of NT\$29.3 billion in the Russian government bonds, and various control measures by the American and European countries will cause the funds of the company to be frozen or an evaluation problem, thereby affecting the fund liquidity or book loss of the company. Moreover, the US, Europe, Japan and other advanced countries have embarked on a semiconductor industry cluster plan in response to the military threat from China and the extension of the US-China trade war, which will affect the gross margin of the semiconductor industry, and lead to the reduced profitability and weakened solvency in the long run. SKFH has suffered an overall exposure ratio of nearly 6% in the technology industry, which, upon assessment, will deliver a certain impact on the Company.

Mitigating actions

- We will pay close attention to the dynamics of geopolitical situations and continuously conduct the scenario analysis.
- We will strengthen the track against and even set the restriction against the events that are potential to cause severe losses (non-reoccurring fat tail loss).
- We will establish country risk levels and limits and review credit ratings, economic indicators and operational risk statuses of different countries at regular intervals to assess whether the risk levels of certain countries are appropriate and avoid the excessive concentration of assets.
- We will participate in seminars or forums to increase the opportunity for exchange, hear expert opinions and increase the correct political judgment.

2.4.3 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 Measures", 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.



Note: For details of the emerging risks, please refer to SKFH 2022 Shareholders' Meeting Annual Report P. 342~346.

2.4.4 Risk Management Culture

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





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 climate-related risk, etc.), 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, VaR 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, concentration risks, climate-related 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.

<p>Risk management contact </p> <p>To build top-down risk management and integrate risk management awareness into daily decision-making and operations, starting from 2022, SKFH has established risk management personnel in each operational unit. These personnel are responsible for the risk identification, analysis, evaluation, and response of their respective units, serving as the contact for regularly reporting risk management information (including but not limited to operational risk events and other identified risks), reviewing the effectiveness of risk management in their respective units, and also acting as promoters for the implementation of business continuity management system to shape a comprehensive risk management culture.</p>	<p>Risk management reports </p> <p>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.</p>
<p>Training </p> <p>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.</p>	<p>Performance evaluation </p> <p>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.</p>

03 CUSTOMER SERVICE AND INNOVATIVE PRODUCTS

SKFH operates a comprehensive range of financial services and provides one-stop financial and wealth management products and services including life insurance, banking, securities 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.

- 3.1 Digital and Innovative Finance
- 3.2 Customer Relationship Maintenance
- 3.3 Customer Service and Communication
- 3.4 Financial Inclusion



CUSTOMER SERVICE AND INNOVATIVE PRODUCTS

Sustainability Performances



Customer Satisfaction reached 94.8% and awarded "Best Intelligent System Application Enterprise" and "Best Service Innovation Enterprise" at the CSEA in the 2nd consecutive year



About 240 thousand pieces of inclusive financial products brought NT\$181.7 billion business benefits to enterprises



SKFH group's digital customers have exceeded 2.77 million persons and won recognition from 24 domestic and international digital awards



3.1 Digital and Innovative Finance

"Driving transition through digital roots" remains SKFH's strategic goal in 2022. We continue to drive the group's digital transition under the goal of "Seamless digital journeys for hassle-free customer experiences," through a customer-centric experience strategy. We implement the Customer FIRST (Focused, Intuitive, Rapid, Streamlined, Thoughtful) guidelines at the group level, promoting products and customer journeys that meet customer needs. The three pillars of sustainable development are laid out in three main areas: customer centricity, accelerated operational innovation through technology, and all-staff transformation. SKFH has over 2.77 million digital customers, 16% year-over-year growth in Shin Kong Life's online membership, 95% of policies issued through e-insurance. It is the first insurance company to be approved for trialing the "e-signature for mobile insurance consent form" and "online claims application integrated with My Data platform." Meanwhile, the Shin Kong Bank's digital banking arm has seen a 11% year-over-year increase in online banking customers, with digital transactions accounting for 89% of its transactions, and its OMNI-U digital brand winning the 2022 iF Design Award and the German National Design Award, and our securities business has surpassed 60% in electronic trading accounts, with digital transactions accounting for 82% of its trades, and introducing the first self-rebalancing "Win Win go" wealth management platform with full automation in securities industry. SKFH and its subsidiaries have won a total of 24 digital awards in Taiwan and abroad.

► Accelerating Operational Innovation with Technology

In 2022, SKFH joined force with its subsidiaries, ecosystem partners, and start-ups to accelerate the introduction of innovative technologies through its "Technology Co-creation Platform" with five key focuses - ABCDE - as the blueprint for its tech development.

Artificial Intelligence

In partnership with RegTech, we have implemented an AI-RegTech model sharing platform for compliance, allowing real-time sharing of regulatory information among the financial group and its subsidiaries. In addition, we have introduced robotic process automation (RPA) tools, including over 200 RPA deployments across our life insurance, banking, and securities subsidiaries. This has resulted in a yearly reduction of over 70,000 hours of manual labor, and expanded AI into operational processes, creating a path towards intelligent process automation (IPA) from RPA. R&D Centre for AI Image Recognition (verification code, handwritten signature comparison), Shin's Smart Customer Services 2.0, process automation assistant, AutoML Automated Modeling, and other technology platforms.

Cloud

Promote cloud-based digital office POC and cloud resource utilization POC to respond to market demands quickly, agile resource planning and deployment, drive innovative business model applications, and promote Cloud Ready.

Ecosystem

SKFH, together with its subsidiaries and ecosystem partners, has collaborated to build the Shin Kong "Technology Co-creation Platform." We have established partnerships with leading Taiwanese and international tech giants and startups, such as Microsoft, Google, beBit TECH, Lawsnote, and DataRobot. Embracing the spirit of starting small experiments and achieving great outcomes, we aim to foster a culture of co-creation and sharing tech and innovative resources.



Block Chain

Claims Alliance Chain 2.0 accelerates claims processes, integrates security services, and enables real-time access to policy information through the insurance passbook platform.

Data

In light of the "Guidelines for Data Sharing between Financial Institutions" policy, we have established a group-wide data sharing platform to enhance data utilization and management standards, optimizing risk prevention and mitigation mechanisms.

► 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 2022 are as follows:

Achievements in 2022

Optimize customer experience in the member area

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

- Membership Count: accumulative, 960,000 members.
- Annual Transaction Volume: over 770,000 transactions.

Smart customer services monitor customers' digital tracks

- "Smart Customer Services Center" Telephone customer service.
- The online "Shin's Smart Customer Services 2.0" has been optimized in conjunction with the Company's revamped intranet, assisting sales in quickly obtaining accurate information. An AI training center has been established to enhance training efficiency, and a question and answer feedback service has been developed to better understand customer needs.

- Telephone service for changing simple data: Provided services 108 thousand times.
- Smart reminder service: Provided services 5,700 times.
- Shin's Smart Customer Services 2.0 has served 320,000 customers.

Official LINE Account - as your Pocket Service Center

- Personalized insurance policy notices
- Transaction remittance result notification
- Dedicated service staff inquiry
- Policy loan/repayment inquiry
- Investment Insurance Policies transactions
- Designated outward transfer account number
- Credit card expiration date change
- FamilyMart barcode payment
- Electronic notifications
- Insurance policy inquiries
- Simple contract changes
- Online payments
- Location Search

- Number of users exceeded 4.26 million.
- Total click and use rate of all service has accumulated nearly 340,000 times.

Smart Insurance Medical Examination

- Utilizing Optical Character Recognition (OCR) technology, the policy contents can be instantly recognized through a camera lens.
- Introducing a new protection indicator to quickly reveal coverage gaps.
- Revamped report format with unique digital characters exclusive to the Company.

- Served approximately 420,000 customers.
- Made approximately 650,000 plans.

AI-enabled smart address correction.

- The smart address correction engine and verification rules utilize the PAPAGO navigation system and a commercial building address database for comparison, reducing manual matching errors, ensuring the accuracy of updated addresses, and effectively preventing financial frauds.

- Obtained a new patent - "Address Correction System".

Achievements in 2022

Mobile experience and convenient life

- Mobile version of authorized electronic funds transfer service.
- Mobile Phone Code Verification" for applying for online insurance services.
- Combine with SKB's "Code Verification" service, allowing customers to perform identity verification and apply for services in Mart.

- Mobile authorized transfer service: Already used 102,000 times
- Mobile Phone Code Verification application rate : 78.3%
- 452 Quick ID Verifications

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.

- 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: 546,000 downloads

Claims risk screening system

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

- (1) The claim inspection rate^(Note 1)dropped to 2.0% compared to last year.
- (2) The claim detection rate^(Note 2)rose to 34.8% from last year.
- Quantify the risk of claims and improve the accuracy of case classification.
- (1) The average processing days of normal cases is 1.3 days.
- (2) Average monthly number of reviewed cases per person: 406.

Significant overhaul of the sales representative website

- Revamped UI interface with new content.
- Enhanced customer personal data protection measures.
- Responsive Web Design (RWD) for optimal user experience across different devices.
- Transformation of five pain points into highlight features to precisely support for business expansion.

- 83% overall satisfaction of sales representatives.
- Strengthened customer personal data protection measures with a completion rate of 100% for 66 permission control functions.
- Responsive Web Design (RWD) enhances user experience across different devices, resulting in a 5% increase in NPS satisfaction since the redesign.
- Transformed the five pain points into highlight features to precisely support for business expansion, reducing monthly Agent080^(Note 3) calls by 20%.
- 5 transformed highlight features that meet sales representatives' habits: user-friendly login page, intuitive interface, website quick search function, single-page browsing feature, and permission management.

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.

Note 3: Agent080 is a customer service hotline for prompt issue resolutions for sales representatives.

► SKB

The Shin Kong Bank, driven by innovative thinking, actively embraces digital finance, and upholds the value proposition of "being close to life and putting customers first." In 2022, a total of NT\$113.994 million was invested to drive various digital finance initiatives, including:

Prioritize mobile applications

Achievements in 2022



Mobile payment

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

Achievements since the provision of various mobile payment services:

- A total of 545,592 connected credit cards.
- A total of 271,586 connected accounts.
- The accumulated amount of credit card spending is about NT\$8.44362 billion.
- The accumulated transaction amount is about NT\$3.72521 billion.
- The accumulated amount of stored value consumption is about NT\$62.14254 billion.



Mobile banking app

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

- Over 850,000 mobile banking customer applications.
- Added features including surveys, sorting capabilities for transaction and fixed deposit details, reminders for same-day NTD transfers with the same account and amount, checks for duplicate emails with reasons, and smart overview of wealth management investments.



Credit card app

- By enhancing the digital journey for customers' card usage, we aim to meet their needs in terms of accessing personal credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card services and foster customer loyalty.

After app launch:

- Cumulative number of downloads: 26,376
- Cumulative number of active users: 73,770
- Average monthly active users: approximately 10,694
- Average daily logins: approximately 2,567
- Average monthly usage: approximately 6.6 times per person

Digital consumer building

Achievements in 2022



Community management

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

- Over 145,000 fans.
- Online sentiment volume exceeding 1,935 articles.

Branch digitalization

Achievements in 2022



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.

- A total of 12 devices have been installed, providing 24/7 automated services to passengers, with a cumulative number of more than 1,290 currency exchange transactions.

Innovative technologies

Achievements in 2022



Quick ID Verification

- We collaborated with the Stock Exchange and FamilyMart convenience stores to introduce our innovative "Quick ID Verification" service. This service allows consumers to use authorized QR codes to insert their chip-enabled debit cards or citizen digital certificates into the FamilyMart FamiPort machine. Users can open accounts, apply for household registration copies, request ID replacement, and perform various payment transactions, such as deductions and payments.

- We have newly introduced the verification channel at 7-Eleven, in addition to the existing channels at FamilyMart and Hi-Life. With these verification channels in place, the total number of transactions has exceeded 153,000.

Digital Ecosphere

Achievements in 2022



Internet banking

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

- The number of online banking customers has surpassed 1.16 million.
- The number of active digital users has grown by 13.3% compared to last year.
- Digital and automated transactions account for a significant 88.95% of total transactions.



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.

- Over 320,000 people have been served.
- Rolled out an online loan calculator for micro-enterprises



Interactive electronic statements

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

- The electronic billing ratio is as high as 93%.



Cardless withdrawal service

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

- Approximately 8,090 users.



Diverse payment services

- Connected with everyday services to introduce diverse payment services.

- In addition to existing payment services such as fees, traffic fines, phone and internet bills, water bills, and tuition fees, new electronic payment options have been added.
- The introduction of the "iCash Life Payment" service has accumulated a total of 4.3 million transactions in the six major electronic payment platforms throughout the year.

Achievements in 2022



Global e-Banking

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

- More than 16,000 customers applied.
- Local transactions amounted to NT\$2,803.1 billion.



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.

- Over 70 thousand OMNI-U digital deposit account customers.



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.

- The transaction amount is approximately NT\$7.33 billion.



Diverse digital marketing

- Continuously provide general digital services through cross-industry collaboration. Partners 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 Mazu Temple. The contents of cooperation include music experience, dining discounts, movie redemption, shopping discounts, pacifying Taisui online and other services.

- We have added a total of 16 new partners, including 7-Eleven convenience stores.

► 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.

Prioritize mobile applications

Achievements in 2022

<p>Cloud-based trade orders</p> <ul style="list-style-type: none"> We offer a composite dynamic conditional ordering, which follows profit-locking strategies based on stock price fluctuations. This assists clients in identifying investment opportunities and increasing turnover. 	<ul style="list-style-type: none"> New features such as "Intraday Odd-lot Conditional Orders" and "Better Price Setting" have been introduced. The accumulated trading volume for the year exceeds NT\$3.4 billion.
<p>Online account opening</p> <ul style="list-style-type: none"> One of few on the market that supports duo app/web platforms for account opening. Process automation accelerates the workflow and expands the range of account types and multi-account opening services. 	<ul style="list-style-type: none"> The "Capital Market Account for New Account" feature has been added to facilitate customer account opening and fund management. Online account openings accounted for over 70% of the total number of accounts opened of the year.
<p>Integration with the digital strategy alliance for ordering</p> <ul style="list-style-type: none"> Integration with well-known industry apps for ordering and other functions such as trading reports and account search, enhancing the convenience of customer trading. 	<ul style="list-style-type: none"> We integrated with the Mitake Stock Market app in 2021 and with the SysJust XQ app in 2022 for order placements. The total accumulated trading amount exceeded NT\$13.6 billion for the year.
<p>Masterlink Mobile Trader app</p> <ul style="list-style-type: none"> We have been continuously optimizing the mobile platform, expanding mobile trading, and introducing convenient online inquiries for investment capabilities / credit lines to electronic trading customers, assisting in obtaining trading overviews. 	<ul style="list-style-type: none"> Mobile trading accounted for over 50% of the Company's total electronic trading amount for the year.

Digital financial services

Achievements in 2022

<p>Smart mobile stock selection</p> <ul style="list-style-type: none"> Leveraging FinTech, we have incorporated AI and MLS's exclusive research reports to offer investors a diverse stock selection strategy. This enables them to quickly screen potential targets and stay informed about market fluctuations. 	<ul style="list-style-type: none"> We introduced the industry's first "Alert Stock Prediction" feature, utilizing AI analysis to help customers to avoid risks in advance conveniently. The Smart stock selection app has reached over 90,000 downloads in 2022.
<p>Periodical investment in the US stock market</p> <ul style="list-style-type: none"> Established a dedicated section for periodical US stock investment, allowing customers to view their fractional share inventory and place trading orders through various electronic trading systems. 	<ul style="list-style-type: none"> Reaching nearly 1,000 investment accounts at year end since its launch in July.
<p>Electronic transactions of international bonds</p> <ul style="list-style-type: none"> Bewealthy.tw has added the "Electronic transactions of international bonds" feature, providing real-time market quotes and order placement services for new products. 	<ul style="list-style-type: none"> With around 700 listings, covering short-term, medium-term, and long-term corporate bonds, financial bonds, corporate bonds, and international bonds.
<p>Real-time quotes on the US stock</p> <ul style="list-style-type: none"> To meet global investment needs, we have built a real-time US stock monitoring service, providing customers with a more comprehensive wealth management platform. This enables them to stay updated with investment information and trend analysis in financial markets. 	<ul style="list-style-type: none"> Customer demands has seen a surge in the number of multi-account openings. Throughout the year, over 90% of customers have chosen to open both online securities accounts and multi-account trading (securities + derivatives).
<p>Intraday odd-stock fixed stock</p> <ul style="list-style-type: none"> We launched the market's first intraday odd-lot periodic investment system, allowing customers to choose the trading date and price for their investments. This provides customers with a diversified approach to stock accumulation. 	<ul style="list-style-type: none"> Over 24,000 transactions throughout the year.

Achievements in 2022

<p>Stock-Based Funds</p> <ul style="list-style-type: none"> We have introduced the online "Sell Stock for Repayment" feature and also launched "T+0 Flexi-Funds" to shorten the time it takes for customers to receive payment for selling stocks, meeting their needs for flexible fund utilization. 	<ul style="list-style-type: none"> We are the first brokerage firm in the market to offer "T+0 Flexi-Funds" for same-day liquidity upon selling stocks.
<p>Financial Education / Digital Platform Video Section</p> <ul style="list-style-type: none"> We regularly hold online investment talks and create informative videos about online account opening and investment platforms. These videos are distributed through digital platforms such as YouTube, expanding the avenues for customers to learn about investment and become familiar with MasterLink's digital products. 	<ul style="list-style-type: none"> Over 200 videos on MasterLink's official YouTube channel.
<p>Smart customer services</p> <ul style="list-style-type: none"> We offer 24-hour conversational assistance with the "Online Account Opening Electronic Password Setup" smart service to reduce the time required to obtain passwords and enhance user experience, thereby accelerating the account opening process. 	<ul style="list-style-type: none"> The "First-time Password Module" has been granted a national patent for its innovative design. The usage of our smart customer service has grown by nearly 20% compared to 2021.
<p>Online Securities Limit Adjustment</p> <ul style="list-style-type: none"> Financial proof is exempted from the online application for securities trading limit adjustments under certain conditions as it is integrated with the account balance and sub-account balance data of Shin Kong Bank, eliminating the need for in-person application and enhancing the digital experience. 	<ul style="list-style-type: none"> We are leading the industry by introducing online applications that allow adjustments to daily trading limits without being subject to the NT\$4.99 million restriction.

Consumer building

Achievements in 2022



Petty bourgeoisie

- Promote small-scale investments to attract young customers and small capital investors. Utilize the MasterLink Small Capital Odd-lot platform for stock holding, enabling disciplined investment plans.

- Annual trading volume exceeds NT\$1.5 billion.



Major accounts and VIP accounts

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

- Annual trading volume exceeds NT\$697.6 billion.



Independent wealth management customers

- We built the "Smart Win Win Go" fund management platform, which utilizes big data and algorithms to create personalized investment portfolios based on investors' risk profiles. We are the only securities firm to offer "fully automated rebalancing" smart wealth management.

- The "Smart Win Win go" app is now released.
- Won "Best Video Marketing" at the Wealth Management Award.



LINE official account

- We continue to expand personalized push notifications through MLS's official LINE account. By providing thoughtful exclusive reminders and offering diverse promotions, we aim to create interactive values for our customers.

- Number of friends of the official LINE account increased by 25% compared to 2021, with a 24% growth in connected accounts.

SKIT

SKIT 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

Achievements in 2022



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.

- Over 24,500 electronic transaction inquiries.



The SKIT Website

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

- 1,054,851 views.
- 348,565 users.
- Average user page views: 3.03.

Consumer building

Achievements in 2022



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.

- 517 new account openings.
- Electronic transactions account for 26.61% of the total number of transactions.



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.

- Over 3,600 friends, up 214% from 2021.



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.

- We send a weekly themed financial EDM (Electronic Direct Mail). The recipients include SKIT beneficiaries and newsletter subscribers, totaling over 16,500 individuals.
- We have sent a total of 61 financial EDMs, with an open rate of 14.36%.

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 has overseen its subsidiaries to implement and enhance the principle of fair treatment of customers, incorporating key performance indicators related to fair treatment into subsidiary operations. In addition, the principle of fair treatment of customers was emphasized during the cross-subsidiary senior executive meetings in 2022. The significant development policies, operational mechanisms, and achievements for each subsidiary in 2022 are as follows:

	SKL	SKB
<p> Policies/Methods and Operating Mechanisms</p> <ul style="list-style-type: none"> 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 Committee. 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. 		<ul style="list-style-type: none"> The Fair Treatment of Customers Policy, the Code of Conduct on the Fair Treatment of Customers Principles and related business rules have been established to implement the basic contents of the Fair Treatment of Customers Principles through internal regulations. The implementation of the Fair Treatment of Customers Principle is personally supervised by the Vice President and a special department is responsible for its implementation. In the proposal of the Fair Customer Treatment Steering Committee, a "Fair Customer Treatment Highlight Proposal Project" has been added to refine the planning and promotion of the fair customer treatment principle. 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.
<p> Implementation Results in 2022</p> <ul style="list-style-type: none"> The Fair Customer Treatment Committee met 4 times to review and report on matters related to the Fair Customer Treatment Principles. In addition to annual training for all employees, specific in-person training was organized for directors, senior management, business units and responsible colleagues, with a total of 11 training sessions with internal and external instructors. To implement fair customer treatment, we provided innovative user-friendly financial services, and we have been recognized as an outstanding financial institution by the Financial Supervisory Commission. In order to provide fair treatment to customers, the company launched the "Sign Language Video Interpretation Platform" for the hearing impaired, and also led the industry in introducing the "Smart Policy Health Care System" and officially launched the "Light Speed Insurance" remote insurance service during the epidemic. We are proud to have received two awards, the "Excellent Life Insurance Customer Recommendations" and the "Excellent Life Insurance Service," at the 2022 Wealth Magazine Award, recognizing our commitment to excellence. 		<ul style="list-style-type: none"> The Board of Directors has approved the establishment of the "Fair Customer Service Promotion Department" as the dedicated unit responsible for promoting fair customer service. Two "Board and Consumer Protection Commission Symposiums on Consumer Protection and Fair Customer Service" were held to discuss fair customer service issues and the Convention on the Rights of Persons with Disabilities (CRPD). In addition, during the national managers' conference, all department heads were briefed on how to incorporate the core values of fair customer service into their daily operations. A total of 15 highlight proposals on fair customer service were developed, focusing on the strategic priorities of regulatory authorities, including 13 related to friendly services, 1 to promoting integrity in operations, and 1 to inclusive finance.

MLS



Policies/Methods and Operating Mechanisms

- 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 2022

- Directors have received relevant training on the principles of fair treatment of customers, and senior management as well as all employees have completed a training course on the principles of fair treatment of customers.
- Regular reports on penalty cases and complaint reviews are provided to the Board of Directors.
- The company has formulated the "Operating Procedures for Providing Financial Services to Elderly Customers" and revised its internal rules and regulations, such as the "Policy and Strategy on the Principle of Fair Treatment of Customers" and the "Consumer Dispute Resolution Procedures", to carefully plan and implement the principle of fair treatment of customers from the institutional level.

SKIT



Policies/Methods and Operating Mechanisms

- 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 2022

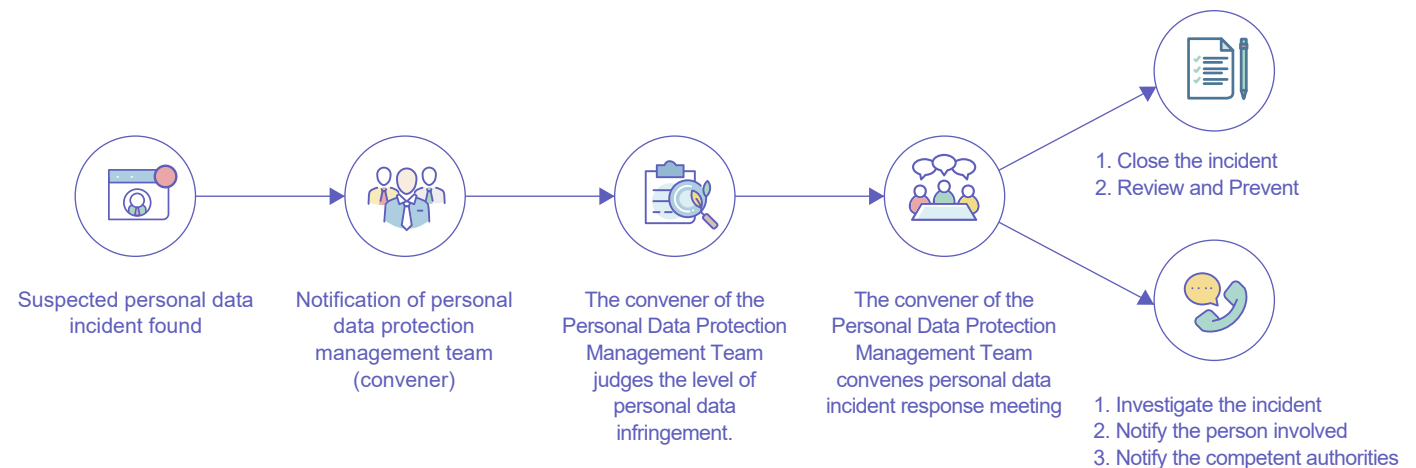
- Education and training for Directors, supervisors and senior executives: conducted training on the "Treating Customer Fairly Principles in Financial Industry".
- Conducted online education and training for all employees as well as evaluation and verification mechanism to teach the supervisors/colleagues 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

To ensure the proper protection of customer privacy rights, SKFH and its subsidiaries comply with the Personal Data Protection Act and have established the group-wide "Personal Data Management Policy", which applies to all employees and their suppliers. We have also established various personal data protection guidelines, including the "Data Sharing Policy," "Inter-company Joint Marketing Management Measures," and "Privacy Protection Statement Reference Guidelines of Shin Kong Financial Holding Co., Ltd. and its Subsidiaries." In addition, both SKFH and its subsidiaries have signed the "Joint Statement on Customer Data Confidentiality Measures" and the "Customer Data Confidentiality Agreement of Shin Kong Financial Holding Co., Ltd. and its Subsidiaries."

SKFH has established a "Personal Data Protection Management Team" with the Chief Compliance Officer as the convener. The Team comprises members from units handling a large amount of personal data and leading units responsible for the personal data management systems from the subsidiaries. Its purpose is to establish a comprehensive personal data protection management mechanism. Personal data protection matters are incorporated into the risk management system and evaluated as part of compliance with regulations. All audit procedures are conducted in accordance with the provisions of the "Internal Audit System." In the event of employees violating the Personal Data Protection Act by, their access to company information should be immediately suspended. Depending on the severity of the violation, disciplinary action will be taken in accordance with the Employee Work Rules, and legal liabilities will be pursued. This demonstrates our determination to protect personal data and customer privacy, as well as our zero-tolerance attitude.

Flow Chart for Involving Personal Data Incident



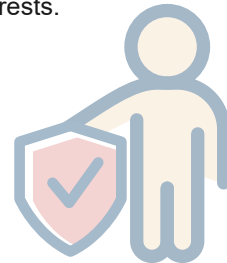


Training

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 joint 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 2022, 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 2022 accounted for approximately 45.8%.

Privacy-protection policy

SKFH has formulated a "Personal Data Protection Policy" that mandates the collection, processing, utilization, and protection of customer personal data by SKFH and its subsidiaries within the scope of legal requirements. SKFH has also established a "Privacy Protection Statement Reference Guidelines" that require each subsidiary to inform customers of the purpose, categories, and rights associated with the use of their personal data (such as opting out, opting in, accessing, obtaining copies, supplementing or correcting, and deleting), as well as the duration of data usage, personal data protection policy, and third-party disclosure policy. This ensures that customers have a clear understanding of their rights and interests.



Complaint against Personal Information Incident

SKFH and its subsidiaries comply with personal data protection laws and regulations in their operations. We implement data protection measures through training, legal education, business audits, and performance management. In the event of any data protection breach, immediate contingency measures are taken to prevent the situation from escalating, and appropriate measures are implemented to address the incident.

In 2022, there were a total of 2 confirmed incidents involving data protection breaches, which had been thoroughly reviewed, and relevant management mechanisms had been strengthened (e.g., system authority control, minimal use of personal information, implementation of internal audit and internal control measures, etc.) They had been properly addressed and received customer understanding. Going forward, efforts will continue to be made to enhance employees' awareness of data protection in order to respond, handle, and prevent similar data incidents.

Personal Information Protection and Complaint Incidents of SKFH and Subsidiaries in the Past Three Years						
Type of Complaint \ Source of Complaint	2020		2021		2022	
	Competent Authority	Review Center and Company Channels	Competent Authority	Review Center and Company Channels	Competent Authority	Review Center and Company Channels
Improper use	1	1	0	0	1	0
Disclosure	1	1	0	1	1 ^{Note}	0
Others	0	0	0	0	0	0
Total	4		1		2	

Note: The number of customers affected by personal information leakage due to business mismanagement in 2022 was one and the incident was not caused by information security system problems.

3.3 Customer Service and Communication

SKFH continues to operate under the business philosophy of "Customer Centric, Light Everywhere" and continues to optimize the customer journey through emerging technologies, such as intelligent AI customer service and RPA process automation, and continues to expand its application scenarios to integrate into customers' lives. In addition, we have also established a comprehensive grievance mechanism, and are committed to responding to and resolving customer queries in a timely manner with our value proposition of "close to life, think for customer". We are committed to providing our customers with a variety of online and offline service information and channels, so that our services are available 24 hours a day, bringing our customers a new experience with a sense of service.

3.3.1 Customer Service

Execution Company	Overall SKFH satisfaction survey		Execution Results
SKFH	Annual satisfaction and feedback surveys conducted for three subsidiary companies.		Overall service satisfaction for life insurance, banking, and securities: 94.8%.
SKL	Policyholder service satisfaction survey Ongoing satisfaction surveys for "Administration Center Counter Services" and "Customer Service Center."		In 2022, the Net Promoter Scores for Administration Center Counter Services reached 87.2%, while the NPS for Customer Service Center reached 81.6%.
MLS	Satisfaction with online account opening and order placement services Continued satisfaction surveys and feedback from customers who use online account opening and place orders through the "Masterlink Mobile Trader" app.		<ul style="list-style-type: none"> Net Promoter Score (NPS) for online account opening reached 74.6% in 2022. In 22Q1, the Net Promoter Score for order placement through the "Masterlink Mobile Trader" app reached 70.5%.
SKB	Satisfaction rate with digital product services Continued satisfaction surveys for "OU Digital Account" and "Mobile Online Banking" services.		In 2022, the NPS for OU Digital Account reached 60.4%, and the NPS for Mobile Internet Banking reached 63.4%.
MLS	Service Expert Contest Continuing satisfaction surveys for "Smart Customer Service" and "Stock Depository Platform" services.		In 2022, the NPS for Smart Customer Service reached 76.4%, and the NPS for Stock Depository Platform reached 70.4%.
SKB	The bank holds an annual "Best Service Expert" contest		In 2022, a total of 10 Best Service Experts from 104 branches representatives were selected.
MLS	We provide professional financial services. We live stream the Flipped Classroom on YouTube to assist customers in asset allocations.		In 2022, the number of unique viewers exceeded 30,000 persons, with over total 52,000 views.

SKL

Emphasis on fair treatment of customers, continuous optimization of service quality, to enhance customer experience services. In recent years, we have obtained certifications such as the ISO 10002:2018 Customer Complaint Management System and the Royal Mystery Shopper (RMS). SKL has created the "0800 Customer Service Hotline" and "Shin's Smart Customer Services 2.0" to promptly respond to customer needs. In 2022, the Customer Service Department handled nearly 500,000 incoming calls, mainly regarding policy administration services, such as insurance inquiries, premium services, and policy contract changes. Additionally, to enhance customer satisfaction, the Company has introduced the Net Promoter Score (NPS) to transform customer feedback into actionable insights for future improvements. The implementation of an AI training center for Shin's Smart Customer Services 2.0 has improved training effectiveness. The development of the Q&A feedback service allows for a more accurate understanding of customers' voice. The Company has obtained multiple patents for its multi-turn dialogue business construction, editing, design, and other innovative features, serving over 320,000 individuals. We won "Best Intelligent System Application Enterprise" at the esteemed Customer Service Excellence Awards

MLS

To enhance customer experience and time efficiency, we optimize our operational processes and introduce services such as SMS document submission reminders to improve account opening efficiency and streamline the order placement process. We offer 24/7 smart services and advertise of small-scale investments to help young investors with limited capital towards disciplined stock investing plans. influencers and financial experts on current investment topics, we aim to educate our customers on investment products, concepts, and trends. These talks provide insights into financial instruments and asset allocation, ultimately reducing investment risks.

SKIT

To uphold standards for the best customer service, we continuously conduct satisfaction surveys among our over-the-counter customers. These surveys serve as essential feedback for future product and service improvements. Under our comprehensive management, customers have expressed satisfaction with the branch environment, the courtesy of our service personnel, and their professionalism. SKIT did not have any financial consumer dispute in 2022.

SKB

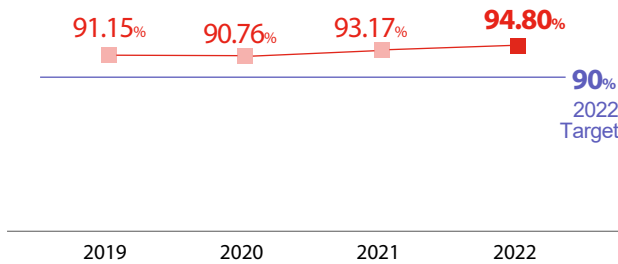
We prioritize customer feedback, continuously ship innovative services. For instance, our OU Digital Account provides 24/7 online financial services for customers to conduct financial transactions and services online. We also offer attractive promotions to enhance customer satisfaction. Our mobile banking platform is responsive, featuring user-friendly webpages, multi-browser support, graphical financial analysis, and intuitive trading interfaces. Furthermore, we conduct customer satisfaction surveys and gather feedback through an external professional organization, Nielsen, to ensure the delivery of comprehensive services.

Practice the spirit of fair treatment to customers, we value the customer service experience and organize the annual "Best Service Expert" selection to recognize outstanding service staff members from our 104 branches across Taiwan. The selection process involves direct voting by frontline customers, followed by online voting, user comments, and sharing on social media platforms. The finalists are then invited for interviews, and based on comprehensive evaluations, we announce the ten "2022 Shin Kong Bank Best Service Experts".

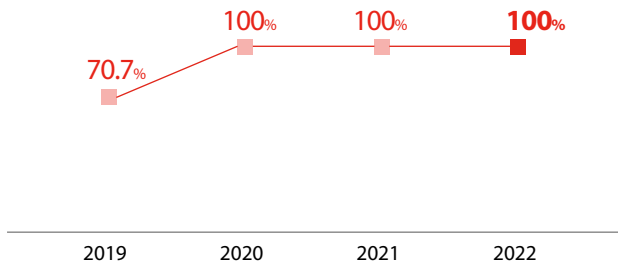


3.3.2 Customer complaint and Communication

The Percentage of SKFH Customer Satisfaction



SKFH Customer Satisfaction Coverage



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.



Complaint Pipeline

SKL

- 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

SKB

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

MLS

- 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.

SKIT

- 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

- 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.

- 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.
- In 2022, all case received had been handled properly and got the satisfaction from our customers. In the future, we will continue to strengthen our operations and service measures in order to provide better services to our customers.

- 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.







- 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

SKFH is committed to promoting financial inclusion and actively responding to the financial inclusion initiatives of the World Bank, the G20, and the Asia-Pacific Economic Cooperation (APEC). In addition to responding to the Sustainable Development Goals (SDGs) of the United Nations, SKFH provides more diversified and innovative products and services to micro-enterprises, economically disadvantaged groups, women, senior citizens, remote and under-resourced groups, etc. SKFH develops and provides corresponding financial instruments to meet the different financial needs of customers, and establishes a consumer dispute handling system and education training to ensure effective protection of customers' rights and interests.

Through financial and non-financial means, SKFH and its subsidiaries will combine the resources and technologies of the financial inclusion ecosystem and cooperate with external organizations to promote the development of financial inclusion, improve customers' financial knowledge and skills, and enhance service quality and customer satisfaction. 240,000 financial inclusion products have been offered in 2022, and brought \$181.7 billion in business benefits to the enterprise.

Financial Inclusion Products Performance

Beneficiary groups	Products and Services	Unit	2020		2021		2022	
			Commercial Benefits	Social Benefits	Commercial Benefits	Social Benefits	Commercial Benefits	Social Benefits
 Middle- or low-income households and disadvantaged social groups	Micro insurance	Premium income / Number of underwriters	NT\$6.85 million	34,354	NT\$7.49 million	38,939	NT\$9.26 million	46,863
	"Light of Hope" Family Support Credit Loan	Loan amount / Number of loans	-	-	NT\$15.87 million	41	NT\$21.42 million	57
 Groups in the remote areas and victims of natural disasters	Online insurance	Premium income / Number of policies	NT\$104 million	12,551	NT\$29 million	9,613	NT\$12.63 million	21,393
	"Light Speed Insurance " remote insurance application	Premium income / Number of policies	-	-	NT\$1.93 million	3,793	NT\$0.48 million	146
 Elderly people and people with disabilities	Long-term care products	Premium income / Number of policies	NT\$730 million	35,894	NT\$284 million	9,347	NT\$249.67 million	9,834
	Retirement planning products	Premium income / Number of policies	NT\$22.83 billion	46,568	NT\$3.11 billion	5,727	NT\$6.06 billion	6,804
	Small-amount whole life insurance	Premium income / Number of policies	NT\$65.21 million	2,932	NT\$93.77 million	3,558	NT\$139.28 million	5,010
 Support Youth Group	Youth Easy Loan	Loan amount / Number of loans	NT\$5.03 billion	820	NT\$5.10 billion	802	NT\$3.86 billion	547
	Small-scale equity wealth management platform	Transaction amount / Number of projects	NT\$1.58 billion	129,696	NT\$1.78 billion	110,260	NT\$1.52 billion	92,492
	Spillover-effect products	Premium income / Number of policies	NT\$80.39 million	4,910	NT\$1.33 billion	25,363	NT\$1.37 billion	52,622
	Housing Subsidies Project	Loan amount / Number of loans	NT\$158 million	81	NT\$155.31 million	77	NT\$288.24 million	138
 Microbusinesses and Community Development	SME loans	Loan balance / Number of loans	NT\$142.80 billion	3,929	NT\$157.25 billion	4,021	NT\$163.96 billion	3,875
	Microenterprise Loans	Loan balance / Number of loans	-	-	NT\$0.13 billion	190	NT\$0.14 billion	272
	Loans for reconstruction of urban unsafe and old buildings	Loan balance / Number of loans	NT\$1.36 billion	8	NT\$2.05 billion	20	NT\$4.08 billion	30
 Financial inclusion products		Total Commercial Benefits / Total number of pieces	NT\$174.74 billion	272,000	NT\$171.34 billion	212,000	NT\$181.70 billion	240,000

Note: Light of Hope Family Assistance Loans, Remote Insurance Applications, and Microenterprise Loans were newly launched in 2021, thus there were no performance results in 2020.

3.4.1 Financial Inclusion Products and Services



Middle- or low-income households and disadvantaged social groups

► Micro insurance

Working with social welfare departments, farmers' associations, and charitable organizations across Taiwan, we assist economically disadvantaged individuals in getting essential insurance coverage. This helps prevent financial hardships for families in the event of accidents involving the insured parties, bridging the gap left by insufficient government social insurance or welfare systems. Approximately 50 organizations have benefited from this initiative, reaching over 107,000 individuals as of 2022.

In 2022, the premium for micro-insurance reached NT\$9,258,388, achieving a premium attainment rate of 101.4%

► Light of Hope

With the social changes, widening wealth gaps, and unequal wealth distribution, the Shin Kong Bank provides financial assistance programs to support vulnerable single-parent families and individuals from low- to moderate-income households with vocational licenses. These programs aim to provide effective and tangible help to those in need.

In 2022, a total of 57 loans were disbursed, amounting to NT\$21.42 million, benefitting 98 families since the program launched.

► Credit card donations for disadvantaged groups

Shin Kong Bank launched the "Son of Taiwan Charity Card" and encourages card owners to donate points or money to support disadvantaged groups. 0.275% of every transaction is donated to the dedicated fund of "Humanistic Education Foundation" to help disadvantaged families and support the education of children and youths that are not supported by the government's welfare programs.

As of December 2022, a total of NT\$31.86 million had been donated since program launch.



Support Youth Group

► Youth Easy Loan

To effectively support the housing and family-raising needs of young people as they start families and establish their careers, we offer the "Youth Easy Loan" program for first-time homebuyers under 40. 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.

In 2022, a total of 547 loans with the amount of approximately NT\$3.86 billion were disbursed.

► Small-scale equity wealth management platform

In recent years, with policies allowing intraday odd-lot trading and the rise of digital wealth management platforms, young investors have become a key driving force for growth in the stock market. Considering this trend, MLS has designed financial plans targeting the lower-income group or specific customer segments. By reducing the investment threshold and allowing small investments, we aim to enable more individuals from the lower-income or specific segments to make investment with small amounts of capital. Our goal is to facilitate early wealth management and sound investment principles, promoting disciplined and prudent financial planning.

The transaction volume on the small-scale equity wealth management platform reached NT\$1.52 billion in 2022.



Groups in the remote areas and victims of natural disasters

► Online insurance

Customers can apply for insurance online 24/7, with product offerings including travel insurance, variable annuities, term life insurance, accident insurance, and health insurance, providing a diverse and comprehensive range of options. The online insurance application process is fast and simple, allowing policyholders to obtain insurance coverage anytime, anywhere, without being limited by time or space.

In 2022, a total of 21,393 new contracts were processed, with a premium income of nearly NT\$12.63 million.

► "Light Speed Insurance" remote insurance application

The COVID-19 pandemic has seen growing demands for "contactless" services. Shin Kong Life offers the "Light Speed Insurance" remote insurance service, eliminating the need for customers to download video conferencing software. By verifying their identity through SMS-based authentication (MID), customers can activate video recording after consenting to electronically sign the documents, signing individual consent forms and policy documents electronically. The video recording files and electronic policy applications are automatically encrypted and transmitted to the Company's server. Customers no longer need to mail in the original insurance documents, as the entire process is "contactless, paperless, and real-time." This ensures fast and convenient insurance application with no physical contact.

In 2022, there were 146 new contracts with a total premium income of nearly NT\$480,000.

► COVID-19 Relief Services

During COVID outbreaks, Shin Kong Life introduced the "Shin Kong ActiveCare - One-year Hospitalization Insurance" ("ActiveCare"). This product combines the feature of doubled coverage for hospitalization due to statutory infectious diseases, creating a safety net to encourage policyholders to plan ahead and be prepared without worries. Total claim payout for "ActiveCare" pandemic prevention policy: NT\$53.518 million.

Pandemic Assistance:

As a token of gratitude and support for the healthcare professionals at the forefront of the pandemic, in addition to lenient claims approval, an assistance of NT\$30,000 is granted to policyholders who are healthcare professionals and have been confirmed with COVID-19 due to their work. The total amount of care assistance granted in 2022 reached an impressive NT\$21.81 million.



Elderly people and people with disabilities

▶ Retirement planning products

As Taiwan's population structure gradually enters the super-aging society with increasing average life expectancy, according to the trend that the average life expectancy of the nation is increasing year by year, everyone may face the risk of inadequate pension preparation. This has led to an increased demand for retirement financial planning, offering retirement planning options for individuals and creating adequate cash flow allocation.

In 2022, there were a total of 6,804 new contracts for retirement planning products, with a premium amount of nearly NT\$6.06 billion.

▶ Small Amount Whole Life Insurance

In light of Taiwan's aging society and the trends of population aging and declining birth rates, we have introduced products aimed at providing basic insurance coverage for the elderly. Our offerings include the "Shin Kong Life Song-Ai-Sin Whole Life Insurance" and "New Life My Only Small Amount Whole Life Insurance," which provide lifelong coverage with low premiums and extended coverage age limits.

In 2022, there were a total of 5,010 policies for the Small-Amount Whole Life Insurance, with premium amounts reaching NT\$140 million. As of the end of 2022, we have processed over 25,000 new contracts, amounting to nearly NT\$550 million in premiums.

▶ Elderly Financial Advisory Services

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.

In 2022, a total of 32 executives and employees were certified as Elderly Financial Planning Advisors.

▶ Age-friendly services

SKFH subsidiaries provide "Age Friendly" and "Environment Friendly" services to enhance the quality of services for senior citizens over 65 years old and physically and mentally challenged customers. The Age Friendly service provides reading glasses and magnifying glasses at each service location to meet customers' needs for magnified font reading, allowing customers to read documents in a more comfortable and convenient manner. During customer service calls, customer service specialists will pay attention to language speed to improve service quality; environment-friendly services set up barrier-free facilities, sign language video interpretation platform and hearing-impaired customer counter services to enhance the diversity and convenience of services for physically and mentally disabled customers, as well as provide intimate taxi hailing services to meet the mobile transportation needs of silver-haired and physically disabled customers.



Microbusinesses and Community Development

▶ SME loans

According to the "2022 SME White Paper," there are over 1.59 million small and medium enterprises (SMEs), accounting for 98% of all businesses. These SMEs contribute to 80.37% of the total employment in Taiwan, highlighting their crucial role in driving economic and social development as well as being a significant pillar of job creation. To support the growth of SMEs and foundational economic development, we provide resources such as startup loans and local business loans to facilitate the establishment and operation of new and local enterprises.

In 2022, a total of 3,875 loans were disbursed to small and startup SMEs, with a loan balance of NT\$163.96 billion.

▶ Microenterprise loans

We offer microenterprise loans up to a maximum of NT\$6 million, with a maximum operating capital loan term of five years.

Accumulated to 2022, there were 272 financing cases with a loan balance of NT\$140 million.

▶ Loans for reconstruction of urban unsafe and old buildings

Taiwan is located in a seismically active region. According to the statistics reported by the Ministry of the Interior, buildings in Taiwan that are over 40 years old account for 28.89% of the total. In order to rejuvenate urban and rural areas, enhance residential safety, and revitalize community spaces, Shin Kong Bank has been assisting with urban hazardous and old building reconstruction loans to expedite the reconstruction.





In 2022, a total of 30 projects were approved, with a loan balance of NT\$4.08 billion.



Promotion of Health Protection

SKL exerts its core competencies and is the first in life insurance industry which created “food safety insurance policy”, integrating food safety issues into the design of insurance products. At the same time, SKL continues to promote spillover-effect products and combine it with SKL APP to digitally record the cumulative effect of points as well as encourage policyholders to improve their own health through spillover mechanism.

In 2022, there were 64,155 new contracts for health care products with premium income NT\$1.628 billion.

	Premium amounts in NT\$100M	Number of new contracts
 Food safety products	0.01	254
 Air pollution products	0.08	1,445
 Spillover-effect products	13.69	52,622
 Long-term care products	2.50	9,834

3.4.2 Financial Inclusion - Non-Financial Support



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. Every quarter, we live stream with renowned speakers from different fields talk about on different strategic themes, addressing current events, ESG, finance inclusive, and other relevant topics. Our aim is to reach diverse groups and rural populations, promoting accurate knowledge of financial insurance, health and wellness, and career stories. These talks provide the public with free access to professional expertise. Additionally, we have launched the "Policy Appraiser" utilizing Shin Kong Life's latest "Intelligent Policy Check-up System." This technology incorporates optical character recognition (OCR) and natural language processing (NLP) to replace manual data entry and filing. Six unique monster characters, each representing a different risk, help users to capture images of any insurance policy documents. Through AI-powered analysis, a comprehensive protection radar chart is generated, revealing one's insurance coverage at a glance. This enables users to quickly identify coverage gaps and potential insurance needs. We also integrate the online consultation service, LIFE Lab, to provide seamless online and offline insurance services, ensuring 24/7 support.

In 2022, LIFE Lab. Insurance Shop organized 69 live streams with a total of 575,000 views.



High School Financial Literacy Course

We worked with non-profit organizations, government agencies, and schools in promoting financial education at various levels of high schools. The program focuses on enhancing financial literacy among teenagers by inviting financial experts and industry professionals to provide insights into various aspects of finance, including financial management, entrepreneurship, investment, and financial technology. Through this initiative, students gain a better understanding of financial concepts and develop the necessary skills for their future academic and career planning. As part of the initiative, Shin Kong Life has allocated resources to engage with Gen Z and enhance their financial literacy. This will help promote correct financial management principles and prevent potential financial disputes.

In 2022, 337 hours of 161 financial literacy courses were conducted in Taichung City, benefiting 3,032 individuals, resulting in an 5.5% improvement in financial education literacy among high school students in Taichung City.

For information regarding telemedicine, Shin Kong rural financial education program, campus mobile financial education cinema, and the Shin Kong Happy One-Acre Table initiative, please refer to sections 7.2, 7.3, 7.4, and 7.6 of the report.

04 SUSTAINABLE FINANCE

SKFH uses its core competencies and professionalism to fulfill the "sustainable finance" spirit and contribute to the sustainable development of society. We will continue to monitor sustainable development trends and gradually increase our ESG investment and lending percentage to support eco-friendly, socially responsible, well-governed, and climate change mitigation initiatives with positive impacts. We will actively follow the global sustainability movement to embrace favorable opportunities.

- 4.1 Sustainable Finance Strategy
- 4.2 Responsible Investment and Lending
- 4.3 Principles for Sustainable Insurance
- 4.4 Climate Actions
- 4.5 Sustainable Finance Impact



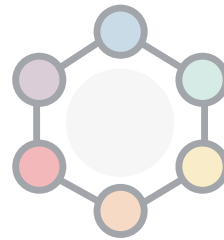
2022 Major Sustainable Finance Performance

<p>ESG-themed investment</p> <p>NT\$ 281.2 B</p>	<p>ESG-themed Lending</p> <p>NT\$ 7.1 B</p>	<p>Green Investment</p> <p>NT\$ 46.4 B</p>	<p>Green Lending</p> <p>NT\$ 5.3 B</p>
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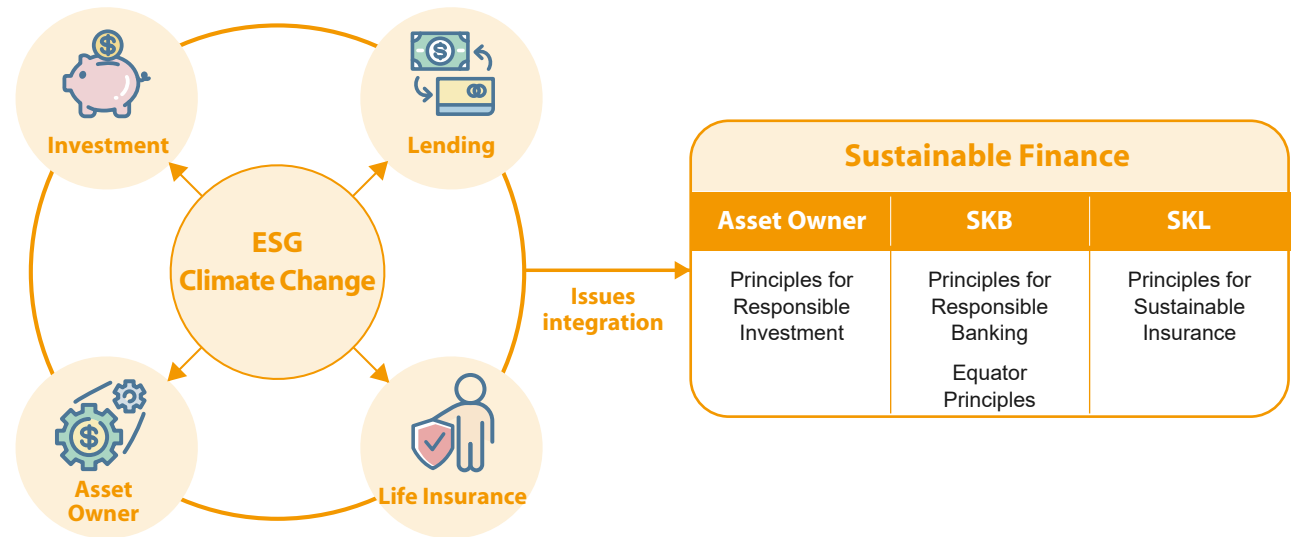
4.1 Sustainable Finance Strategy

Sustainable Finance Milestone

- 2016**
 - SKL signed the "Stewardship Principles for Institutional Investors" compliance statement.
- 2017**
 - SKIT signed the "Stewardship Principles for Institutional Investors" compliance statement.
- 2018**
 - SKFH officially signed in support of the Task Force on Climate-related Financial Disclosures (TCFD).
 - SKB signed the "Stewardship Principles for Institutional Investors" compliance statement.
 - MLS signed the "Stewardship Principles for Institutional Investors" compliance statement.
- 2020**
 - Rated in the management level B by the Carbon Disclosure Project(CDP).
 - Self-compliance with the Principles of Responsible Investment(PRI).
 - Self-compliance with the Principles of Responsible Banking(PRB).
 - Self-compliance with the Principles for Sustainable Insurance (PSI).
- 2021**
 - Selected as a DJSI world index's stock component.
 - Rated in the management level B by the CDP
 - SKB signed the Equator Principles.
 - Joined the Asia Investor Group on Climate Change (AIGCC).
 - Founding Member and supporting organization of the Taiwan Alliance for Net Zero Emission
- 2022**
 - Selected as a DJSI world index's stock component.
 - Rated in the leadership level A- by the CDP
 - SKFH officially signed the Science Based Targets initiative commitment letter to set science-based targets.
 - MLS, the first company in Taiwan, has developed ESG-related stock research reports.
 - First-ever publication of climate-related financial disclosure report.



SKFH is committed to promoting sustainable development, actively supporting to the United Nations Sustainable Development Goals(SDGs) and the Taiwanese government's target of net-zero emissions. We encourage our subsidiaries and outsourced investment institutions to integrate environment, social, corporate governance, and climate change considerations into financial activities such as investments, lending, life insurance, and asset management. SKFH and its subsidiaries voluntarily adhere to internationally advocated principles, including the Principles for Responsible Investment(PRI), Principles for Responsible Banking(PRB), Equator Principles(EPs), and Principles for Sustainable Insurance(PSI). SKFH has developed group-wise guidelines based on international standards and regularly discloses progress and achievements. We aspire to work with stakeholders such as customers, suppliers, and business partners to promote sustainable financial products and services, fulfill corporate social responsibility, and lead industry transition toward balanced development between corporations, society, and environment.






► Sustainable finance policy

SKFH has formulated the "SKFH Sustainable Finance Policy" adhering to the United Nations PRI, PRB, PSI, and EPs. The policy regulates SKFH and its subsidiaries' financing activities such as investment, lending, and life insurance integrating ESG factors and ESG information from third-party independent rating agencies such as Bloomberg, MSCI ESG Rating, S&P DJSI, and IR integrated platforms. Before making decisions, ESG risks and opportunities due diligence must be conducted and evaluated prudently. Those included in the exclusion lists should avoid dealing with each other. In addition, we also formulate asset class specific guidelines for investment, lending, and life insurance activities and sector specific guidelines for controversial and carbon-intensive industries. After inspection, those who belong to the above activities and industries shall follow the guidelines as the basis for decision-making on whether to deal with or not, and only those who meet the guidelines can deal with.




In addition, in order to safeguard shareholders, employees and customers' long-term value, reduce sustainability-related risks, and seize opportunities. SKFH upholds the function of pooling market funds for investment as a financial institution and fulfills the spirit of stewardship for institutional investors to formulate engagement policies and voting policies as the stewardship behavior standards for each subsidiary. Subsidiaries need to take engagement actions based on the engagement issues that SKFH is concerned about, and continue to pay attention to the operation status and sustainable performance of counterparties, actively attend annual general meeting, exercise voting rights, and properly dialogue and interact with the management of the counterparty. If the counterparty does not make improvements, no new transactions are allowed. If the deterioration of counterparties continue, capital reduction or divestment actions should be taken.

The sustainable finance policy covers 100% of the total managed assets of all applicable responsible investment and responsible lending with merely excluding assets such as cash, deposits, and foreign exchange hedging, which is totaling about NT\$4.2 trillion. The policy also applies to outsourced investment institutions. We require outsourced investment institutions to follow the PRI principles, abide by SKFH sustainable finance policy, and incorporate the spirit of responsible investment into 100% of external management assets.

Asset class specific guidelines for SKFH and its subsidiaries

Investment 	Lending 	Life Insurance 
<p>SKFH and its subsidiaries should follow the six principles of PRI when formulating investment strategies and making investment decisions:</p> <ul style="list-style-type: none"> • Incorporating ESG factors into the investment analysis and decision-making processes. • Exercising voting rights actively and incorporating ESG factors into the voting policies and practices. • Encouraging investee companies to properly disclose ESG information • Promoting acceptance and implementation of the Principles within the investment industry. • Working together to enhance the effectiveness in implementing the Principles • Disclosing the effectiveness and progress of PRI implementation. 	<p>SKFH and its subsidiaries should follow PRB and EPs, and evaluate the ESG risks of borrower companies carefully in lending decision-making process. If the lending is used to promote sustainable development goals, preferential loan terms may be offered. Borrower companies in controversial industries or carbon-intensive industries should be engaged with towards positive changes. No new loans shall be granted until the borrower companies have made any necessary improvements. For those with severe ESG issues, gradual divestment should be considered.</p>	<p>SKFH and its subsidiaries should follow PSI and incorporate ESG factors into daily operations such as life insurance decision-making, claims management, risk management, product and service development, sales and promotion, and underwriting policies. It is also important to increase awareness among customers and business partners regarding ESG issues, risk management, and solution development. SKFH and its subsidiaries should work with the government, insurance regulators, and stakeholders to promote ESG practices and regularly disclose compliance progress in PSI to ensure transparency.</p>

Sector specific guidelines for SKFH and its subsidiaries

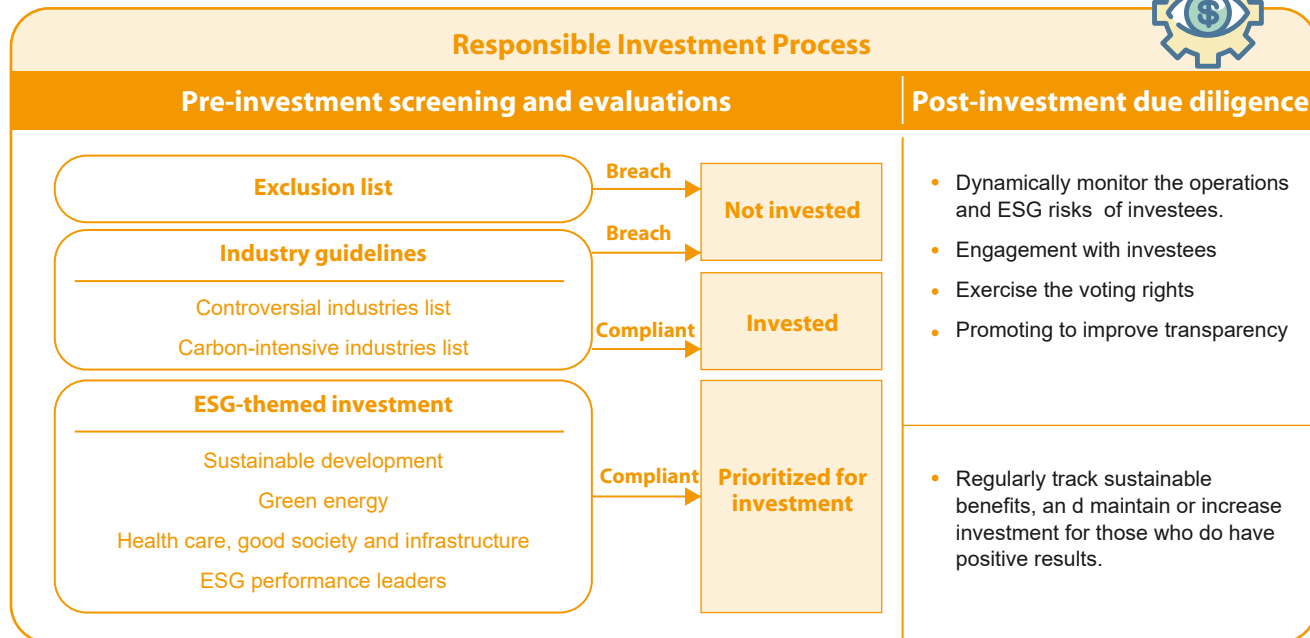
Exclusion lists of negative/exclusionary screening 	List of controversial industries 	List of carbon-intensive industries 
<p>SKFH and its subsidiaries have established an exclusion lists for industries or countries with high ESG risks. If the counterparties hit the following exclusion criteria, they shall not be dealt with.</p> <ul style="list-style-type: none"> • Sex industry • Drug industry • Controversial arms industry • Countries or regions with serious deficiencies in combating money laundering and financing of terrorism 	<p>When dealing with counterparties in controversial industries, conduct ESG risk due diligence and prudent assessment on counterparties in accordance with sector specific guidelines, which is the basis for decision-making on whether to deal with or not, and those who meet the guidelines can be considered for business dealings.</p> <ul style="list-style-type: none"> • Tobacco industry • Gambling industry • Fur trading • Tropical Rainforest logging 	<p>When dealing with counterparties in carbon-intensive industries, Conduct ESG risk due diligence and prudent assessment on counterparties' climate change risks and negative impacts on climate change in accordance with sector specific guidelines. Based on the results, SKFH and its subsidiaries could actively take engagement actions with and encourage counterparties to implement relevant mitigation measures to reduce climate-related risks. SKFH will refer to international standards and the performance of carbon emissions in the same industry to formulate risk regulations for controlling in carbon-intensive industries.</p> <ul style="list-style-type: none"> • Thermal coal and unconventional oil and gas

4.2 Responsible Investment and Lending

4.2.1 Responsible Investment

SKFH and its subsidiaries (SKL, SKB, MLS, and SKIT) follow SKFH's sustainable finance policy to formulate relevant sustainable investment policies to put responsible investment into practice. They integrate environment, social, and corporate governance (ESG) factors and ESG information from third-party independent rating agencies (such as Bloomberg, MSCI ESG Rating, S&P DJSI, Corporate Investor Relations Integration Platform) into the existing investment evaluation and decision-making process.

After the investment, in order to reduce climate-related risks and improve post-investment ESG management, we are actively involved in post-investment due diligence management, monitor the investee companies' operating and financial performance as well as ESG risk events dynamically. Regarding high ESG risks and carbon-intensive companies, we proactively engage and encourage them to strive for transition and achieving net-zero emission.



4.2.2 Responsible lending

The SKB aligns with international sustainability frameworks by not only adhering to SKFH's "Sustainable Finance Policy," but also formulating its own "Sustainable Lending Policy" based on relevant international standards such as the United Nations SDGs, PRB, and the EPs. The Bank conducts due diligence and Know Your Customer (KYC) procedures for borrower companies to fully assess the potential impact in every ESG aspect. In promoting green finance, the Bank views the lending for ESG-related targets as a key performance indicator. The Bank also commits to working with borrower companies, financial peers, and business partners to achieve sustainable financial development and fulfill corporate social responsibility.

► Signed of the Equator Principles

The SKB signed the Equator Principles on October 1, 2021. In 2022, the Bank established and implemented the "Equator Principles Lending Guidelines" in its internal lending procedures. For all new or renewed lending cases, the "Equator Principles and ESG Lending Checklist" must be filled out during the credit application process. By incorporating the Equator Principles into the lending review process, the Bank can effectively manage the environmental and social risks in actual operations and promote green finance.



The SKB divides large project financing cases subject to the Equator Principles into the four categories:

- Project financing
- Project-related company loans
- Bridge loans
- Project-related refinancing or merger and acquisition financing



The lending review team will evaluate 18 environmental and social risk factors individually and commission an independent third-party consulting firm to issue an environmental and social risk assessment report. Finally, risks will be classified as A, B, or C according to the total evaluation score, and subsequent corresponding review and post-loan management will be carried out according to each category.

2022 Equator Principles cases In number of cases

Rating	Environmental and social risk level description	App- proved	Dec- lined
A	High-risk level with potential significant adverse impact on the environment and society or involvement in diverse, irreversible, or unprecedented impacts.	0	0
B	Medium-risk level with potential adverse impact on the environment and society that is limited or confined to specific locations, and can be reduced or negated through mitigation plans.	3	0
C	Low-risk level with minor or non-existent impact on society and the environment.	1	0

► ESG factors are incorporated into the credit checking and lending approval process

The SKB formulated the "Sustainable Lending Policy", incorporating ESG factors into the credit checking and lending approval process. In 2022, the SKB invested in building the "Green Lending," "Sustainability Performance-Linked Lending," and "Equator Principles Lending" sections in its e-loan system, allowing for regular tracking of sustainable lending performance and the submitting the information to the Joint Credit Information Center in Taiwan.

The percentage of ESG factors incorporated into corporate lending approval assessment in SKB. 100%

The Sustainable Lending Policy requires that ESG risk factors be incorporated into the credit checking and lending approval processes. The focus of this policy is on industries or enterprises as follows:

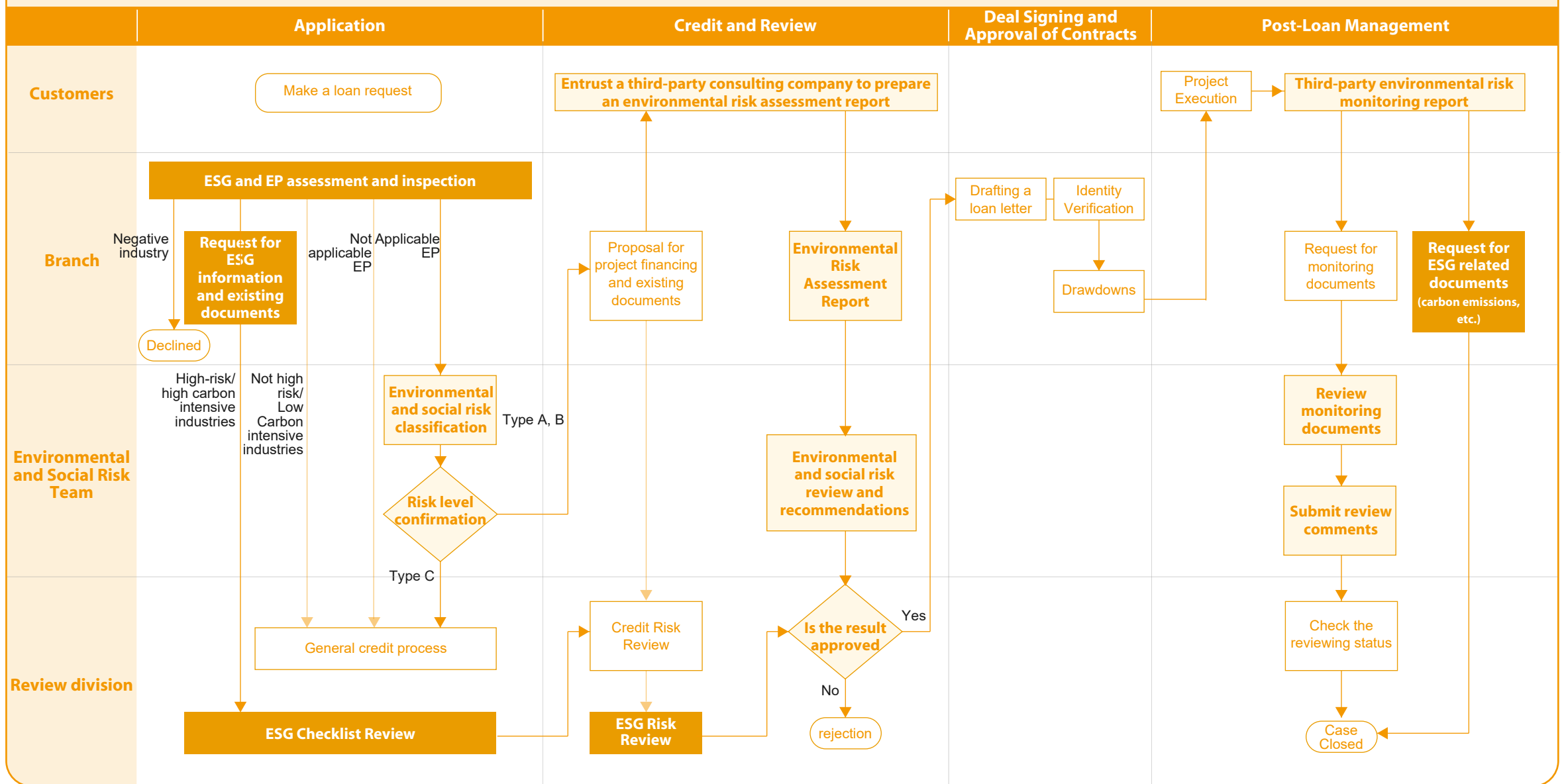
- It is recommended to avoid engaging with highly controversial industries or businesses, such as tobacco (excluding state-owned enterprises), gambling (excluding those with legal gambling licenses), sex, and drug industries.
- Industries or companies with high ESG risks: Carefully review the negative impact of loan applicants on all aspects regarding ESG and evaluate them in accordance with their respective industry-specific guidelines. This includes arm, fur trading, tropical rainforest logging, and asbestos fiber industries.
- Industries or companies with high carbon emissions should be carefully examined for the negative impact of the applying company on climate change. Loan applicants should be required to take relevant climate change mitigation plans. This applies to industries such as fossil-fuel power, steel manufacturing, coal/oil/natural gas mining and refining, cement manufacturing, among others.
- For lending cases applicable for the Equator Principles, environmental and social risk assessments should be conducted in accordance with the "Equator Principles Lending Guidelines"
- Sustainable economic activities with a positive ESG impact or contributions, or those that meet the criteria of Taiwan's "Reference Guide for Identifying Sustainable Economic Activities" may be prioritized for evaluation to promote borrowing enterprises' transition to carbon reduction and sustainable development. This includes green or renewable energy, circular economy, or pollution prevention industries.
- Loans with significant ESG impact, such as green loans and sustainability performance-linked loans, may be prioritized for appropriate financing assistance and preferential terms to encourage borrowing companies to use funds for projects that create positive environmental or social benefits.

► Post-loan ESG management and tracking

The SKB follows the "Management Regulations of Lending Review and Tracking" and the "Lending Review Procedures" in its routine and ad-hoc tracking and management activities to maintain a good credit asset quality.

- Continuous monitoring of the operational activities of the borrower is necessary to identify any significant negative ESG impact events. Any negative impacts found require investigation into the specific improvement plan and monitoring of the implementation by the enterprise. If there is no significant improvement, it may be necessary to adjust the dealing strategy with the loaner, including but not limited to changing lending terms, acceleration, or recalling the loan.
- For lending cases applicable for the Equator Principles, the improvement on the environmental and social risks of the borrower should be continuously monitored and managed after loaning in accordance with the tracking items specified in the contract.
- In the event of an anomaly that requires a "Borrower Anomaly Report Form," such as violation of environmental laws and other dishonest behaviors, the Form must be filled out as part of the reporting process to facilitate immediate and effective response.
- Anomalies with an evaluated borrower will be reported in a step-by-step manner. Depending on the severity of the situation, appropriate measures will be taken, which may include:
 - Temporary suspension of credit facilities until further discussions on the borrower's credit worthiness.
 - Suspension of credit facilities and request for principal and interest in full payment or in installments, or additional collaterals.
 - Continued usage of credit facilities with the requirement for the borrower to provide additional collaterals.
- Inspections of significant disciplinary matters is included in the Corporate Banking Department's warning system for monitoring and processing.

Assessment process for Responsible Lending and Equator Principles Lending






4.2.3 Sustainable Stewardship

One of the important spirits of responsible investment and responsible lending is, based on the overall interests of fund providers (shareholders, customers), to safeguard shareholders, employees and customers' long-term value, reduce sustainability-related risks, and seize opportunities through stewardship actions such as engagement and voting to maximize the long-term economic, environmental, and social value of the investee companies and lending companies. Therefore, it is necessary to actively monitor the operating conditions and sustainability performance of counterparties.

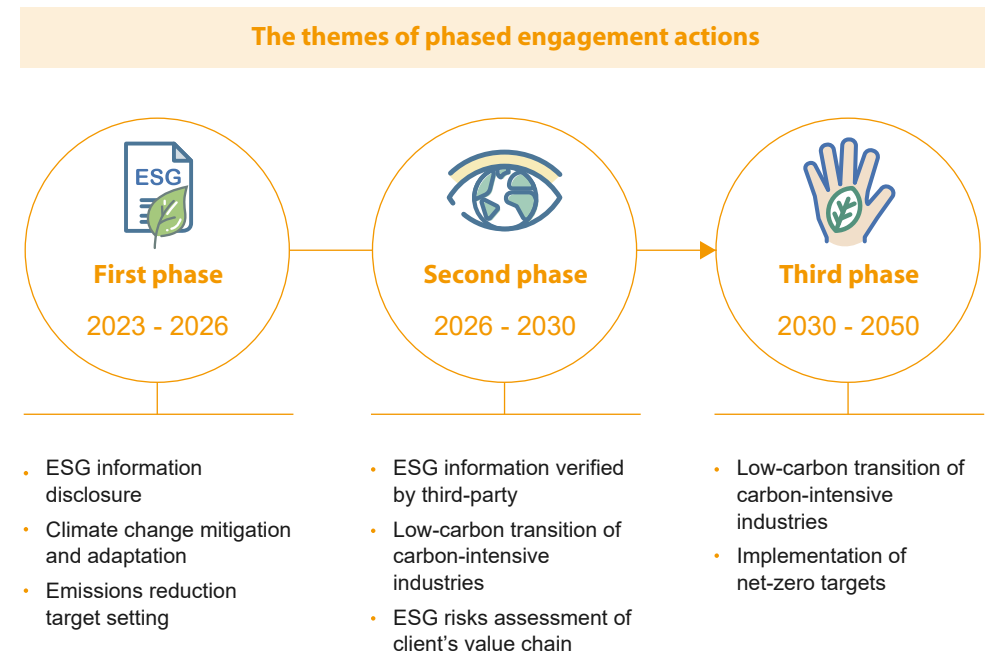
SKFH is committed to fulfilling its duty of sustainable stewardship as an institutional investor with its subsidiaries, SKL, SKB, MLS, and SKIT, having all signed the "Stewardship Principles for Institutional Investors" compliance statement issued by the Taiwan Stock Exchange. They have established a dedicated stewardship section on their official websites with regularly publication of their adherence statements and stewardship reports.

To effectively promote sustainable finance and drive industry transition towards net zero emissions, and fulfill its duty of sustainable stewardship, SKFH has implemented three main strategies:

 <p>Engagement Action</p>	<p>Subsidiaries should follow the corporate engagement policy and prioritize engagement actions on ESG issues of concern to the Company in investment and lending activities. Based on the engagement results, they should develop subsequent business decisions and assess whether to take escalating actions. If the counterparty does not make improvements, no new transaction can be made, and if the situation continues to deteriorate, reduction or disinvestment should be taken to ensure improvement.</p>
 <p>Shareholder Action</p>	<p>Subsidiaries should follow the corporate voting policy, actively attend annual general meeting, exercise voting rights, and engage and interact with investee companies. If necessary, the subsidiary shall gain a deeper understanding and communication with the management of the investee before the annual general meeting, hoping to drive the investee companies to pay attention to the international net-zero trend, publicly disclose their operational and environmental performance, and promote the transition to net-zero emissions.</p>
 <p>Sustainability Initiatives at Home and Abroad</p>	<p>The Company shall actively participate in domestic and international sustainability initiative organizations and activities, gather the power of people to achieve sustainable transition, and attract both public and private sectors to join the net-zero movement.</p>

► Engagement actions strategies

SKFH sets the theme of phased engagement and formulates the engagement policy, subsidiaries shall conduct research and analysis on the investees and borrower companies (hereinafter referred to as engaged companies) and then use the collected information as a reference for evaluating voting decisions and ongoing business cooperation. Subsidiaries shall give priority to carry out engagement actions based on SKFH's concern, and evaluate whether to take an escalating action and formulate follow-up decisions. based on the engagement results.







Engagement Policy

According to the 2023 Global Risk Report of the World Economic Forum (WEF), climate change and biodiversity loss are the top five global risks in the future, which means that they are also the important risks that will affect our profits and sustainable operations in the future, so the first priority to engage with is those companies with high impact on climate change and biodiversity, with the primary goal of the company being to achieve the Paris Agreement on temperature rise not exceeding 1.5 degrees C before the industrial age and ecological conservation respectively.

Furthermore, to support comfortable living conditions in sustainable cities and communities, we value providing every employed individual with safe and sound working environments, enjoy human rights, equal treatment regardless of gender, and opportunities to exchange their labor for high-quality living standards. If an invested or financed company undermines the above objectives, it will also be included in our priority engagement targets.

Finally, we firmly believe that a sustainable company that creates values for shareholders and holds itself accountable to stakeholders must operate with integrity and have a sound and effective board of directors to lead and oversee its operations. Therefore, if investee or financing companies have shortcomings in corporate governance, they will also be included in our priority engagement targets.

This policy applies to the scope of assets under management as defined in the SKFH's Sustainable Finance Policy. However, as the Company's main business activity is asset ownership, engagement on indicators. Nevertheless, we still proactively monitor whether the public offering company of our passive investment holdings have signed the PRI and support sustainable finance. We prioritize the products of issuers that voluntarily adhere to PRI.

 <p>Issues</p>	<p>The ESG issues that the Group focuses on for engagement include but are not limited to:</p> <ul style="list-style-type: none"> • Environment (E): Climate change, biodiversity, environmental pollution • Social (S): Human rights, gender equality • Corporate governance (G): Ethical corporate management best practice, board performance
 <p>Engagement methods</p>	<p>Subsidiaries can take the methods of engagement include, but are not limited to, direct communication or joint cooperation with the engaged companies to improve, questionnaire surveys, public forums, expressing positions or submitting resolutions at annual general meetings, exercising voting rights, or collaborative engagement with public and private sectors, financial institutions, and initiative organizations in Taiwan and abroad.</p>
 <p>Results Assessment</p>	<p>After a subsidiary takes engagement actions:</p> <ul style="list-style-type: none"> • If the engaged companies have demonstrated actual improvements and has positive ESG impact or contributions, they should be prioritized on the list of investments, financing, or life insurance. • If the engagement results meet the expected goals, or if the engaged companies have been assessed to have achieved maximum improvement, the subsidiaries may defer its engagement actions. • If the engagement results do not meet the expected goals, the subsidiaries should increase the intensity of engagement actions based on SKFH's sustainable values, operational considerations, and risk management. The results of the escalating engagement will serve as a basis for decision-making on whether to continue business relationship, reduce investment or divestment.
 <p>Disclosure of Results</p>	<p>Subsidiaries routinely disclose corporate engagement results on their official websites' stewardship section or sustainability reports, in order to demonstrate the progress of sustainable finance to external stakeholders.</p>

2022 SKFH Engagement Outcomes

In 2022, the SKFH' subsidiaries made in-person visits to 1,175 companies, participated in 420 earning calls and 755 annual general meeting, and held 124 presentation sessions to actively understand the operations of investee companies and their sustainability actions in environment, society, human rights, and corporate governance.

In addition, SKFH selected the first group of climate change survey participants based on the environmental impact and potential climate change risks of the investee companies, and the amount of the Group's investment positions. The survey aimed to make investee companies themselves be aware of climate change impact and the important of greenhouse gas emissions disclosure, and encourage them to change current practice or products without ESG to low-carbon business, enabling them to evaluate their own operations while conveying SKFH's focus on climate change issues.

In 2022, the SKFH sent the survey to 76 companies, with an overall response rate of 39.5%. Regarding survey responses, SKFH further encourages investee companies to expand their greenhouse gas inventories and disclosures, establish environmental systems, set SBT target and improve current practices. This approach aims to inspire investee companies to engage in climate actions and work together to mitigate the impact of climate change.





Individual engagement cases

Reasons and Objects	Engagement methods	Outcomes	Follow-ups
S Company. Time: April, 2022			
<p>S Company's core business is centered around the production of wind turbine blades using epoxy resin. However, the production of existing epoxy resin products globally generates 35 million tons of unrecoverable waste each year, which requires incineration and landfilling, resulting in significant carbon emissions and pollution.</p> <p>SKFH's subsidiary, MLS, evaluated that the S Company's existing production processes and treatments of its products may cause environmental pollution and greenhouse gas emissions, exacerbating climate change.</p> <p>To manage ESG risks and encourage S Company to engage in product transition to seize ESG opportunities, MLS initiated actions to visit S Company personally to communicate the importance of sustainable transition with S Company.</p>	<p>During a visit in person to S Company, MLS shared sustainability trends with the management team. S Company indicated that it has been developing new recyclable epoxy resin products which are expected to significantly reduce carbon emissions and can be used in both wind and non-wind industries.</p>	<p>S Company's research and development of the recyclable thermosetting material EzCiclo and the corresponding degrading solution CleaVER are expected to reduce the original process's carbon emissions by 95%. This development is also expected to improve S Company's ESG rating and attract more clients, which can help enhance the company's sales.</p>	<p>In this visit, MLS recognizes S Company's business operations and their commitment and actions towards sustainable product transition, and therefore has decided to invest.</p> <p>MLS will visit S Company when opportunities arise to take a deeper look at production at scale, customer acceptance, and sustainability efforts of its new products, in order to make a decision on whether to continue investment. S Company will be added to the investment monitoring list.</p>
H Company. Time: March, 2022			
<p>H Company is a subsidiary of Z Company, the second-largest industrial paper manufacturer in Taiwan. Z Group has had a long-standing credit relationship with SKFH's subsidiary, SKB, and currently operates four paper mills, 12 packaging plants, and 30 recycling stations in Greater China, with a total paper production capacity of 3.85 million tons.</p> <p>In light of the Z group's significant paper production capacity, SKB estimated high electricity and water consumption and greenhouse gas emissions. However, as Z Company and its subsidiary are committed to sustainable transition, SKB has taken action to support the company in addressing climate change and resource utilization to seize ESG opportunities.</p>	<p>SKB acted as the arranger for a syndicated loan with other financial institutions including Hua Nan Bank, Chang Hwa Bank, Bank of Kaohsiung, Shanghai Bank, and Entie Bank to provide financing for H Company. The loan was designed to encourage H Company's parent company, Z Company, to reduce greenhouse gas emissions by at least 2% annually and decrease electricity and water usage in paper production by at least 2% per ton. The loan carries favorable interest rate reduction clauses as an incentive.</p>	<p>Encouraged the parent company, Z company, to publish sustainability reports verified by an independent third-party auditor annually.</p> <p>Enhanced the company's understanding of sustainable development trends with improved sustainability practices and reduced resource consumption.</p>	<p>SKB and the syndicate of lenders highly recognized and supported Z Group's determination to achieve sustainable transition and energy efficiency, therefore approved its financing amount.</p> <p>SKB also regularly monitor and review the greenhouse gas emissions and energy efficiency disclosed in Z Company's sustainability report before June each year, which serves as the basis for future business dealings.</p>

Shin Kong Bank Net Zero Transition Client Briefing

In the face of global decarbonization trends, net-zero transition has become an inevitable trend for companies. Under the policy of the FSC's Green Finance 3.0 and Corporate Governance 3.0, the SKB integrates sustainable management in its core business operations. In 2022, we not only carried out greenhouse gas inventory under "Scope 3", but also actively promoted green financing and sustainability-linked lending.

SKB held a "Net Zero Transition Client Briefing", inviting its corporate banking customers to explore the risks and opportunities that climate change presents to businesses. The briefing featured presentations from Deloitte and the Bank's corporate banking department, who discussed ESG trends, opportunities and challenges for corporate net zero transitions, and promoted the bank's green lending and sustainable performance-linked lending. By taking concrete actions to support Taiwan's net-zero emissions goal by 2050, we aim to work with corporate customers to fulfill our corporate social responsibility and demonstrate the Shin Kong commitment to sustainable finance.





The briefing was held online and physically with approximately 90 in-person participants

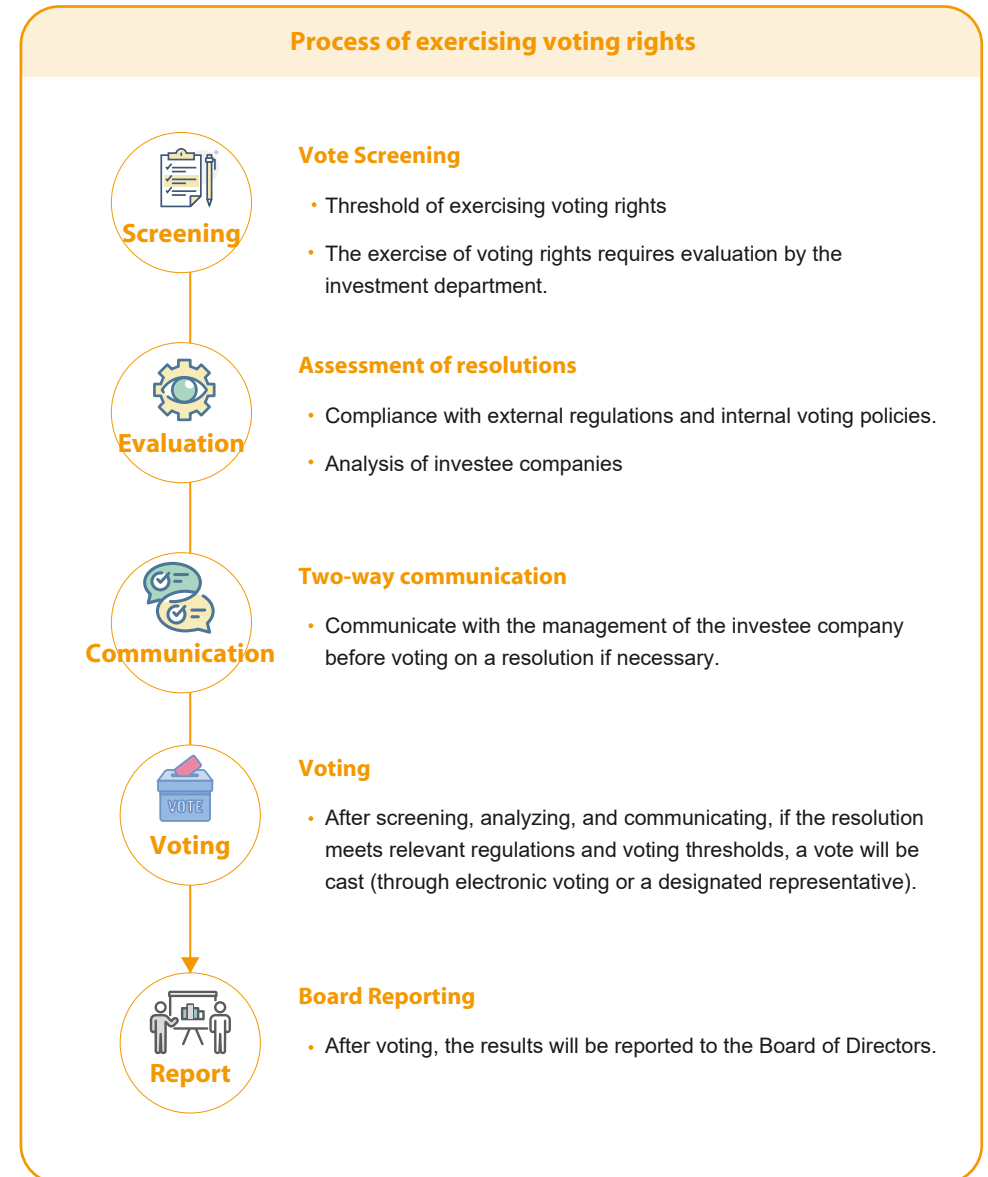


► Shareholder Actions

Voting Policy

In keeping with Taiwanese and international initiatives and regulations, SKFH has developed a voting policy for its subsidiaries. We actively engage communicate with investee companies and exercise voting rights. Careful evaluations are performed before exercising voting rights on significant environmental, social, and corporate governance (ESG) issues, controversial events, or proposals that may affect long-term shareholder interests. When necessary, we communicate with the investee companies' management before the annual general meeting, hoping to encourage investee companies to pay attention to international sustainability trends and disclose their operational environmental, social and corporate governance performance, and drive net-zero transitions toward sustainability society.

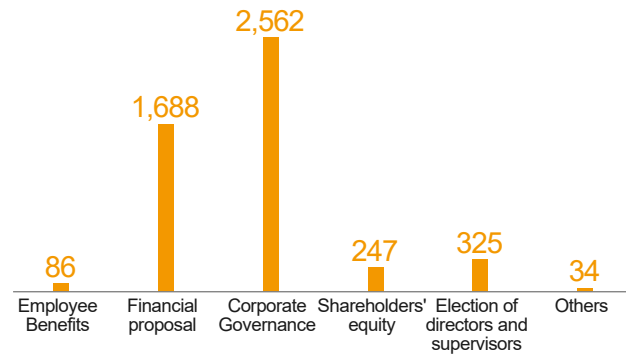
 <p>ESG-related resolutions</p>	<p>SKFH and its subsidiaries have a particular focus on ESG-related resolutions include but is not limited to:</p> <ul style="list-style-type: none"> • Environmental (E): Climate change, biodiversity, environmental pollution • Social (S): Human rights, gender equality • Corporate governance (G): Ethical corporate management best practice, board performance
 <p>Voting Guidelines</p>	<p>SKFH and its subsidiaries' voting principles for investee companies' resolutions at annual general meeting are as follows:</p> <ul style="list-style-type: none"> • In respecting the management expertise of the investee companies and promote their effective development, we generally but not absolutely support motions presented by the management. • We express support for resolutions that effectively address corporate governance, environmental and climate-related issues, and social concerns. • Vote against resolutions that significantly violate the ESG issues we focus on or negatively affect the sustainable development of the investee companies, such as those that violate corporate governance, business ethics, or involve financial fraud, or those that have a negative impact on the environment or society, such as environmental pollution, human rights violations, and climate issues, or those that pose a potential risk to us or shareholders' interests due to inadequate management.
 <p>Disclosure of voting results</p>	<p>Voting records in investee companies' annual general meetings should be properly documented. The summary shall be disclosed on the website or institutional investors' stewardship report annually.</p>
 <p>Supplemental regulations</p>	<p>When subsidiaries hire external proxy voting service providers to handle voting-related matters, subsidiaries shall confirm that the voting research and voting recommendations from the service providers are consistent with the voting policy principles.</p>



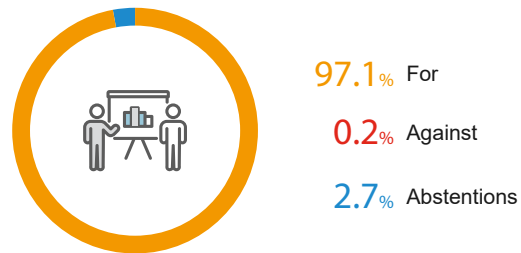
Results of Exercising Voting Rights

In 2022, we attended a total of 755 annual general meetings held by Taiwan-listed companies. In the AGMs, we exercised voting rights, according to ESG resolution criteria defined by SKFH and its subsidiaries, each of the 4,942 resolutions on which we exercised voting rights. The proportions of the ESG resolutions are disclosed as follows. Among them, the investee companies had no environment-related shareholder resolutions in 2022.

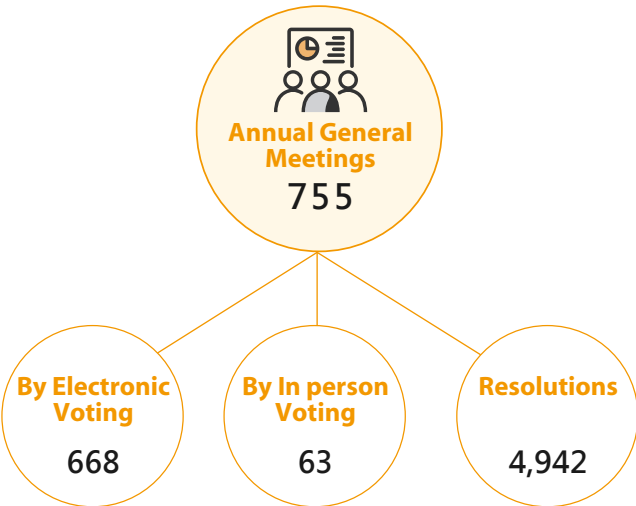
Number of resolutions in 2022



Voting results



Note1: The statistical period is from January to August 2022. For the latest voting records and information on our stewardship practices, please visit the stewardship websites and reports of KL, SKB, MLS, and SKIT.
 Note2: According to Article 146-1 of the Insurance Act in Taiwan, insurance companies are prohibited from exercising their voting rights in the election of directors and supervisors of Taiwanese investee companies. Therefore, SKL has chosen to abstain from voting on relevant director and supervisor elections.



Percentage of E-related resolutions	Percentage of S-related resolutions	Percentage of G-related resolutions
0%	1.7%	98.3%

Sustainability initiatives in Taiwan and abroad

Task Force on Climate-related Financial Disclosures (TCFD)



In 2018, SKFH officially signed a support for Task Force on Climate-related Financial Disclosures (TCFD) and began to introduce the climate-related financial disclosure framework into our business strategy and risk management, expecting to assess and management the potential impact of climate change on our operation and value chain through qualitative and quantitative analysis. By establishing a climate governance structure at the board level, formulating climate response strategies, and formulating risk management measures through scenario analysis results, setting metrics and implementing goals to strengthen corporate climate resilience, to control climate-related risks, grasp climate-related opportunities, and maximize shareholders benefit.

Asia Investor Group on Climate Change (AIGCC)



In 2021, SKFH's subsidiary, SKL, joined the Asia Investor Group on Climate Change as its second member from Taiwan. Through collective advocacy, we aim to collaborate with international investors in studying climate change risks and opportunities. We hope to expand and leverage the influence of institutional investors to create social value through sustainable investment.

Taiwan Alliance for Net Zero Emission



In 2021, SKFH joined forces with the Taiwan Institute for Sustainable Energy (TAISE) and 12 other Taiwanese companies and founded the "Taiwan Alliance for Net Zero Emission" on World Environment Day committed to promoting the "Net Zero 2030/2050 Initiative." As a founding member, we call on Taiwanese companies to achieve their carbon neutrality goals in two stages—"commitment" and "achievement", verified by independent third-party auditor—to contribute to climate change and sustainable development for the planet.

4.3 Principles for Sustainable Insurance

SKL actively supports to the "Principles for Sustainable Insurance(PSI)" and incorporates ESG issues into its insurance business. In addition to meeting the protection needs of policyholders and creating opportunities for the Company's sustainable development, it has established risk management procedures for climate change. Starting from 2022, SKL began to adopt TCFD to identify relevant risks and evaluate the potential impacts of climate change on the Company. SKL are committed to fulfilling our social and environmental responsibilities and exploring solutions to global environmental change and other challenges.

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



Company strategy

The Board of Directors and management team develop corporate strategies and identify, evaluate, manage, and monitor ESG issues.

SKL has established a "Corporate Sustainability Committee" to develop annual ESG strategy targets. The Committee tracks ESG progress and achievements every quarter and reports regularly to the Board of Directors after review by senior executives of the Committee.

Business strategies involving ESG issues should be communicated with the Company's stakeholders.

- Identification of material issues provides insights into the economic, environmental, and social impacts that stakeholders are concerned about.
- Disclose of management of ESG issues is communicated with stakeholders through channels such as annual general meeting, press conferences, annual and financial reports, or the company website.

Employee recruitment, training, and management plans should include ESG issues.

- SKL create a human rights-focused and diverse culture and integrate human rights issues into human resources policies by completing 100% of human rights and gender equality training and inspections and protecting the working rights and interests of indigenous people (with home-return assistance) and people with disabilities.
- SKL provides benefits that exceed those required by labor laws and regularly organize employee health check-ups and health-care activities.
- ESG Training and Management
 - Sustainability is integrated into the training of all employees, and all employees have completed the training.
 - 3 ESG-related talks were organized on "women's empowerment," "green finance," and "gender equality," with a total of 206 participants.
 - 1 sustainable workshop was held
 - Selected managers and employees attended Taiwan Insurance Institute's "2022 International Sustainable Insurance Talent Development Training Course"
 - DJSI selection, establishment of responsible investment mechanisms, and introduction of TCFD and greenhouse gas inventory are included as key performance indicators for both senior executives and employees, and will be achieved with the full effort of the entire company.

Risk Management



Establish procedures to identify and assess ESG issues embedded in the risk portfolio, and incorporate them into risk management.

- 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.
- The Task Force on Climate-related Financial Disclosures (TCFD) framework was adopted, which includes governance, strategy, risk management, indicators and targets. We have studied climate-related issues, proposed response measures and implementation plans, and quantitatively evaluated the impact of such risks on the Company through greenhouse gas inventory and scenario analysis. The management of climate-related risks and opportunities are included in sustainability reports.
- A "Information Security Committee" was established to ensure the completeness of information security and personal data protection controls through continuous international certifications such as ISO 27001 information security standards and BS 10012 personal data management system.

Products and services developments



Develop or support educational programs related to risk, insurance, and ESG issues.

SKL values human life and provides education and advocacy programs on risks, insurance, and ESG issues that children, young adults, and seniors may encounter. These programs include the "New Study Buddy," which creates a quality learning environment for students in remote areas, regular "Shin Kong Beautiful Life" talks, and LIFE Lab. Insurance Shop talks, in which professional speakers share knowledge and information on insurance, finance, healthcare, and recreational wellness.

Develop products and services that have a positive ESG impact and enhance risk management.

We continue to offer insurance products that meet the career planning needs of Taiwanese people by responding to changes in societal structure, policyholder demands, advances in underwriting technology, and improvements in product development.

- Microinsurance: Low-premium insurance products that offer give basic protection to vulnerable communities. The annual Microinsurance Donation Program has benefited 140,000 persons since 2014.
- Small-Amount Whole Life Insurance: As of 2022, over 25,000 new contracts have been accepted to provide basic insurance coverage for the elderly.
- Spillover Insurance: Incentivizes the public in managing and improving their health with premium cuts and thereby creating a triple-win situation of improving public health, reducing claim payouts, and decreasing the utilization of medical resources. As of end of 2022, the number of valid contracts has reached approximately 81,000.
- Develop ESG-oriented products to help policyholders mitigate the risks of air pollution and food safety issues.



Investment management

The adoption of the Principles for Responsible Investment (PRI) is necessary to incorporate ESG issues into investment decision-making processes.

We have established the "Shin Kong Life Securities Sustainable Investment Policy and Procedures," which provides guidance on sustainable investment principles. Companies on the exclusion list are prohibited from further investments. Potentially controversial Industries must comply with industry-specific guidelines, and ESG assessments must be conducted before investing. High-carbon emission industries must undergo individual climate change risk assessments.



Sales and marketing

Ensure that the scope, benefits, and related costs of products and services are fully explained and fully understood.

The sales and promotion of all Shin Kong Life's products comply with legal regulations on the full and complete disclosure of product information. We also set forth a "Management Regulations for Product Sales and Promotional Materials," which requires all sales channels and personnel to ensure that product sales and promotional materials are veracious, accurate, clear, easy to understand, and complete to protect consumer rights and maintain the company's professional image.

Provide educational training on products/services related to ESG issues; incorporate important ESG messages into marketing strategies or activities.

- We prioritize fair treatment of customers in marketing practices. We have put forth preventive measures to protect the elderly from financial exploitation, including prevention, protection, and control measures. In addition, we have developed a CIS system and a sign language video-call translation platform for vulnerable groups, providing attentive services and implementing the spirit of fair treatment.
- We work with our agents and policyholders to create low-carbon insurance services. By integrating online and offline resources and leveraging our official LINE service center, we offer intelligent pandemic prevention draws, digital gift packages, SK point rewards, EDM and animated videos. Our digital specialists also developed offline promotions such as educational seminars, e-seed interactive websites, digital workshops, and customer feedback, creating a fully integrated promotional campaign across all channels.
- We held anti-fraud and digital-friendly talks for elderly policyholders by creating a Taiwanese version of the "Insurance Fraud Detector" animation to educate elderly policyholders on the three Don'ts for frauds as well as convenient digital payment channels in a relaxed atmosphere.



Underwriting Policies

Incorporate ESG issues into the underwriting process.

- The underwriting operations comply with the "Underwriting System and Procedures" and the "Underwriting System and Procedures for Offshore Insurance Units."
- The underwriters, who possess professional knowledge and expertise, assess the basic information of the policyholder and insured, the reasons for insurance, insurance benefits, level of demand, suitability, occupation, income, finances, the source of insurance premiums, and health status. They shall pay attention to whether the policy involves ethical risks or improper tax avoidance, and conduct underwriting from an impartial standpoint.
- 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.



Claims management

Customer requests should be responded to promptly, fairly, sensitively, and transparently. It should be ensured that the claims process is fully explained and fully understood.

- In emergency disasters
 - Major damages and injuries to policyholders will be assessed and reported to the Life Insurance Association after investigation.
 - The Company will evaluate the initiation of outreach and fast-track claims processes.
 - We assist with real estate maintenance and information equipment maintenance at the disaster site.
- We are continuously improving our claims mechanism and procedures with a claims risk model and dividing cases according to their level of risk. Cases with low risk are processed through an automated claims system, which quickly calculates the amount and completes the payout within a few hours, significantly reducing the time.
- Starting from 2021, policyholders over 18 years old of the Company can use the mobile service to handle policy endorsements and claims with the assistance of our agents through the Preservation and Claims Alliance Chain. Through the insurance tech platform, policyholders insured by multiple insurance companies can apply for medical, disability, and critical illness claims or policy endorsements with any of the participating insurers online, enjoying simultaneous services from multiple insurers.

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



We respond to customer expectations for management of ESG issues and ensure that they are fully understood.

The website contains ESG surveys and routinely discloses ESG highlights in response to our customers' expectations.

Suppliers



We maintain open communication with suppliers, informing them of our expectations and requirements regarding ESG issues. We incorporate ESG considerations into the bidding and selection process for suppliers, encouraging them to disclose relevant ESG information.

- Regularly hold supplier conferences to share the latest ESG practices with suppliers and communicate supplier management mechanisms.
- All new suppliers have signed the CSR commitment statement. Supplier risk assessments and on-site audits have been performed.
- We choose products with eco-labels, and in 2022, green procurement for office and administrative equipment came to NT\$23.86 M, 19% of the total amount.

Insurers, reinsurers and intermediaries (brokerage agencies)



Encourage the incorporation of ESG issues into professional training as well as ethical standards of the insurance industry.

- Demonstrate SKL's commitment to ESG issues to insurers, reinsurers and insurance brokerage/agencies.
- For all existing channels, we already specify compliance with anti-money laundering and counter-terrorism financing regulations in contracts and assist customer in identity verification through our review process.
- We strive to negotiate with partnering channels to develop mobile insurance means in hopes to further reduce carbon emission and save energy. As of the end of 2022, China Trust Commercial Bank, Taishin Bank, and Chang Hwa Bank have joined the syndicate along with the SKB
- The Company irregularly communicates through letters with its channels to promote the "Fair Treatment Principle," with the aim of improving solicitors' compliance to financial consumer protection laws and reducing the costs of non-compliance. This helps increase consumer confidence in the insurance industry and benefits the sustainable development of the Company.

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

Government agencies, regulatory authorities, or policy makers.



Support policies, prudent regulatory measures, and legal frameworks that facilitate ESG management, innovation, and risk reduction in ESG issues.

- 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.

We communicate with government agencies and regulatory authorities to develop innovative practices and systems.

- Social distancing in the pandemic has increased in demand for remote insurance purchases. SKL followed "Guidelines for Remote Insurance and Insurance Services" to launch the exclusive "Pandemic Prevention Video Recording Platform" to enable simple and secure remote insurance purchases.
- To address the issue of embezzlement or misappropriation of premiums by salespersons, SKL strictly implements sales audits and has developed the "Salesperson Anti-Fraud Risk Management Model" after several discussions with regulatory authorities. This model classifies and tracks risks according to their levels, reducing the opportunity for salespersons to commit mistakes and protecting the rights of customers.

Other major stakeholders



Communicate with different government agencies or non-government organizations to provide professional knowledge for risk management and risk transfer in order to support the sustainable development of the insurance industry.

SKL joined the Life Insurance Association of the Republic of China, Insurance Society of the Republic of China, and Taiwan Insurance Institute, to help employees acquire professional knowledge for insurance. For details, please refer to "Engagement with Domestic and Foreign Organizations" of SKL.

We work with academic and scientific organizations on research and educational programs on ESG issues in the insurance industry.

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.

We aim to educate the public about ESG issues and effective risk management measures through mass media.

- SKL promotes the concepts of elderly life, care for disadvantaged groups, health management, basic insurance knowledge, etc. through Facebook fan group operations, YouTube channels, news publications in newspapers and magazines, and the release of the Shin Kong magazine.
- We set up the "SKL Long-Term Care Website" and "Big Umbrella Retirement Website" to provide knowledge on long-term care and retirement for the public's early planning.
- Through "LIFE Lab. Insurance Shop" providing variable digital services, such as knowledge-based community platform, life design, online consultation, and insurance policy appraiser, the public can not only get professional insurance advice quickly and easily, but also contribute to the greening of the earth. For example, LIFE Lab. Insurance Shop provides electronic insurance policy health consultation plan, and online consultation not only reduces travel fatigue, but also reduces carbon emissions when traveling. Moreover, regardless of gender, age, or distance, as long as people have consultation needs, they are welcome to come to LIFE Lab. Insurance Shop to seek professional assistance, which is in line with the Treat Customers Fairly that is valued by the financial institutions.

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

General public



After implementing the above principles, we evaluate their execution, monitor progress and outcomes, regularly disclose relevant information, and further engage with stakeholders.

SKL follow PSI principles in issuing corporate sustainability reports, which is disclosed on our website. We provide customer service hotline and other contact points to communicate our ESG strategy and performance.

4.4 Climate Actions

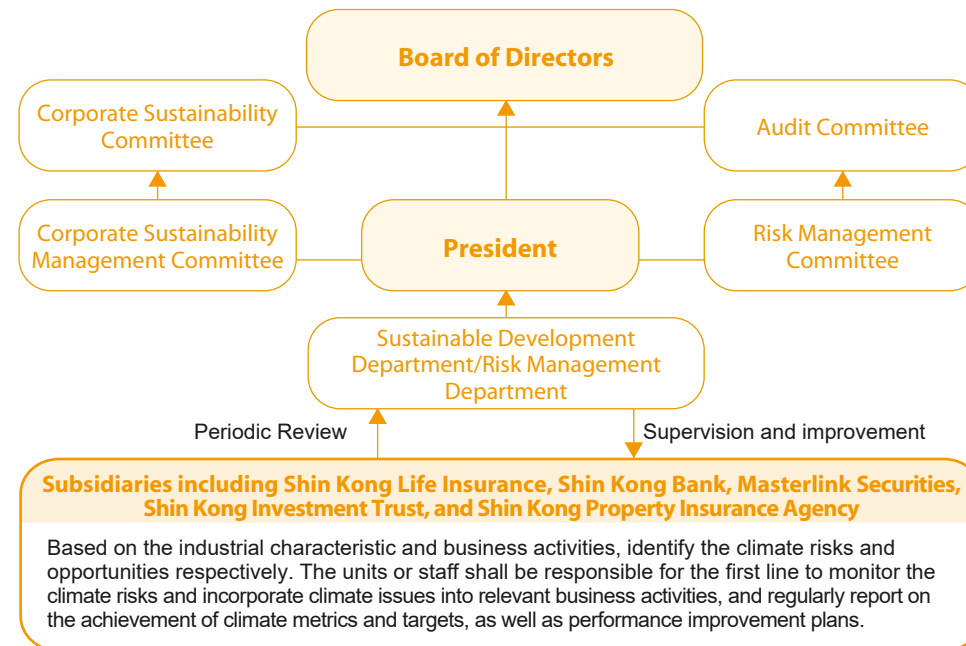
According to the Global Risks Report 2023 published by the World Economic Forum in January 2023, the top three of the 10 global risks for the next decade are "failure of climate change mitigation," "failure of climate change adaptation," and "natural disasters and extreme weather events." It is evident that the impact of climate change on the planet has become a global risk tied to the flow of capital in financial markets.

To enhance climate resilience, SKFH has adopted a climate-related financial disclosure framework to measure and disclose the financial impact of climate change on the Company, strengthening its ability to adapt to extreme weather and reduce the operational impact of potential disasters. Given the global trend of net-zero carbon emissions after COP26, we have taken inventory of the carbon emissions and intensity of our investment and financing portfolio to understand our indirect carbon emissions. Based on this, we have established measures to manage high-carbon industries and set low-carbon investment targets, controlling climate risks. We monitor high-carbon industries to achieve our financial decarbonization goals.

4.4.1 Climate Governance Structure

SKFH has established a comprehensive climate governance framework, with the Board of Directors serving as the highest decision-making body for climate risk governance within SKFH. A board level functional committee, the Corporate Sustainability Committee, is set up under the Board of Directors to oversee the implementation of SKFH' climate-related strategies, risks and opportunities. The Corporate Sustainability Committee is composed of all directors.

To implement climate risk management, SKFH founded the Corporate Sustainability Management Committee and the Risk Management Committee to jointly assess climate-related risks and opportunities, and formulate the overall climate risk management of the group. And the Sustainable Development Department and Risk Management Department jointly develop the SKFH's climate risk management and promote the management of climate risks with the active participation across all subsidiaries. Regular assessments are conducted to control potential impacts and protect shareholder values. The structure is as follows:



Board Meeting

Chair/Convener: Chairman

Frequency of meetings :
At least twice a year

Role in climate governance:
The highest decision-making body for climate risk governance, taking the ultimate accountability of climate risk management.

Corporate Sustainability (CS) Committee

Chair/Convener:
Directors or independent directors appointed by the Board of Directors after being nominated by the chairman.

Frequency of meetings :
At least once a year, currently twice a year

Role in climate governance:
This unit is under the Board of Directors and is responsible for setting the core strategies for the Group's sustainability and climate risk management, overseeing climate change mitigation and adaptation efforts, as well as monitoring the progress of climate-related targets.

Audit Committee

Chair/Convener:
Directors or independent directors appointed by the Board of Directors after being nominated by the chairman

Frequency of meetings : Quarterly

Role in climate governance:
This unit is under the Board of Directors and oversees the Group's effectiveness of risk management

Corporate Sustainability Management Committee

Chair/Convener: SKFH President

Frequency of meetings :
At least once a year, currently twice a year

Role in climate governance:
The core unit responsible for promoting and implementing corporate sustainability strategies reports to the Corporate Sustainability Committee and the Board of Directors.

Risk Management Committee

Chair/Convener:
Senior management of Risk Management Department, SKFH

Frequency of meetings : Quarterly




Role in climate governance:
The core unit responsible for promoting and implementing climate risk management that reviews the results of climate risk assessment and analysis projects, reports to the Audit Committee and the Board of Directors, and formulates comprehensive climate risk management measures for the Group.



4.4.2 Climate Strategy

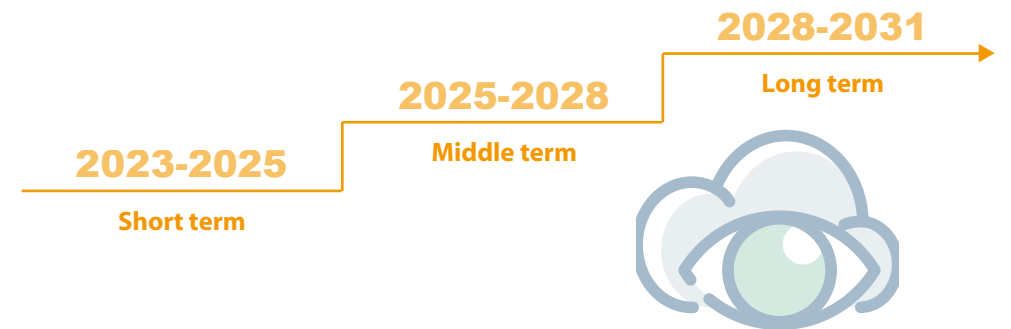
The Green Swan report published by the Bank for International Settlements (BIS) also pointed out that climate shocks will create the next systemic financial risk; the International Monetary Fund (IMF) even stated that climate change poses a serious threat to the stability of the financial system, and the climate crisis will definitely trigger a financial crisis. Therefore, predicting the impact and risks of climate change on the financial industry as a whole, and effectively gaining insight into possible financial risks, are very important for SKFH Group to adjust its risk control and operation strategies.

According to documents released by the International Financial Stability Board (FSB), climate-related risks are classified as “physical risks” related to the impacts of climate change. “Transition risks” associated with a transition to low-carbon economy, and list potential climate-related “opportunities” for mitigating and adapting to climate change.

 <p>Physical Risks</p>	 <p>Transition Risks</p>	 <p>Opportunities</p>
<p>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.</p>	<p>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.</p>	<p>Efforts to mitigate and adapt to climate change may bring potential opportunities such as reducing operating costs through improved resource use efficiency, adopting low-carbon energy sources, developing new products and services, entering new markets and improving supply chain resilience.</p>

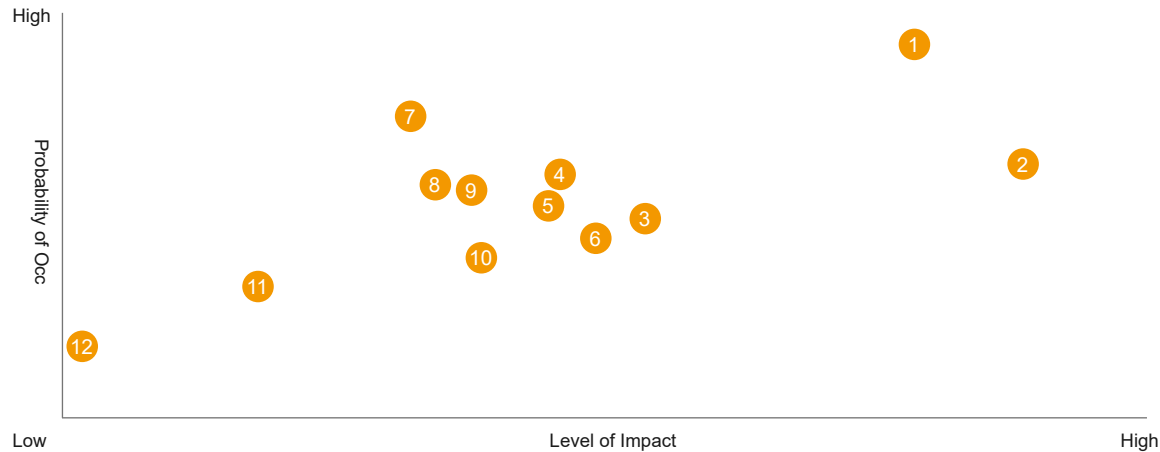
► Identify the Sources of Climate-related Risks and Opportunities

In order to develop the group's climate strategy and identify climate-related risks and opportunities, SKFH has reached a consensus with its subsidiaries on short-, medium-, and long-term impact timing based on the expected lifetime of the assets and activities. We collected and studied climate-related literature and reports both domestically and internationally to establish a climate risk issue database. A climate risk and opportunity survey was created based on SKFH's business types and value chain that studied opinions from relevant departments such as sustainable development, risk management, energy and resource management, investment, and customer relations, with the internal expert method.



The survey results identified twelve climate risks (four physical risks and eight transition risks) and four climate opportunities for SKFH. And link business activities in sequence according to risk issues, quantify and rank according to "Possibility of occurrence" and "Level of impact" in order to analyze impact and extent of each climate risk factor on the SKFH's businesses. The relevant quantitative descriptions are as follows:

Climate Risk Matrix



Description of Climate-related Risks



Physical risks

Time of Occurrence / Description of risk events	Financial Impact/ Response Strategy
<p>Short-term</p> <p>Acute Risks:</p> <p>The increase in extreme heavy rains and flooding events caused by climate change may bring huge impacts to upstream suppliers, the company's operating locations and investment and financing targets, causing damage to buildings, equipment, operating assets, and collateral, and even leading to operational interruption.</p>	<p>Decrease revenue / Increase operating expenses / Decrease asset value</p> <ul style="list-style-type: none"> 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. Adjust investment portfolios for industries with high climate risks to mitigate investment and lending 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.
<p>Long term</p> <p>Long-term physical risk:</p> <ul style="list-style-type: none"> Global warming may increase mortality and morbidity, which in turn increase life insurance claims. Rising global sea levels could lead to flooding in low-lying coastal areas, potentially damaging assets and causing a decline in collateral values, resulting in losses for borrowers and difficulty in repayment, thus impacting the Company's interest income. 	<p>Increase operating expenses / Decrease revenue</p> <ul style="list-style-type: none"> 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.

- 1 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.
- 3 In response to stricter policies or the global trend of zero carbon emissions, the investment efficiency of high-carbon emission industries will be affected.
- 4 Domestic and foreign environment-related regulations and policies are becoming stricter, resulting in additional operating expenses.
- 5 Investment targets are affected by climate change disasters, causing the Shin Kong Group to face investment losses.
- 6 In response to stricter policies and the global trend of zero carbon emissions, we must give up the investments in high carbon emission industries.
- 7 Global warming may increase mortality and morbidity rates, increasing life insurance claims.
- 8 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.
- 9 Higher operating expenses are a result of increasing use of renewable energy in response to regulatory, customer preference and international initiatives.
- 10 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.
- 12 Global sea level is rising and the low-lying coastal areas are flooded, resulting in assets damage.



Transition risks Short-term

Time of Occurrence / Description of risk events	Financial Impact/ Response Strategy
<p>Short-term</p> <p>Technical risks:</p> <ul style="list-style-type: none"> The rise in temperature may increase electricity consumption and cause nationwide power outage without warning. In response to the low-carbon development trend, the company has to improve the energy and resource efficiency standards of various assets. To avoid operational losses caused by power outages and to improve the energy resource efficiency of its assets, the Company needs to establish backup power, increase the proportion of self-generated electricity, and replace high-energy-consuming assets, which will lead to an increase in capital expenditures and operating costs. 	<p>Increase capital expenditures / Increase operating expenses</p> <ul style="list-style-type: none"> The Company has installed uninterrupted power supply (UPS) systems in the computer rooms to ensure normal operation of important information systems and data center files. The rooftops of the Company's business locations are equipped with rooftop solar panels to increase the proportion of self-generated power consumption. Among them, six branches of SKB are the first green energy self-use branches. The Company will continue to evaluate suitable business locations for installing rooftop solar panels in the future. Shin Kong Group regularly inspects and replaces high-energy-consuming assets at each operating locations and adopts energy-saving LED lamps for improving the efficiency of energy.
<p>Short-term</p> <p>Emerging risks:</p> <p>Climate Change Response Act</p> <p>In January of this year, Taiwan passed the Climate Change Response Act, which stipulates that Taiwan should achieve net-zero greenhouse gas emissions by 2050. A sub-law on carbon tax will be drafted and implemented, but the standards for carbon tax collection are still pending central government approval and will be announced after that. The standards will also be periodically reviewed and adjusted. We evaluate that if the government starts to impose a carbon tax in the future, it will increase the operating costs of the Company, the procurement costs of our suppliers, and the operating performance of our invested and financed clients.</p>	<p>Increase operating expenses / Decrease revenue</p> <p>We will actively engage with high carbon emitting suppliers and investment targets, and urge them to make a low-carbon transition; For companies that have not taken any action to improve, we will moderately adjust our suppliers and make decisions to reduce or withdraw investments in the investees and borrowers.</p>
<p>Short-term</p> <p>Policy and regulation risks:</p> <p>The Renewable Energy Development Act may increase the operating costs via greenhouse gas emissions control and the emissions trading, while meeting regulatory requirements, customer demands, and international advocacy calls for a higher proportion of renewable energy.</p>	<p>Increase operating expenses</p> <ul style="list-style-type: none"> 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.

Transition risks Middle- and Long-term

Time of Occurrence / Description of risk events	Financial Impact/ Response Strategy
<p>Middle-term</p> <p>Reputation Risk:</p> <p>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.</p>	<p>Decrease revenue / Investors are pouring less money</p> <ul style="list-style-type: none"> 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.
<p>Long-term</p> <p>Market risk:</p> <p>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, and have to exclude investment and lending on high-carbon industries, which will cause investment and lending loss.</p>	<p>Decrease revenue / Decrease asset value</p> <ul style="list-style-type: none"> The subsidiaries follow the SKFH's "Sustainable Finance Policy" in drafting ESG investment and financing guidelines. Controversial industries with high ESG risks, and high carbon emissions require ESG risk due diligence and careful evaluation with industry-specific guidelines for asset allocation adjustments as appropriate. Continue to identify the risks of financial product investments, as well as credit and other business operations, so as to facilitate control on the overall risks.



Description of climate-related opportunities

Time of Occurrence / Description of opportunity	Financial Benefits / Response Strategy
Resources Efficiency	
Short-term 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.	Decrease 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 Products	
Short-term Market opportunities : In response to the generation of secondary air pollutants caused by rising temperatures and the increase in respiratory and cardiovascular diseases, the development of related insurance products is expected to bring positive benefits.	Increase revenue Subsidiary SKL has launched the "Air Pollution Policy" for diseases of the respiratory and circulatory system and will continue to develop related products to seize market opportunities.
Short term to Long term 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.	Increase revenue Continue to observe the sustainability trends, and increase the investment in green finance and renewable energy industries.
Short term to Long term Market opportunities : The market demand for investment in companies with excellent ESG performance is increasing, and there is encouragement to provide preferential loan conditions to such companies. Developing green finance-related products is expected to uncover potential business opportunities and bring positive benefits, thereby increasing company revenues.	Increase revenue From 2021, green bonds and green funds have been issued and ESG sustainability linked loans have been implemented.

► Scenario Analysis and Financial Impact

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, investment property, upstream suppliers, and downstream products and services, such as domestic borrowers and investees' registration places, real estate collaterals, investment and lending portfolios. It is hoped that by understanding the exposure to different climate scenarios and actively carrying out relevant management actions and countermeasures, SKFH can enhance the climate resilience. The scenarios analyses were summarized as follows:

Risk Type / Application / Climate Scenario
Physical risk Disaster risk analysis- Operating locations, investment property, domestic borrower and investee companies' registration places, and real estate collaterals RCP 2.6 、 RCP 8.5
Transition risk Market risk and credit risk analysis- Investment and Lending Portfolios NGFS-Net Zero 2050 、 Current Policies
Physical risk Disaster risk analysis-Upstream Suppliers Location RCP4.5 、 RCP6.0 、 RCP8.5
Transition risk Carbon fee for market risk analysis-Upstream Suppliers NGFS-Net Zero 2050 、 Current Policies

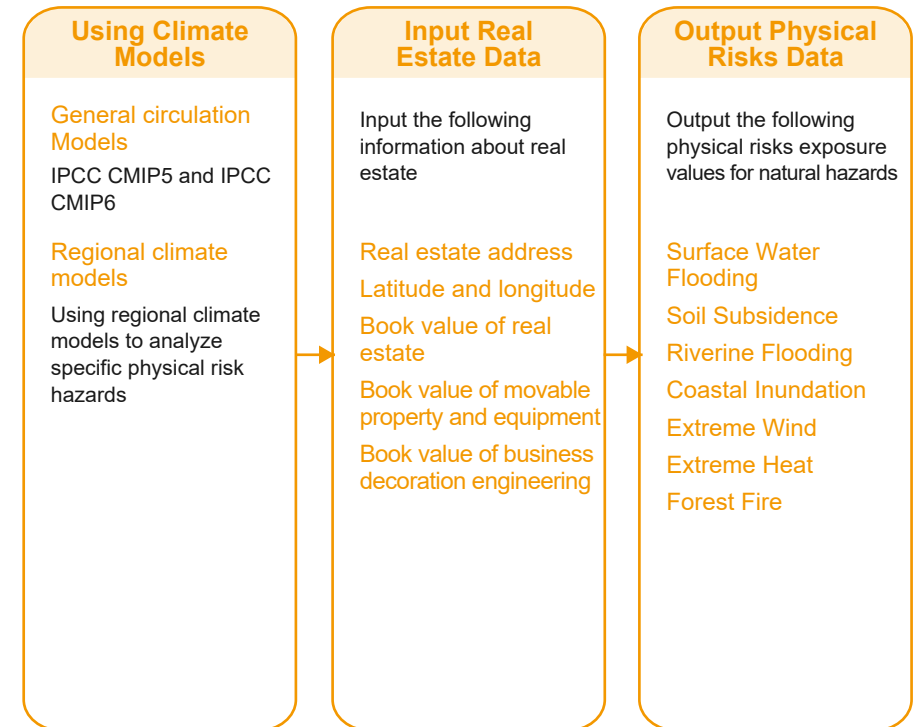


Scenario analysis of physical risks

Disaster risk analysis for operating locations, investment property, domestic borrower and investee companies' registration places, and real estate collaterals.

As Taiwan is an island nation in a subtropical monsoon region with complex terrain, weather changes occur frequently in different areas, and natural disasters occur from time to time. During typhoon season, Taiwan often suffers from heavy rainfall and flooding in low-lying and urban areas. Bridges and embankments can be destroyed by rising river waters. In order to understand potential operational impacts under different climate scenarios, we used two scenarios, RCP2.6 and RCP8.5, and conducted simulation analysis with international climate models.

Physical Risk Scenario Analysis Process

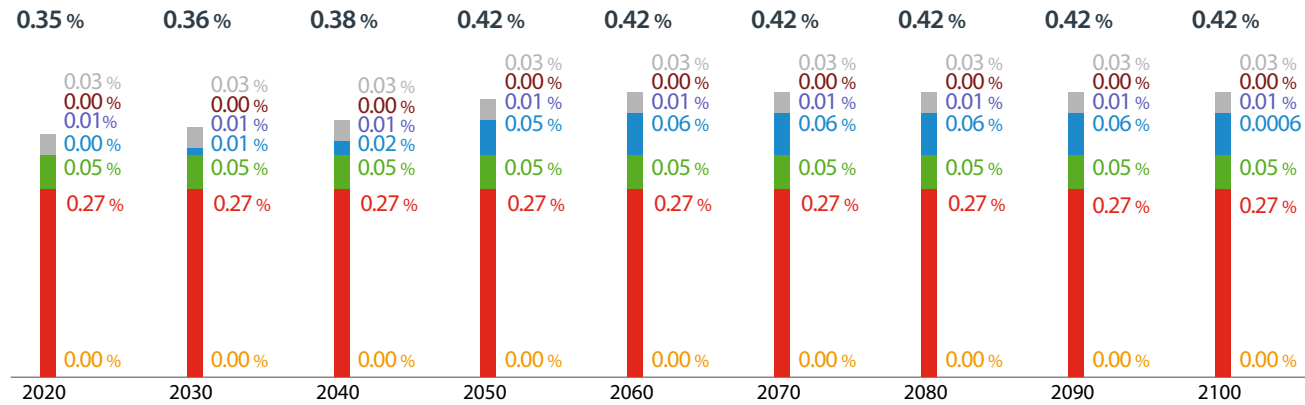


Analysis results of SKL's operating locations and investment properties

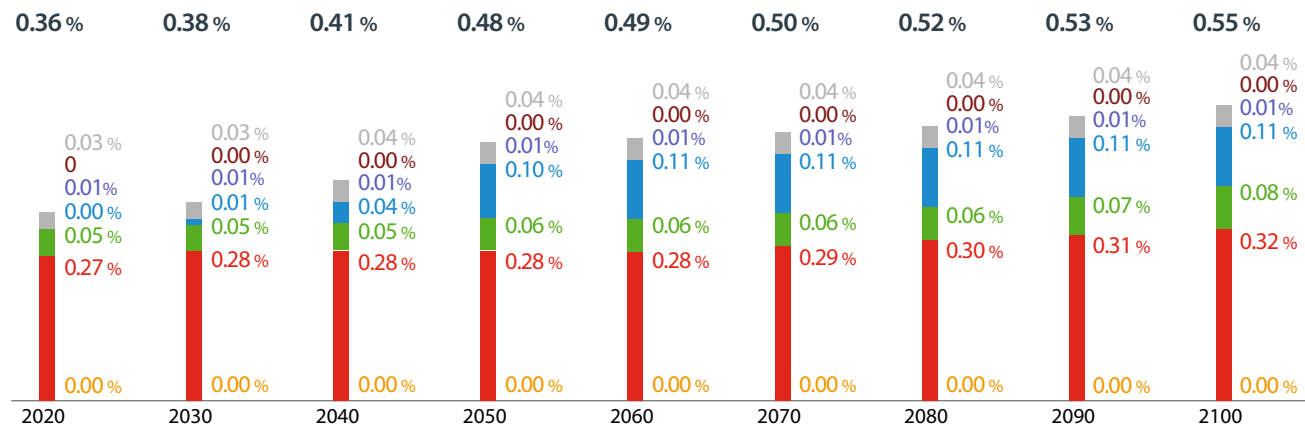
SKL owns a total of 200 real estate assets across Taiwan in 2022. We used two scenarios, RCP2.6 and RCP8.5, and simulated the maximum climate risk values that each location and investment property would face in different types of climate risk disasters from 2020 to 2100, with an interval of 10 years. These risks include surface flooding, subsidence, river flooding, coastal flooding, forest fires, extreme heat, and extreme winds. The analysis process and results are presented below.

Max Climate Value at Risk% under RCP 2.6 and RCP 8.5 scenarios

RCP2.6



RCP8.5

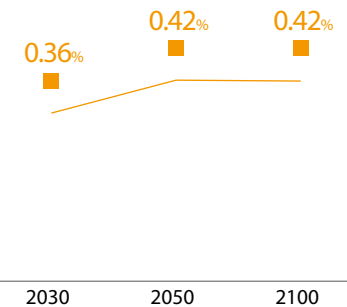


Max Climate Value at Risk (MvAR%)

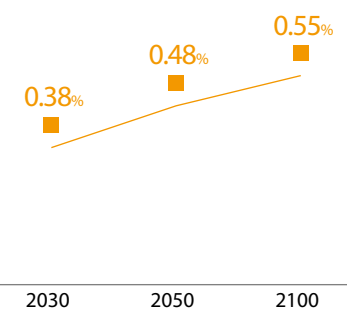
The results show that regardless of the RCP2.6 or RCP8.5 scenario, land subsidence caused by drought is the most significant climate risk to real estate properties located in different counties and cities in Taiwan from 2020 to 2100. In the RCP2.6 scenario with a slower pace of global warming, the maximum climate value at risk is 0.42% in 2100. Meanwhile, in the RCP8.5 scenario with an exacerbation of warming and high greenhouse gas emissions presents 0.55% in 2100. The financial impact is less than NT\$415 million. Neither scenario has a significant impact on the Company.

Changes in Max Climate Value at Risk under scenario simulation

RCP2.6



RCP8.5



Note 1: Climate Value at Risk, VaR%: The percentage of repair costs to asset reconstruction costs for the real estate in a single year after being damaged by climate disasters.
 Note 2: Max Climate Value at Risk%: Take the maximum value of the climate VaR% that the asset is exposed to in each year during the period from the initial time of analysis to the time of calculation.

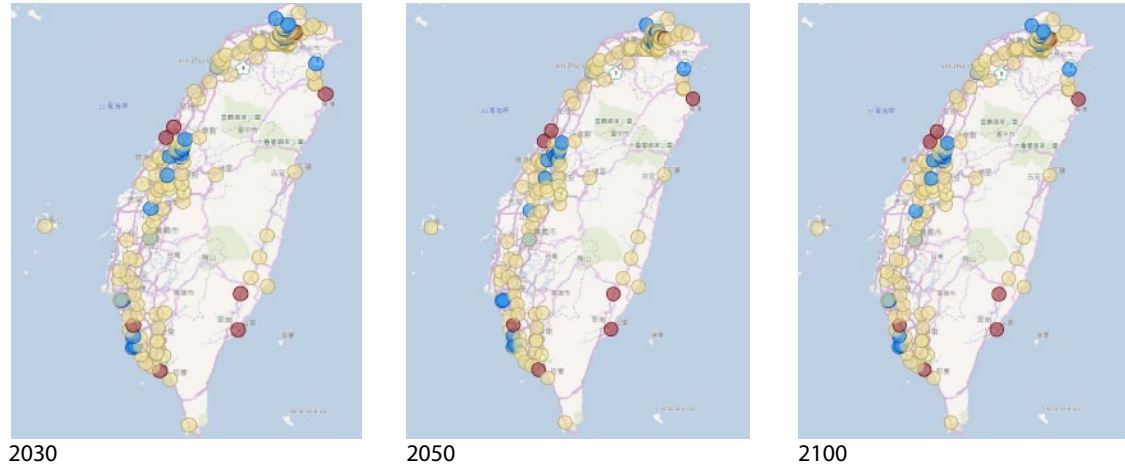
Analysis of SKL's operating locations

By the end of 2022, SKL has a total of 129 building operating locations in Taiwan. After conducting the disaster scenarios analysis of physical risk on operating locations, it is found that under the climate scenario RCP8. Before 2100, there is a high risk of climate change, and the main climate factors are river flooding and surface flooding.

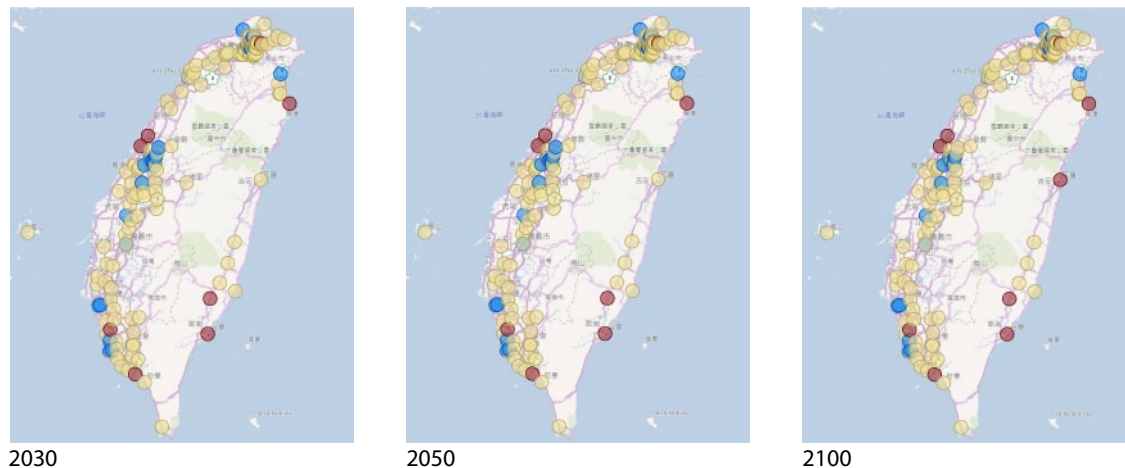
For overall real estate, in order to maintain the uninterrupted operation of the physical locations and adapt to physical climate risks under the impact of future climate change disasters, SKL has developed [physical climate risks adaptation plans](#) for high climate risk existing operations and new operations. SKL will pay close attention to the ground subsidence in the area where the operating location is located through the ground subsidence monitoring information system of the Water Resources Agency of the Ministry of Economic Affairs and propose corresponding countermeasures as soon as possible.



RCP2.6



RCP8.5



MVaR ● >1% ● 0.2-1% ● <0.2%

Note: The maximum climate risk value (MVaR %) is greater than 1%, which is regarded as a high climate risk area.

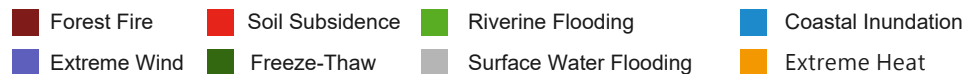
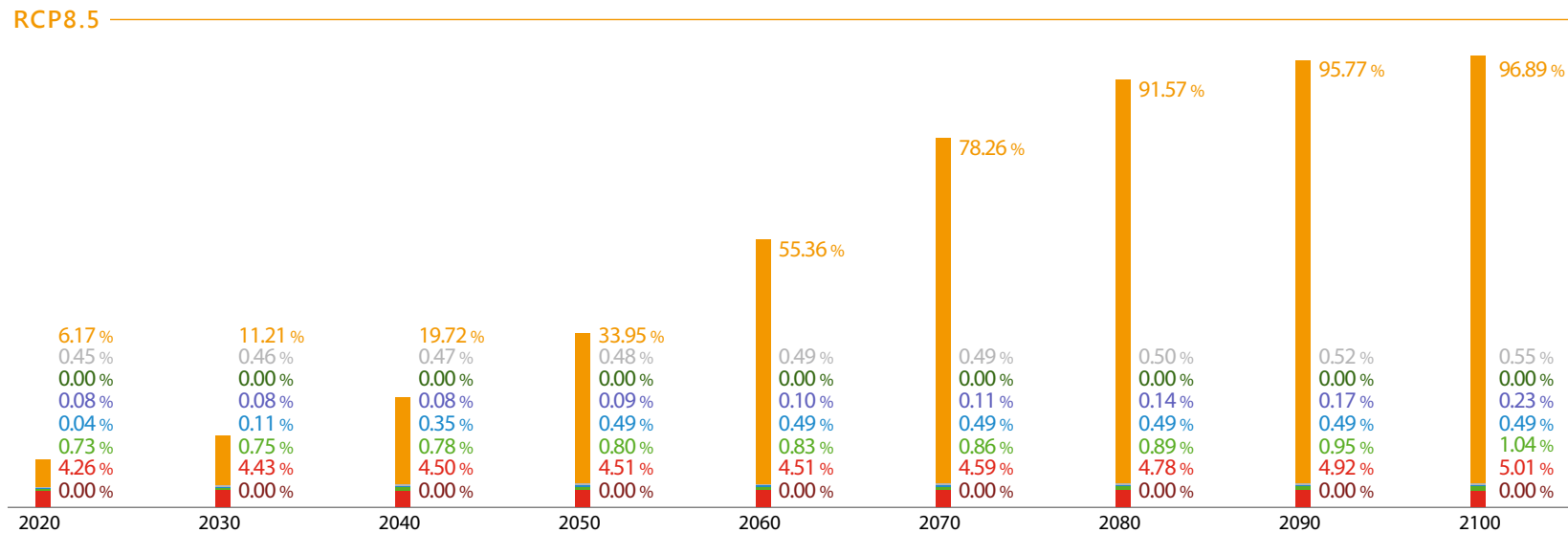
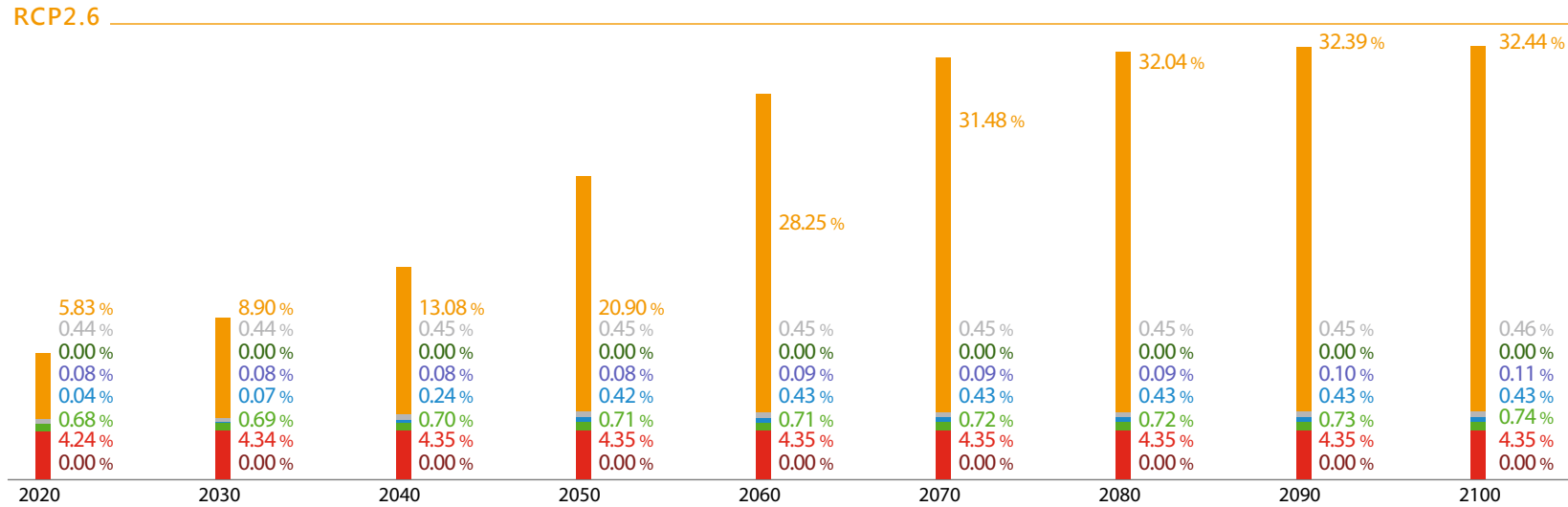
The possibility of business interruption (FP%)

FP% represents the probability of operational disruption of buildings due to climate disasters in a given year, evaluated with the concept of productivity loss. The underlying climate risk factors are "heat-related working hour loss" and "heat-related excess mortality."

Based on the analysis results, "extreme heat" is the major factor causing operational interruptions in both RCP2.6 and RCP8.5 scenarios. Especially under RCP8.5, extreme heat is expected to have a 96.9% probability of operational disruptions, which makes SKL pay close attention to accelerating low-carbon transition efforts. In addition, SKL estimates that under the RCP2.6 and 8.5 scenarios, the temperature may increase by 0.3°C to 4.8°C in the 21st century, increasing the likelihood of heat-related injuries, such as heatstroke, among employees. Therefore, we will pay closer attention to the occupational safety and health of employees, and provide more protective measures during extreme weather conditions to prevent related injuries from occurring.

To respond to operational disruptions, SKL has implemented and established a Business Continuity Management System (BCMS), and obtained ISO 22301 certification for BCMS in January 2022. This is to reduce the possibility or extent of operational disruptions, enhance the ability to respond to major events, and quickly recover to ensure sustainable operations of the Company, thereby safeguarding the interests of customers and all stakeholders.





Analysis results of SKB's operating locations, domestic borrower and investee companies' registration places, and domestic real estate collaterals

Analysis of SKB's operating locations

In our analysis of the maximum climate risk value (MVaR) of 104 branches of SKB located in 68 townships and cities across Taiwan, MVaR greater than 1% is regarded as a high climate risk area. The analysis shows that :

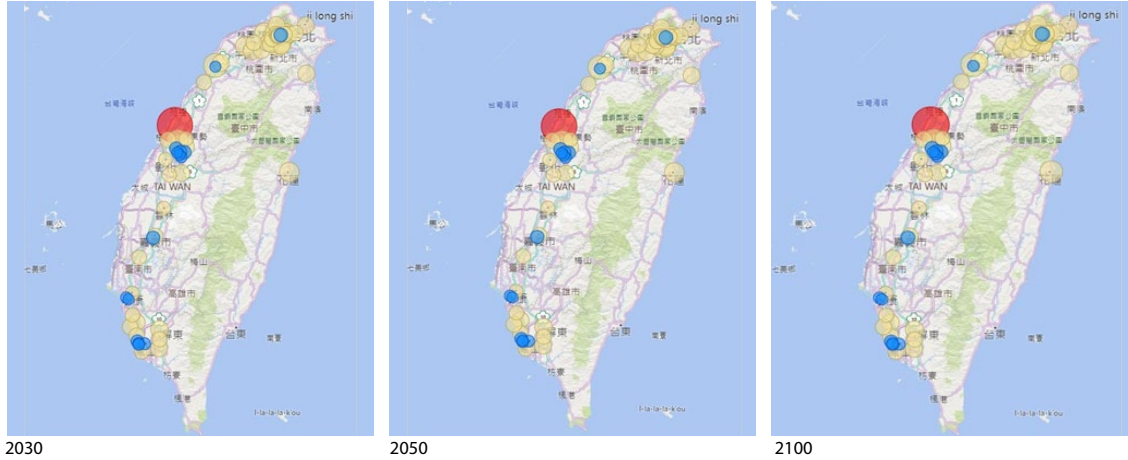
In the RCP2.6 scenarios, one branch located in Taichung City is regarded as a high climate risk area in 2030 and 2050. In the RCP8.5 scenarios, one branch located in Taichung City is classified as a high-risk area in 2030 and 2050. By 2100, six branches located in New Taipei City, Hsinchu City, Taichung City, and Hualien County are regarded as high climate risk areas.

In order to reduce the climate risk of our operational locations, we will strengthen flood prevention measures and develop mitigation plans for risk responses, such as regular drills, backup and restoration.

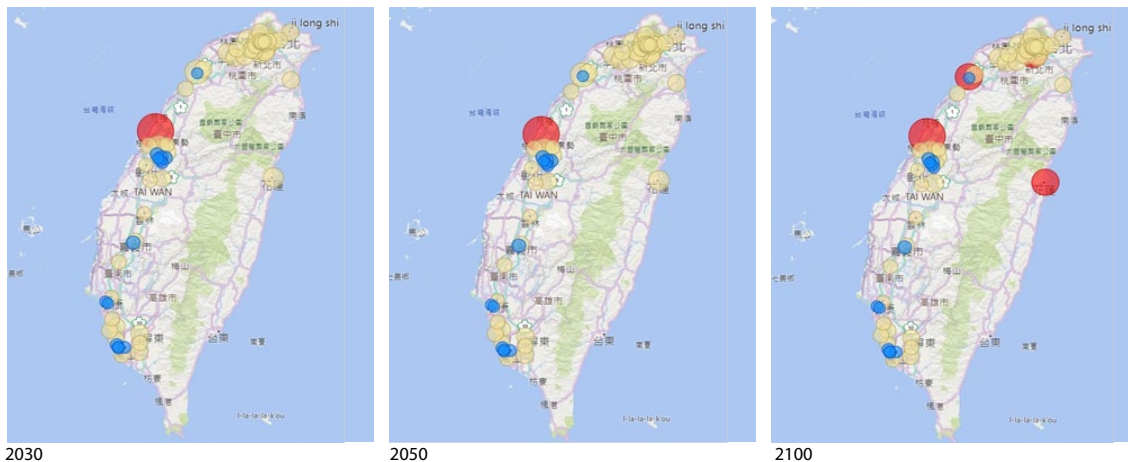




RCP2.6



RCP8.5



MVaR ● >1% ● 0.2-1% ● <0.2%

Note: The maximum climate risk value (MVaR %) is greater than 1%, which is regarded as a high climate risk area.

Analysis of SKB's domestic borrower and investee companies' registration places, and domestic real estate collaterals

SKB carried out the climate change scenario analysis planned and handled by the Financial Regulatory Commission, and carried out the physical risk assessment of domestic borrower and investment companies' registration places, as well as the location of domestic real estate collaterals. The analysis results under each scenario_year combination are as follows:

Under different scenarios_year, distribution of physical risk levels of domestic borrower and investment companies' registration places					
Scenario_year \ Physical risk level	Low	Middle and Low	Middle	High and Middle ^{Note}	High
RCP2.6_2030	78%	2%	9%	9%	2%
RCP2.6_2050	75%	5%	6%	12%	2%
RCP8.5_2030	77%	4%	8%	11%	0.3%
RCP8.5_2050	76%	3%	7%	14%	0.3%

Note 1: Contains OBU borrowers whose risk-immigrated country is Taiwan.

Note 2: The RCP2.6 scenario and the RCP8.5 scenario respectively correspond to the orderly/disorderly transition scenario and the current policies scenario in the "Domestic Bank Conducting Climate Change Scenario Analysis Operation Plan" issued by the FSC.

Under different scenarios_year, distribution of physical risk levels of real estate collaterals locations					
Scenario_year \ Physical risk level	Low	Middle and Low	Middle	High and Middle ^{Note}	High ^{Note}
RCP2.6_2030	19%	48%	9%	12%	13%
RCP2.6_2050	11%	51%	12%	12%	15%
RCP8.5_2030	17%	45%	10%	14%	14%
RCP8.5_2050	11%	51%	12%	13%	13%

Note 1: Including Taoyuan District and Guishan District of Taoyuan City, Tamsui District and Linkou District of New Taipei City.

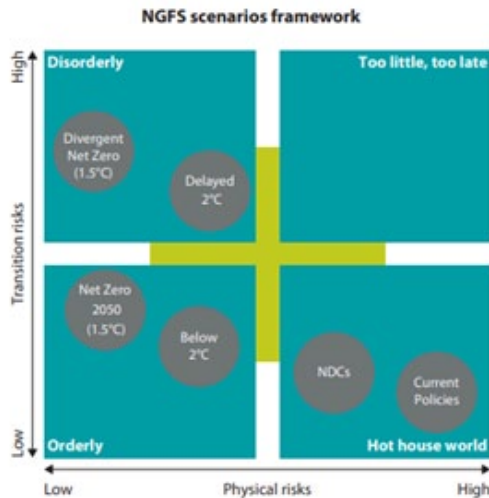
Note 2: The RCP2.6 scenario and the RCP8.5 scenario respectively correspond to the orderly/disorderly transition scenario and the current policies scenario in the "Domestic Bank Conducting Climate Change Scenario Analysis Operation Plan" issued by the FSC.

To sum up, under different scenarios_years, the physical risks faced by SKB borrower and investment companies, and the real estate collateral have limited impact on profit and value impairment. The overall financial impact on SKB is controllable .

► Transition Risk Scenario Analysis

Scenario Description

The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) was established by central banks and financial regulatory authorities around the world. SKL and SKB select two scenarios for climate risk scenario analysis and stress testing based on scenario framework and parameter published by NGFS, and evaluate the transition impact they bring.



Global warming

Scenario category: Current Policies

In the absence of any new carbon reduction pathways, including all relevant promised policies, even if they have not yet been implemented, the uncertainty and physical risks associated with climate change are relatively high for countries that respond to climate change based on their own conditions and measures.



Orderly transition

Scenario category: Net Zero 2050

Relative orderly pathway that achieves net-zero emissions by 2050, limiting temperature rise to below 1.5°C. However, deviations from industry-issued policies and acceleration in phasing out fossil fuels result in higher costs for achieving net-zero emissions.

► SKL's investment portfolio scenario analysis

Market risk and credit risk analysis



Considering the business characteristics of SKL, which mainly invests in fixed income securities and equities, and the fact that specific high climate risk industries are expected to be the first to be affected by climate change in the future, the asset and industry class for the investment portfolio scenario analysis are mainly focused on bonds, equities and high climate risk industries. To understand the potential financial impact of the transition risk on its investment portfolio, SKL has selected the parameters published by the NGFS Scenario Explorer to establish a model that simulates and estimates the financial impact of the relevant financial indicators under the influence of transition risk scenarios.

The assumptions and results of scenario analysis are described below:

Bonds					
Climate Scenarios	Affected Asset Scope	Forecast Period and Interval	Input Parameters Scenario Parameters	Financial Parameters	Changes in credit ratings by climate scenarios
Current Policies	The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate risk.	2022-2050 (annually)	Energy Consumption Energy Prices Carbon Dioxide Emissions Carbon Prices	Balance Sheet Income Statement Cash Flow Statement	Short Term: The average downgrade is 0-1 credit ratings. Middle Term: The average downgrade is 1 credit ratings. Long Term: The average downgrade is 1-2 credit ratings.
Net Zero 2050	The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate risk.	2022-2050 (annually)	Energy Consumption Energy Prices Carbon Dioxide Emissions Carbon Prices	Balance Sheet Income Statement Cash Flow Statement	Short Term: The average downgrade is 1 credit ratings. Middle Term: The average downgrade is 1 credit ratings. Long Term: The average downgrade is 1-2 credit ratings.

Equities					
Climate Scenarios	Affected Asset Scope	Forecast Period and Interval	Input Parameters Scenario Parameters	Financial Parameters	Financial impacts by climate scenarios
Current Policies	The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate risk.	2022-2050 (annually)	Energy Consumption Energy Prices Carbon Dioxide Emissions Carbon Prices	Balance Sheet Income Statement Cash Flow Statement	Financial Impact Indicator :EBITDA Margin Compared with 2022, the largest drop of EBITDA Margin of investment targets will be 3.42%.
Net Zero 2050	The bond and security investment targets, as well as long-term corporate financing loans that belong to industries with high climate risk.	2022-2050 (annually)	Energy Consumption Energy Prices Carbon Dioxide Emissions Carbon Prices	Balance Sheet Income Statement Cash Flow Statement	Financial Impact Indicator :EBITDA Margin Compared with 2022, the largest drop of EBITDA Margin of investment targets will be 15.47%.

Climate Risk Stress Tests

Based on the simulated scenario parameters from the above analysis, Shin Kong Life Insurance has classified its existing risk positions according to credit risk and market risk. Through stress tests, the impact of expected credit losses and market risk limits on such risk exposure has been calculated as follows:



Credit risk

Through evaluating the transition risk of industries affected by high climate change risk in the NGFS scenario, the expected credit losses under stress scenarios have been estimated by measuring changes in credit ratings, Probability of Default (PD), and Loss Given Default (LGD) of collateral positions affected by physical risks.



Market risk

Based on the impact of specific transition risk in climate stress scenarios on the operations of stock and bond issuing companies, the execution method of the stress tests has estimated the extent to which the valuation results of stock and bond positions are affected under the stress scenario.

Bonds investment



Climate Scenarios	Financial Impact Estimated by Stress Tests on the Company
Current Policies	<p>Credit risk: Credit losses expected to increase by 3.59% compared to the end of 2022</p> <p>Market risk: Financial impact losses representing approximately 0.84% of the total value of bond investments at the end of 2022</p>
Net Zero 2050	<p>Credit risk: Credit losses expected to increase by 7.48%</p> <p>Market risk: Financial impact losses representing approximately 0.87% of the total value of bond investments at the end of 2022</p>

Equities investment



Climate Scenarios	Financial Impact Estimated by Stress Tests on the Company
Current Policies	<p>Market risk: Financial impact losses representing approximately 0.29% of the total value of bond investments at the end of 2022</p>
Net Zero 2050	<p>Market risk: Financial impact losses representing approximately 0.47% of the total value of bond investments at the end of 2022</p>

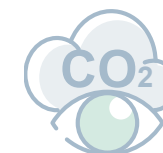
► SKB' lending portfolios scenario analysis

Credit risk analysis

SKB identified 35 borrowers at the end of 2022 who are large carbon emitters regulated by the Environmental Protection Administration. We plan to use the Global Change Analysis Model (GCAM5.3) to estimate their carbon emissions at various points in time and calculate the carbon cost in different scenarios. The carbon cost will be entered into the bank's internal credit rating model to observe changes in credit ratings, calculate expected credit risk loss rates, and determine the loss amount. The main scenarios are as follows:

Borrowers	
Climate scenario	Financial impact under climate scenarios in 2050.
Current Policies	Our large carbon emitter borrowers regulated by the Environmental Protection Administration had no credit rating downgrade and no increase in expected loss of credit risk.
Net Zero 2050	Four of our large carbon emitter borrowers regulated by the Environmental Protection Administration had their credit rating downgraded by one grade, 1 borrower was downgraded to two levels, and 1 borrower was downgraded to three levels. The expected loss amount of the increased credit risk was about NT\$ 2,374,000

It can be seen from the above table that SKB's borrowers, which are large carbon emitters, have a limited impact of credit risk expected loss under the pressure of carbon cost, which shows that they can still respond to the climate change and successfully implement transition actions.

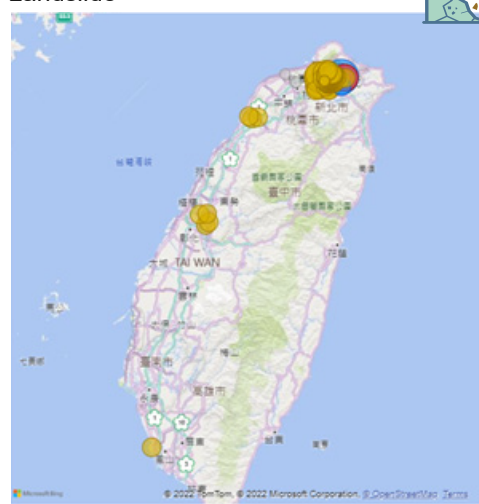


► Supply chain risk scenario analysis

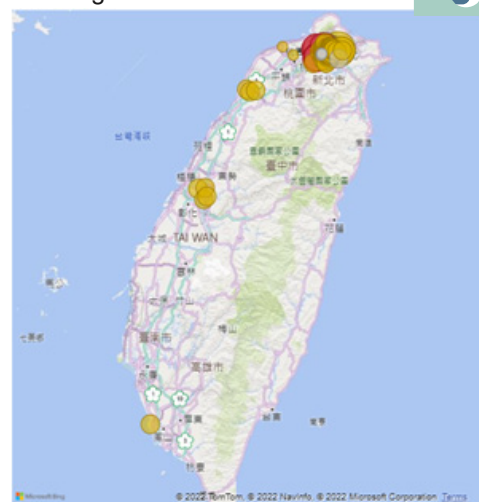
Disaster Risk Analysis

In order to understand the operating impact of suppliers under climate change to help Shin Kong Group assess the impact on procurement management, 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 is minority, 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.

Landslide



Flooding



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.

Disaster Risks \ Scenarios	RCP 4.5	RCP 6.0	RCP 8.5
Flooding	0%	1.5%	8.5%
Landslide	0%	0.4%	1.2%

► Carbon Price for Market Risk Analysis



In response to the international trend of promoting net zero emissions, many countries have successively indicated that they will implement a carbon pricing system in the future, and Taiwan is predicted to implement a carbon fee mechanism 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. 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 0.04% more of the purchase expenses. If the government follows the Nationally Determined Contributions (NDCs) commitment to transition, we may have to pay 0.42% 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 7.18% 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 they provided, 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

Scenario	Carbon fee region	The increased ratio of purchase expenses to suppliers (%)		
		2030	2040	2050
Current Policies	TWN	0.02%	0.03%	0.04%
NDCs	TWN	0.03%	0.23%	0.42%
Net Zero 2050	TWN	3.01%	4.78%	7.18 %

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.



4.4.3 Climate Risk Management

SKFH has approved by the board of directors in 2022 to incorporate climate-related risks into SKFH risk management measures. For relevant risk management organizational structure and risk control policies and mechanisms, please refer to Chapter 2.4 Risk Management of this report.

► Investment and lending activities risk management

SKFH revised the "Sustainable Financial Policy" and "Risk Management Policy" in 2022, and incorporate climate risk management and implementation guidelines into them. In 2023, we continue to improve the interaction between various risk management aspects of the financial industry and climate change risks, update and revise the Group's sustainable financial policies and various risk management methods, define power and responsibility units, risk identification, risk measurement and supervision and control mechanisms, to strengthen climate-related risk management.

Policy	
<p>Risk Management Policy Incorporate climate change risk into group risk management</p> <p>Sustainable Finance Policy For industries with high carbon emissions, such as thermal coal and unconventional oil and gas, the negative impact of climate change on counterparties should be carefully reviewed. For the above-mentioned industries, after inspection, those included in the exclusion list shall not be allowed to add new transactions without any improvement.</p>	
Guideline	
<p>Risk Management Guideline</p> <ul style="list-style-type: none"> State the definition of climate-related risks Identify, measure, monitor and control principles 	<p>Financed Emissions Management Guideline</p> <ul style="list-style-type: none"> Regularly review the counterparties of thermal coal and unconventional oil and gas transactions every year, and the related business revenue exceeding 50% of the total revenue will be prioritized for engagement.
<p>Large Exposure Management Guideline for Single Country, Region and Industry</p> <ul style="list-style-type: none"> Set the exposure limits for investment and lending positions in high carbon-intensive industries, and monitor them monthly. 	



Management Standards for Carbon-Intensive Industries

In order to effectively achieve the goal of financial decarbonization, apart from complying with the Principles for Responsible Investment and Equator Principles, SKFH 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 adjust the transaction strategy based on regularly monitoring the improvements of the investee and lending companies for effectively achieving the goal of financial decarbonization.

Management Scope and Mechanisms of high carbon-intensive industries	
<p>Restricted high carbon-intensive industries</p>	<ul style="list-style-type: none"> Thermal coal and Unconventional Oil and Gas industries. Oil & Gas, Electric Utilities, Coal Power in the Majority, Steel, Chemical, Construction Materials, Transportation & Logistics, and Waste Management
<p>Management mechanisms</p>	<ul style="list-style-type: none"> 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 shall be conducted in accordance with the SKFH's Engagement Policy. Set the exposure limits of investments and lending portfolios in high carbon-intensive industries, and monitor them monthly.

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.



4.4.4 Climate Metrics and Targets

► Net-Zero Emissions Commitment

Taiwan released the "Taiwan 2050 Net Zero Emissions Roadmap," promoting four major transition strategies and two infrastructural environments, with the expectation of gradually achieving a sustainable society with net-zero emissions by 2050.

To align with Taiwan's net-zero policy, in addition to reducing carbon emissions in its operations, Shin Kong has leveraged its core functions to establish climate change mitigation and adaptation indicators and targets for investment and financing, regularly tracking and implementing carbon reduction measures. The aim is to effectively manage climate risks and opportunities and support Taiwan's sustainable transition.

Metrics / Base year	Short and medium-term targets (2026)	Long-term targets (2031)	Achievement in 2022
Carbon reduction actions: Greenhouse gas emissions (Scope 1, Scope 2) 2022	By 2025, per capita greenhouse gas emissions, water consumption and waste will be reduced by 2% per year	100% carbon neutrality of all headquarters and operation locations by 2030 Accumulative carbon reduction of 34% in 2030	Greenhouse gas emissions Scope 1: 3,279.60 tCO ₂ -e Scope 2: 28,211.66 tCO ₂ -e
Sustainable finance Climate actions 2020	SKL: Continue to enhance the sustainable investment process to achieve sustainable and stable investment performance. Securities investment meets the PRI with a five-year CAGR of 3% The growth rate of project investment in green energy-related businesses is 400%. SKB: Promote the project financing of solar power plants, and increase the total lending balance to the target year by NT\$ 4 billion Hold ESG net-zero transition customer briefing sessions to promote green lending irregularly. Issuance of sustainable bonds	Continue to increase ESG-themed and green-related investment and lending amount	SKL : Securities that meet the PRI have a CAGR of 6.69% compared with the base year. Project investment in green energy increased by 294% growth compared with the base year. SKB : The total balance of solar power plant project financing increased by 181.55%. Held a ESG customer briefing session in North District Undertook 4 cases applying the Equator Principles
Decarbonization of investment and lending portfolio 2022	Use the PCAF methodology to complete the inventory of financed emissions (tCO ₂ e), measure the amount of assets exposed to carbon-intensive industries in the investment and lending portfolio, and formulate carbon reduction strategies Sign the SBTi commitment and set SBT carbon reduction target. Establish a schedule for the phase-out of thermal coal and unconventional oil and gas -related industries Engage with investees and borrowers through questionnaires, telephone interviews, personal visits, participation in annual general meetings, and exercise of voting rights, etc., so that the engaged companies can understand the importance of setting carbon emission reduction target and take climate-related actions. to achieve low-carbon transitions.	By 2030, cease direct project investment and financing of not only thermal coal as well as unconventional oil and gas projects (including new projects or expansion of existing projects) but also projects from companies which are still expanding related businesses.	Financed absolute emissions: 2,442,865 tCO ₂ -e Financed Emission Intensity: 3.1 tCO ₂ e/TWDMM, Revenue Officially signed the SBTi Commitment Letter 76 companies have distributed questionnaires, with a response rate of 39.5% SKB held the first customer briefing on net-zero transition in the North Taiwan

Schedule for phasing out coal and non-conventional oil and gas-related industries

We commit to fully exit thermal coal^{note 1} and unconventional oil and gas^{note 2} related businesses by 2045. This includes publicly traded equity and debt, project financing, credit lines and loans, fixed income underwriting business, as well as all active, passive, and third-party managed investment positions. Our phased commitments are:

By 2030

We will cease funding for new and existing thermal coal and unconventional oil and gas projects, including expansion plans, as well as direct investment to companies engaged in the continuous expansion of coal and unconventional oil and gas-related businesses.

By 2035

We will exit most^{note 3} of the direct investment and lending to the thermal coal and unconventional oil and gas industries in industrialized countries such as EU and OECD members.

By 2040

We will gradually phase out our investment and lending to global thermal coal and unconventional oil and gas industries^{note 4}.

By 2045

We will completely phase out all investment and lending to global thermal coal and unconventional oil and gas-related industries^{note 5}.

The exclusion criteria for the aforementioned related industries are as follows: if there are specific decarbonization actions or clear transition plans, including the adoption of Science-Based Targets (SBTs), carbon capture technology to remove carbon emissions, or other decarbonization actions recognized by third-party organizations. Businesses will be evaluated on a case-by-case basis, and business relationships may be maintained with the approval of authorized department heads.

Note 1: This includes industries related to thermal coal mining, coal-related power generation, and coal-related infrastructure.

Note 2: This includes industries related to oil and gas production from oil sands, oil shale, Arctic exploration, and ultra-deep water.

Note 3: Investees and borrowers with over 50% of revenue or power generation from the relevant industries that have not presented low-carbon transition plans consistent with the goals of the Paris Agreement.

Note 4: Investees and borrowers with over 30% of revenue or power generation from the relevant industries that have not presented low-carbon transition plans consistent with the goals of the Paris Agreement.

Note 5: Investees and borrowers with over 5% of revenue or power generation from the relevant industries that have not presented low-carbon transition plans consistent with the goals of the Paris Agreement.

► Decarbonization strategy of investment and lending portfolios



SBT emission reduction target setting

SKFH is committed to sustainable finance. In 2022, we officially signed the Science Based Targets initiative commitment letter to seek validation to the net-zero 2050 target and join the international effort to reduce emissions. Following the SBT setting guidelines for financial institutions, we have developed decarbonization strategies and used the sector decarbonization approach and portfolio coverage approach to set intermediate emissions reduction target for our investment and lending portfolios with base year 2022 and target year 2030, which submitted for verification in June 2023.

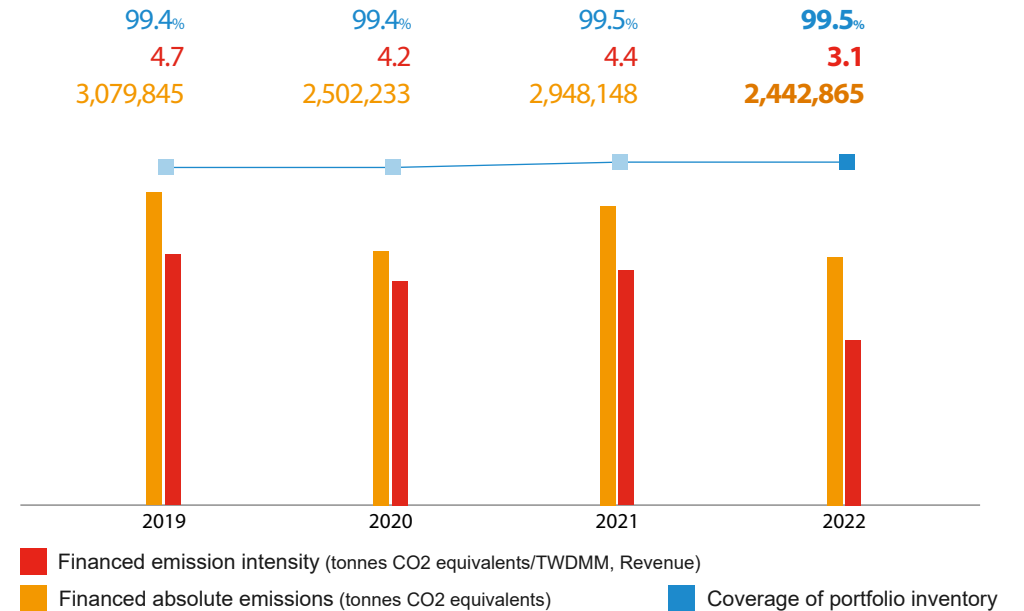
SKFH's SBT intermediate emissions reduction target (Under review)	
Operations	<ul style="list-style-type: none"> Reduce absolute scope 1 and scope 2 GHG emission 34% by 2030 from a 2022 base year.
Investment	<ul style="list-style-type: none"> The Portfolio Coverage Approach: <ul style="list-style-type: none"> 50% of the listed equity and bonds portfolio by invested value will have set science-based targets by 2027 from a 2022 base year.
Loans	<ul style="list-style-type: none"> The Portfolio Coverage Approach: <ul style="list-style-type: none"> 31.6% of the corporate loan portfolio (long-term debt) by loan value within the fossil fuel, service buildings, and other long-term corporate loan sectors setting science-based targets by 2027 from a 2022 base year. The Sector Decarbonization Approach: <ul style="list-style-type: none"> Reduce GHG emissions from the power sector within its corporate loan portfolio 40.8% per MWh by 2030 from a 2022 base year. Reduce the electricity generation project finance portfolio GHG emissions 52.1% per MWh by 2030 from a 2022 base year. Reduce the commercial real estate portfolio GHG emissions 49.8% per square meter within its corporate loan portfolio by 2030 from a 2022 base year.

Financed emissions inventory



From 2021, SKFH has inventoried the financed emissions of its investment and lending portfolios across different asset and industry classes based on the calculation guidelines published by the Financial Stability Board, Science-based Targets initiative, Partnership for Carbon Accounting Financials and Category 15 Investment of GHG Protocol Scope 3. The total financed absolute emissions (in tCO₂e) and weighted average carbon intensity (tCO₂e/TWDMM, Revenue) are presented separately for each category, and the AA1000ASv3 Type 2 Moderate is used as the verification standard for related data.

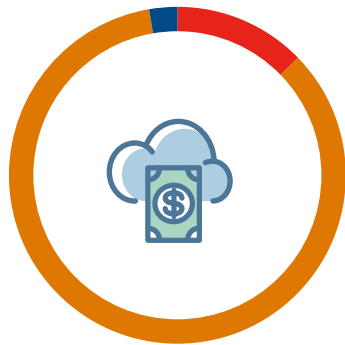
SKFH's financed absolute emissions and financed emission intensity in the past four years



Note 1: The inventory scope is based on the required activities of the SBT target setting announced by Science Based Targets initiative (SBTi).
 Note 2: Considering the financed emissions of commercial real estate is estimated by coefficients (converting electricity consumption and carbon emissions per unit floor area), so the above WACI calculation results do not include commercial real estate, but the calculated carbon footprint of commercial real estate is 0.75 tCO₂e/TWDMM

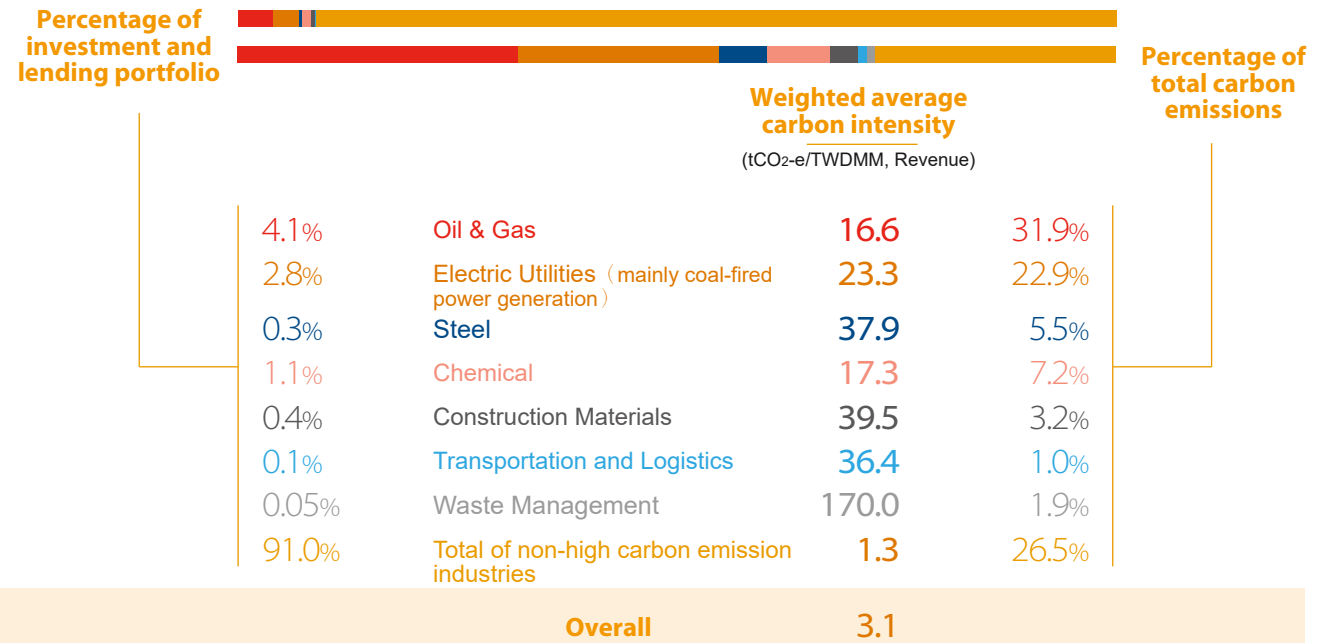
Due to the nature of business of SKFH and its subsidiaries, bond investment has the highest financed absolute emissions among categories, but weighted average carbon intensity is the highest in corporate Loan. SKB has set a quota for financing projects that do not involve coal-fired power plants since 2022, and has established a goal of zero coal financing by 2045. The top three high carbon-intensive industries are the Oil & Gas industry, the electric utilities (mainly coal-fired power generation) industry, and chemical industry. We have also set management standards for high carbon-intensive industries and gradually reduced the position of related risk exposure.

The financed emissions of investment and lending portfolios by asset



Proportion of investment and lending portfolios	Financed absolute emissions (tCO2-e)	Weighted average carbon intensity (tCO2-e/TWDMM, Revenue)
12.7% Equity	285,076	4.2
85.0% Corporate bonds, financial bonds	1,969,392	2.8
2.4% Corporate loans	188,397	9.7
<ul style="list-style-type: none"> Long-term corporate loans (Non-SME) Fossil fuel loans Power supplier loans Power plant project loans (Non-renewable energy) Commercial real estate loans 		
Total	2,442,865	3.1

The financed emissions of investment and lending portfolios by industry



Note 1: The inventory scope of financed emissions of corporate loan is based on the standards of the SBTi Financial Sector Science-Based Targets Guidelines, and the coverage of fossil fuel loans, power supplier loans and power plant project loans is 100%.

Note 2: Considering the financed emissions of commercial real estate is estimated by coefficients (converting electricity consumption and carbon emissions per unit floor area), so the above WACI calculation results do not include commercial real estate, but the calculated carbon footprint of commercial real estate is 0.75 tCO2e/TWDMM.



4.5 Sustainable Finance Impact





4.5.1 ESG-themed investments



SKFH has conducted research on sustainable investment and industry trends in Taiwan and abroad, and collaborated with internal and external experts to create an ESG-themed investment strategy for the group. This strategy aims to strengthen the Group's performance in sustainable investment targets, leveraging our core functions to pursue stable long-term returns and maximize stakeholder values. Through this strategy, we also aim to drive industry transition and build a sustainable future.

ESG-themed investment

Unit: NT\$ 100 millions







 <p>Sustainable development</p>	<ul style="list-style-type: none"> Sustainability bonds 	217
 <p>Healthcare, social welfare, and infrastructure</p>	<ul style="list-style-type: none"> Social bonds Public construction and social welfare industries Biomedical industry under the Taiwanese government's "Five Plus Two" policy 	48
 <p>Green Investments Low-carbon and eco-friendly or green energy-related industries</p>	<ul style="list-style-type: none"> Green bonds Renewable energy power plants Green energy technology, new agriculture, and circular economy under the Taiwanese government's "Five Plus Two" policy 	464
 <p>ESG benchmark enterprises</p>	<ul style="list-style-type: none"> Investment in Taiwanese enterprises with outstanding ESG performance (corporate governance, compensation, sustainability ratings, workplace environment, gender equality) 	2,083

4.5.2 ESG-themed Loan

The SKB, a subsidiary of SKFH, follows the United Nations PRB to promote the sustainable development of the financial industry. In 2021, it signed the "Equator Principles" and announced the implementation of a "Sustainable Lending Policy" that incorporates ESG factors into our lending approval process and responsible financial products and services. The SKB researched industry trends and government policies in Taiwan and abroad to promote the transition of high carbon-intensive industries and encourage the development of low-carbon industries. It has identified six major industries to assess the sustainable impact of funding and is committed to realizing the vision of sustainable economic and environmental development.

ESG-themed loan granted by SKB in the past four years

Unit: NT\$ 100 millions

Type of Industry	2019		2020		2021		2022	
	Number of Customer	Credit balance	Number of Customer	Credit balance	Number of Customer	Credit balance	Number of Customer	Credit balance
 Solar industry	22	5.7	24	10.3	29	19.7	39	29.0
 Green Energy Technology Industry	10	4.0	9	7.5	3	2.2	12	9.9
 Industry of Tires for Bikes	17	8.5	13	8.3	12	12.0	17	13.4
 Circular Economy Industry	14	3.7	12	4.3	10	3.6	9	5.3
 Medical Care Industry	5	6.7	4	6.6	10	5.4	9	5.8
 Education Industry	9	7.2	10	7.3	9	8.1	10	7.1
Total	77	35.8	72	44.2	73	51.0	96	70.5



► Promoting sustainability-linked Loan

To achieve sustainable finance, SKB is committed to sustainability-linked loan. According to the classification definition of the Financial Joint Credit Information Center in Taiwan, SKB undertook sustainability-linked loan of NT\$6.16 B in 2022, with a focus on linking conditions with ESG performance. This demonstrates that SKB guides companies to actively incorporate all aspects of ESG through lending.

SKB acted as the arranger for The Hubei Longchen syndicated loan, with a total amount of USD 54 M raised. Hubei Longchen Greentech Co., Ltd. is a low-carbon paper mill. The loan is linked to indicators such as total GHG emissions, electricity consumption, and water consumption per ton of paper produced by the parent company, Longchen Paper. If any of these indicators are met, the consortium of lenders will reduce the interest rate margin, encouraging the borrower to achieve ESG indicators such as greenhouse gas emissions reduction, energy conservation, and water conservation. This also reflects the borrower's intention and efforts to improve its social and environmental impact, as well as the consortium's determination to promote carbon reduction and transition.

The performance of the sustainability-linked loan in 2022 Unit: NT\$100 millions

ESG	E	ES	SG	EG
Credit balance in 2022				
26.6	18.8	12.8	2.4	1.0
Total: 61.6				

► Green Loan

To promote green economic development, SKB also focuses on involving in low-carbon, clean energy, climate change mitigation, biodiversity, and other aspects, creating green value for financial institutions and guiding customers to practice green consumption and living. In 2022, the total balance of SKB's green loan reached NT\$5.3B, with nearly 60% of the loans dedicated to renewable energy projects.

(Unit: In NT\$100 millions)

SDGs	Green lending themes	Credit balance in 2022
	Renewable energy	31.4
	Clean transportation	10.7
	Green buildings	8.0
	Energy efficiency	2.1
	Pollution prevention and control	0.3
	Climate change adaptation	0.02
	Terrestrial and Aquatic Biodiversity Conservation	0.01
Total		53.0

4.5.3 Green investment and loan for the benefit of carbon reduction in developing renewable energy

To practice green finance, SKFH and its subsidiaries actively invest in renewable energy development, including participation in the development and construction of solar power plants in the industry, to support the development of green finance. We also support industries to develop clean energy through green project equity investment and green bond investment.

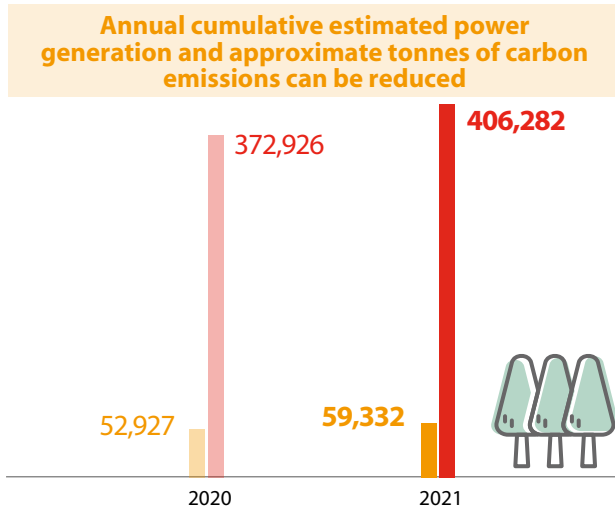
In 2022, SKFH's subsidiaries increased the investment of NT\$1,571 M into constructing renewable energy power plants, which are expected to generate 41.37 million kWh, which can supply about 173,400 households for monthly use, and save 21,812 tonnes of carbon dioxide emissions. We also increased the approved quota of lending by NT\$1,505 M, which are expected to generate 22.68 million kWh, which can supply about 72,900 households for monthly use, and save 11,544 tonnes of carbon dioxide emissions.



Unit: NT\$100 millions

Cumulative amount of investment and approved lending for development and construction of renewable energy power plants		
	2021	2022
Project investment, Green bonds investment	80.12	95.82
Loan	32.68	47.73

Carbon reduction benefits



- Estimated power generation (tens of thousands of kWh)
- Carbon emissions that can be saved (ktCO2e)

Note 1: The statistics start from 2021
 Note 2: The average monthly electricity consumption per household in 2022 is calculated based on the 2021 figure of 311 kWh.
 Note 3: The estimated annual carbon emission reduction in 2022 is calculated based on the electricity carbon emission coefficient of 0.509 kg CO2e/kWh, as provided by the Energy Bureau, Ministry of Economic Affairs.

4.5.4 ESG advisory, underwriting, research reports

SKFH's subsidiary, MLS, assists companies in raising funds for their operations through IPO, SPO, or M&A, to achieve sustainable development and expand their business scale. This aligns with the Taiwanese government's support for outstanding enterprises as the core driver for the growth of Taiwan's next-generation industries.



NT\$ 2.27 B

In 2022, the total amount of ESG-related advisory and underwriting services provided by MasterLink Securities reached NT\$2.27B.

ESG-related securities underwriting and advisory in 2022

Securities Underwriting			Securities Advisory
Green bonds	Sustainability bonds	Sustainability-linked bonds	Green Companies
NT\$ 1.77 B	NT\$ 400 M	NT\$ 100 M	NT\$ 1.96 M

In addition, MLS fully supports Taiwan's "Five Plus Two Industry Innovation Plan", leveraging its professional expertise to assist companies in fundraising to accelerate Taiwan's industrial transition and upgrading, and pursue a new sustainable economic model. In 2022, MLS provided securities underwriting and advisory services to qualifying "Five Plus Two Industry " companies with a total amount of NT\$3.19B, demonstrating our commitment to supporting government policies through practical actions.

MLS contributed to the following special cases for the "Five Plus Two" innovative industries in 2022



OBI Pharma, Inc.

OBI Pharma positions itself in new drug R&D, committed to developing novel therapeutic drugs targeting Globo series (Globo H, SSEA-4), aldo-keto reductase (AKR1C3), and other cancers. Its goal is to provide innovative cancer therapies to meet the unmet medical needs of those who lack effective treatment options. OBI Pharma's core competitiveness lies in its pioneering new drugs and complete product line of the Globo Series, which includes active immunity (vaccines), passive immunity treatment (monoclonal antibodies), and antibody small molecule drug complexes. At the same time, it has entered the field of small molecules, developing new drugs for cancers with high expression of AKR1C3. It strives to improve people's health and enhancing the quality of life for patients.

GREEN WORLD FINTECH SERVICE CO., LTD.

GREEN WORLD FINTECH SERVICE CO., LTD. is the first third-party payment company listed on the Taiwan OTC market, primarily providing enterprise users and individual merchants with integrated services for payments, logistics, e-invoice, and ticket management. The company also covers physical services such as convenience store payment and collection, cash on delivery, and in-store POS systems. Its market share in the small and medium-sized e-commerce sector has exceeded 70%. The company will introduce installment payment systems through strategic alliances to expand its market share. In addition, ECPay has formed alliances with Taiwan's physical card payment service providers through cross-investment, creating OMO omnichannel payment integration with merchants' sales data, continuously improving data security and convenience for both merchants and consumers in payment collection and processing.

MasterLink Securities is the first securities company in Taiwan to incorporate Taiwan's ESG indicators into individual stock research reports.

To support the Financial Supervisory Commission's sustainable development goals, MLS has integrated ESG factors into its investment decision-making process. To recommend ESG-excellent companies to more investors and connect investors interested in ESG investing, its subsidiary, MasterLink Investment Advisory, has become the first Taiwanese company to incorporate Taiwan Economic Journal's ESG database into its individual stock research reports. By using ESG scoring indicators to help investors quickly understand the investee companies' ESG development, the value of excellent companies can be highlighted, enhancing investor participation in ESG investing and prompting other companies to pursue improvement and progress in the areas of environment, society, and corporate governance.

Individual stock ESG reports issued from MasterLink Securities



over **320** reports

Issued over 320 ESG individual stock reports

Note: Taiwan Economic Journal (TEJ) is the leading financial information company in Taiwan, providing financial and economic databases covering Greater China and East Asia markets.

05 ENVIRONMENT SUSTAINABILITY

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.



ENVIRONMENTAL SUSTAINABILITY

5.1 Environmental Commitment and Management

5.2 Low-carbon Operations

5.3 Resource Utilization

5.4 Supply Chain Management and Green Procurement



Sustainability Performances



Introduced ISO 14046 water footprint verification, ISO 50001 energy management system certification, ISO 14001 environmental management system, ISO 14067 carbon footprint standard, ISO 20400 sustainable procurement guidelines.



A total of 38.32 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 261 tons.






Rated in the leadership level A by the Carbon Disclosure Project (CDP) for climate change.



Received Green Level Label from Taiwan Alliance for Net Zero Emission.

5.1 Environmental Commitment and Management

Shin Kong Financial Holding's Environmental Sustainability Commitment

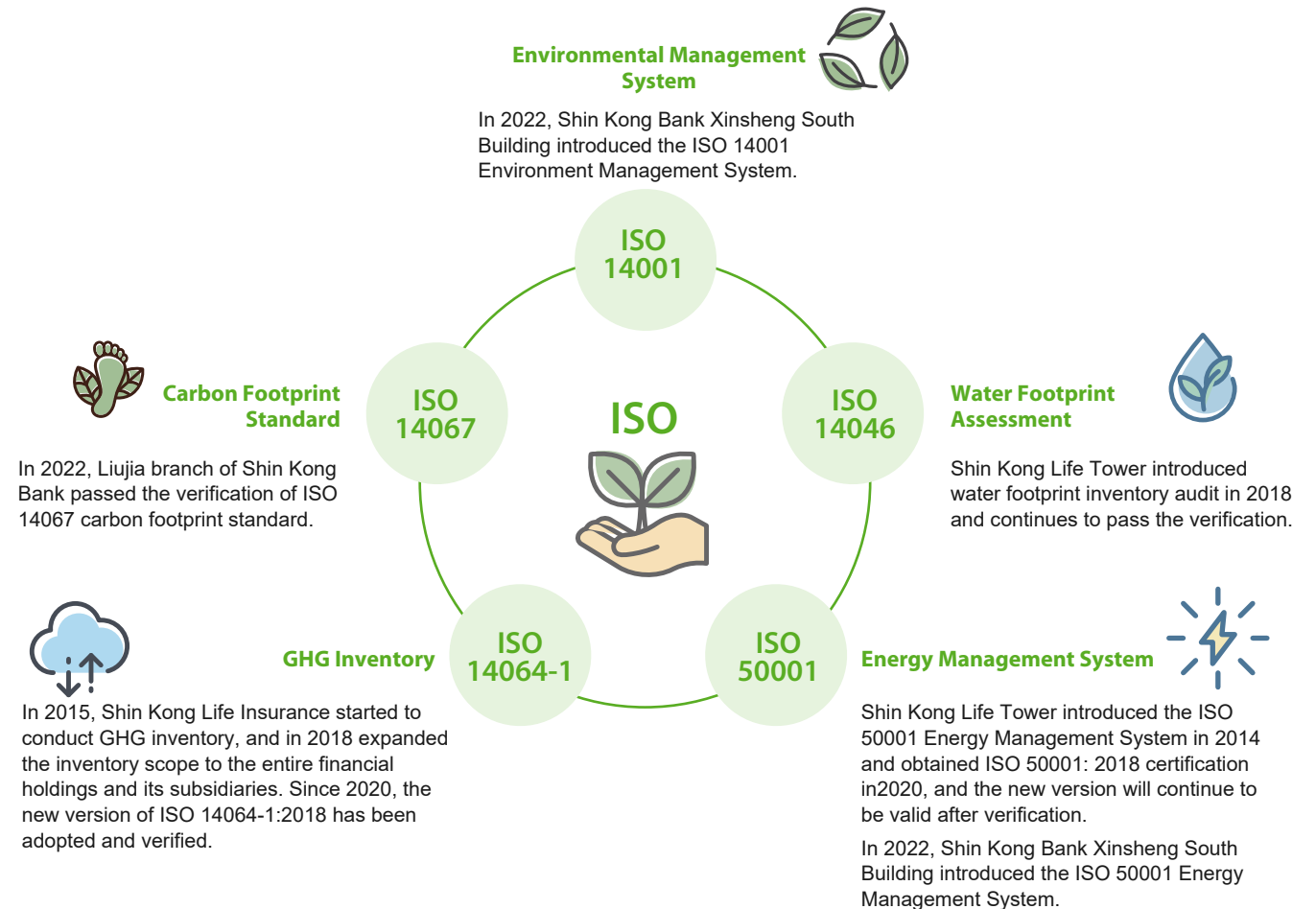
-  To maintain the balance of the global ecological environment and mitigate climate change
-  We committed to actively responding to and implementing environmental protection and ecological conservation principles and activities
-  Strive to reduce the negative impact on the environment.



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 2022.

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 Sustainability Commitment " to establish appropriate environmental management measures.

Implementation of Environmental Management Systems



5.2 Low-carbon Operations

SKFH and its subsidiaries reduce the consumption of energy resources and overall corporate carbon emissions in daily operations through well-established environmental management measures and mechanisms, bringing positive benefits to environmental sustainability. In 2022, SKFH signed up for the Science Based Targets initiative (SBTi). Following the standard framework and scientific methods, SKFH has been committed to realizing the vision of sustainable net-zero emissions, and gradually promoted the intensity of carbon reduction each year in a manner that is in line with the characteristics of the financial industry to demonstrate its sustainable performance that aligns with international standards. For more details about SBTi, please refer to 4.4.4 Climate Indicators and Goals - Net Zero Carbon Emission Commitments in this report.



5.2.1 GHG reduction

SKFH and its subsidiaries originally set 2019 as the baseline year and established the carbon reduction goal to reduce per capita GHG emissions by 2% annually and total GHG emissions by 2% annually for Scopes 1 and 2 GHG emissions until 2025. However, at the end of 2022, SKFH signed up for the Science Based Target initiative (SBTi) and set a net-zero target for 2050 with a 1.5°C reduction scenario, using absolute reduction methods, with the promise to reduce the sum of Scopes 1 and 2 emissions by 34% in 2030 compared to the baseline year of 2022. For relevant information, please refer to 4.4.4 Climate Indicators and Goals - Net Zero Carbon Emission Commitments in this report.

In 2022, the total GHG emissions (Scope 1 and 2) of SKFH and its subsidiaries were 31,491.26 metric tons of CO₂e, an increase of 1,315.56 metric tons compared to 2021. However, due to adjustments in epidemic prevention policies, the gradual end of work-from-home and rotation measures, coupled with a decrease in the number of employees, the per capita emissions slightly increased compared to 2021. We will continue to strengthen energy reduction measures and promote changes in daily behaviors among employees to achieve long-term decarbonization goals.

GHG emissions and intensity (tCO ₂ e)					
Scope Categories		2019	2020	2021	2022
Scope 1		3,031.07	2,831.94	2,915.24	3,279.60
Scope 2	Location-based	30,512.24	29,875.16	27,260.46	28,211.66
	Market-based	30,503.63	29,866.51	27,251.43	-
Sum of Scope 1 and 2	Location-based	33,543.31	32,707.10	30,175.70	31,491.26
	Market-based	33,534.65	32,698.57	30,166.67	-
Inventory bases coverage of the number of regular employees		16,442	16,255	16,139	15,469
Emission Intensity (t- CO₂e/person)		2.04	2.01	1.87	2.04
Scope 3		4,707.33	5,294.83	4,920.17	4,960.99

Note 1: In principle, SKFH and its subsidiaries adopted the ISO14064-1:2006 standard for inventory in 2018-2019, except for Shin Kong Life Insurance, which was the first to use the ISO14064-1:2018 standard in 2019. Starting in 2020, SKFH and its subsidiaries have adopted the ISO14064-1:2018 standard for inventory and followed the GWP values of the 2021 IPCC Sixth Assessment Report (AR6) in 2022 (except for Shin Kong Life Insurance, which adopted the GWP values in 2021). Emissions were summed up by operational control methods.

Note 2: The carbon emission per kilowatt-hour of electricity announced by the Bureau of Energy in 2019-2021 was 0.509 kg CO₂e, 0.502 kg CO₂e, and 0.509 kg CO₂e respectively. For the year 2022, the coefficient was calculated based on the values used in 2021 for the time being.

Note 3: 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 GasBuilding 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.

Note 4: The Scope 3 emissions in the table above do not include carbon emissions from Category 15 Investments.

Scope 3 GHG Emissions (tCO ₂ e)					
					
Category 1 Purchased Goods and Services	Category 3 Fuel- and Energy- Related Activities	Category 5 Waste Generated in Operations	Category 6 Business Travel	Category 9 Downstream Transportation and Distribution	Category 15 Investments
114.9887	4,469.8837	158.2730	216.6373	1.2107	2,442,865

Note : 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 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 airport.

5.2.2 Energy Resources Management

To mitigate the impact of business development and fulfill its corporate social responsibility, SKFH has been actively creating a green workplace to promote environmental sustainability. Since 2015, it has begun conducting greenhouse gas inventories and developing energy resource conservation strategies via identification, analysis, and evaluation processes. Through systematic management and replacement with energy-saving equipment, SKFH has implemented comprehensive energy-saving actions to effectively reduce electricity consumption and improve the energy efficiency of its office buildings.



Consumption of Energy					
Energy	Unit	2019	2020	2021	2022
Outsourced non-renewable electricity	MWh	55,260.82	55,014.72	54,165.31	55,425.65
Gasoline	L	101,942.04	112,320.94	99,829.54	94,169.03
	MWh	925.28	1,019.48	906.10	854.72
Diesel fuel	L	5,811.72	6,978.33	6,540.00	14,649.34
	MWh	56.81	68.21	63.93	143.19
Total non-renewable energy	MWh	56,242.90	56,102.41	55,135.34	56,423.57
Generated power for self-use	MWh	0	0	0	0
Outsourced renewable electricity	MWh	17	17	18	0
Total renewable electricity	MWh	17	17	18	0
Total non-renewable and renewable energy	MWh	56,259.90	56,119.41	55,153.34	56,423.57
Electricity consumption per capita	kWh/year	3,360.95	3,384.48	3,356.18	3,583.01

Note: Starting from 2020, data collected in the server rooms of SKFH and Shin Kong Investment Trust located in the Great Taipei Gas Building have been included in the calculation of purchased electricity. Based on the adjusted calculation method, the consumption of purchased electricity for 2018-2019 was revised. The consumption data of gasoline gathered from company cars. Shin Kong Life Insurance has adjusted the calculation method to improve the quality of data disclosure, hence revising the data on gasoline consumption in 2020. From 2021 onwards, sporadic office locations of Shin Kong Bank have been included in the statistical scope, and the calculation method has been adjusted accordingly to revise the consumption of purchased electricity in 2018-2020.

► Energy-saving Goals and Measures



SKFH and its subsidiaries have set 2019 as the baseline year and established the goal of reducing cumulative electricity consumption by 12% by 2025. In the past two years, we have encouraged our employees to use video conferencing, which has led to an increase in electricity consumption at some of our business locations. As of 2022, due to the continued severity of the domestic epidemic, remote meetings have become more frequent and the demand for video equipment has increased, resulting in an increase of about 227kWh in electricity consumption per capita per year compared to 2021. We have already signed up for SBTi by the end of 2022, and we will continue to strengthen our energy-saving measures and regularly track our implementation results.

To enhance employees' energy-saving awareness and improve energy efficiency, and further effectively manage carbon emission risks, SKFH introduced the "Internal Carbon Pricing (ICP)" mechanism in 2021, actively implementing the pricing actions that "internalizes external costs". The ICP mechanism of SKFH is mainly based on the GHG emissions generated by Scopes 1 and 2. By using the Shadow-Price model, it assists each subsidiary in evaluating the benefits of energy conservation and carbon reduction projects. Comprehensive synergies can be achieved through implementing energy-saving projects, using green energy, or purchasing renewable energy certificates; In the future, we will continue to benchmark and analyze the internal carbon pricing of financial peers and the trend of carbon pricing at home and abroad. We will also make rolling adjustments by adopting the methodology of SBTi to meet the international net-zero emissions standards.

2022 Energy Saving Projects and Results			
Project Type	Implementation	Electricity saved (kWh)	Annual Emissions Reduced (tCO ₂ e)
Administrative Management	Quarterly tracking of electricity consumption, turning off lights in business halls and VIP areas, and turning off computers and TV walls after the stock market closes, lights off during lunch break, indoor temperature not lower than 26 degrees, reducing the usage of air conditioning units by 2 hours per day, branch consolidation, etc.	1,345,939	685.08
Lighting Fixtures	Replaced with LED lights.	206,703	105.21
Air Conditioning Equipment	Replacing old cooling fins used for chillers and cooling towers.	52,320	26.63
Office Equipment	Replaced with 5 non-heating type copiers.	170	0.09
Other Equipment	Removing the motors of mechanical parking spaces in the parking lot.	23,132	11.77
Total		1,605,132	817.01

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.

Promoting Energy Efficiency in The Server Room

As the space of the original computer room is almost full, SKL adopts energy-saving and carbone missions 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 2022 was steadily maintained at between 1.47 and 1.91, reaching the bronze level benchmark specified by LEED note International.

Shin Kong Bank has finished 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 information infrastructure to cope with the electricity requirements for mainframe computers derived from massive information services. We have currently set up 858 virtual servers with a coverage rate of 81.4%. The establishment of virtual servers reduced cabinet spaces by 1,716U (approximately 43 cabinets), reduced nominal power consumption by 1,720,233 kWh, and reduced emissions by approximately 876 tCO₂e.









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.

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

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:

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

5.2.3 Carbon Reduction Initiatives

► Green Buildings

SKFH and its subsidiaries have long been committed to building sustainable and eco-friendly buildings. In the planning and construction of our buildings, we have actively evaluated and applied for the Green Building Label from the Ministry of the Interior (as shown in the table below). Additionally, we continuously revitalize existing buildings and equipment, implement various energy-saving measures to reduce energy consumption, and improve the energy efficiency of existing buildings, fulfilling our environmental responsibilities.

As of 2022, a total of 7 buildings have applied for green building certification, and acquired certificates including 6 Green Building Labels, 1 Green Building Candidate Certificate, and 1 US LEED certificate. Currently, there are 6 more building projects planned to apply for green building certification. In 2022, Shin Kong President Jasper Villa obtained the Silver-Level Green Building Label, and the Hangzhou North Road Land Use Right Project obtained the Silver-Level Green Building Candidate Certificate. The evaluation was based on seven major indicators, including green coverage, water retention, daily energy conservation, CO2 reduction, waste reduction, water resources, and sewage and garbage improvement. The projects planted a large number of trees and shrubs on the site, used energy-efficient air conditioning equipment, installed LED lighting, selected bathroom equipment with water conservation labels, set up refrigerated garbage equipment, and extensively used green building materials, aiming to create a low-carbon and sustainable smart green building.



Green Buildings Achievements		
Buildings /	CO ₂ Absorption Capacity (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	
Shin Kong President Jasper Villa 1,477.025t	Obtained the Silver-Level Green Building Label in 2022	
Hangzhou North Road Land Use Right Project 357.88t	Obtained the Silver-Level Green Building Candidate Certificate in 2022	

► Energy Conservation Promotion Activities and Incentives

Held the "Light Shirt in Summer" campaign to promote energy saving for 15 consecutive years

Shin Kong Financial Holding and its subsidiaries continued to respond to the Bureau of Energy's Energy Saving Month series of activities in 2022, 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



Shin Kong Earth Day: Double the Rewards for Your Carbon Reduction

SKFH considers low carbon, innovation, and common good as the core values of its corporate sustainability strategy, and has partnered with its subsidiaries to launch the innovative digital activity “Shin Kong Earth Day: Double the Rewards for Your Carbon Reduction”, promoting a digital transformation model of paperless and contactless finance, and accelerating the low-carbon transformation of the company. Among these efforts, Shin Kong Bank has encouraged customers to apply for digital deposit accounts, credit cards, and loans through digital channels; MasterLink Securities has encouraged customers to open accounts online, conduct electronic trading, and digitize account statements; Shin Kong Life Insurance has encouraged clients to use various digital products such as online insurance application and life insurance online membership registration.

As of the end of December 2022, a total of 11,550 employees, accounting for 72% of the group’s employees, participated in the activities. Various digital products have cumulatively helped reduce more than 10.53 million pieces of paper. The amount of paper saved is equivalent to the height of over 4 Shin Kong skyscrapers. These activities have allowed customers to personally experience how digital application services can protect the earth and increase their recognition of the Shin Kong brand. Together, we are moving towards net-zero emissions and responding to the government’s promotion of renewable energy strategies, and together, we’re working towards the common goal of achieving net-zero emissions worldwide.

In response to the trend of digital finance, we have greatly improved administrative efficiency through innovation and process digitization. We have also implemented a paper usage management plan to reduce the carbon footprint generated by business activities through paper reduction actions.

Major Paper Reduction Actions in 2022

SKL	SKB	MLS	SKIT	SKPIA
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.	We continue to promote the new digital deposit account in 2022 : 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.	The electronic document process reduces paper consumption. Online account opening and paperless storage system to reduce paper consumption.	SKIT continues to optimize its e-business transaction system, increase the proportion of electronic transactions, and aims to successfully reduce the consumption of paper.	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 2022

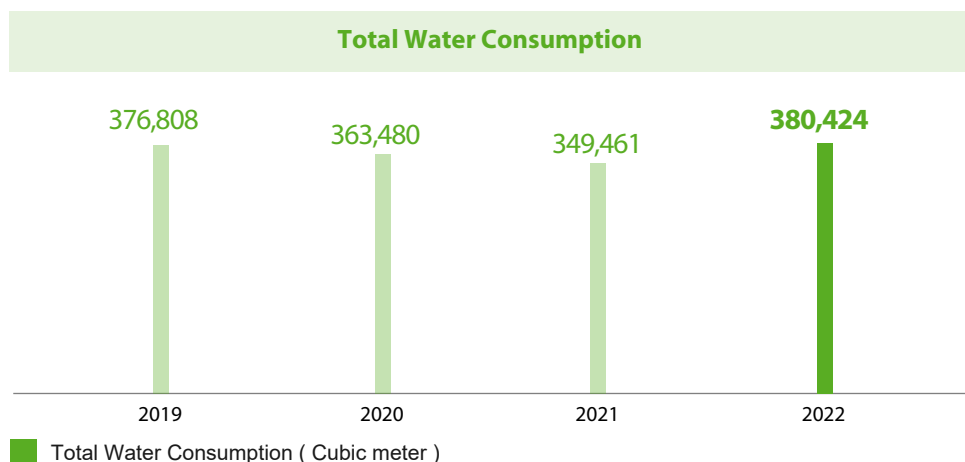
SKL	SKB	MLS
<p>The annual amount of paper saved from e-policy, e-bill, and Online Insurance is about 13.53 million sheets of papers.</p> <p>while the annual amount of paper saved from the mobile business APP is about 5.63 million sheets of paper and E-Insurance is about 2.14 million sheets of paper.</p> <p>SKL has totally reduced 21.3 million sheets of paper. carbon emissions by a total of 144.8 tons.</p>	<p>The annual amount of paper saved from electronic administrative processes is approximately 2.22 million papers.</p> <p>while the annual amount of paper saved from electronic services is approximately 13.74 million sheets.</p> <p>SKB has totally reduced 15.96 million sheets of paper. carbon emissions by a total of 109 tons.</p>	<p>The annual amount of paper saved from electronic administrative processes is approximately 1.05 million papers.</p> <p>MLS has reduced carbon emissions by a total of 7.18 tons.</p>

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

5.3 Resource Utilization

5.3.1 Reducing 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. We are committed to reducing the waste of water resources, promoting and implementing water-saving actions. With 2019 set as the baseline year, we have established a water-saving goal of a total of 12% reduction in water consumption by 2025. Although some of our office locations have seen an increase in water consumption due to epidemic prevention measures in the past two years, and the overall water usage increased by 8.8% compared to 2021 due to employees returning to the workplace in the second half of 2022; In the future, we will continue to plan more comprehensive water resource management policies and gradually replace with water-saving equipment to reduce the consumption of water resources.



5.3.2 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 2022, SKFH and its subsidiaries reduced waste per capita 0.116 ton by 45% compared to 2019 0.209 ton.

Waste output of Shin Kong Financial Holdings and its subsidiaries (metric ton)				
	2019	2020	2021	2022
Total waste recycled/ reused	430.35	189.97	331.98	592.09
Total waste disposed	3,450.40	2,257.31	2,038.52	1,799.88
Waste incinerated without energy recovery	3,450.40	2,257.31	2,038.52	1,799.88
Waste landfilled	0	0	0	0
Waste generation per capita	0.21	0.14	0.13	0.12

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.

5.4 Supply Chain Management and Green Procurement

In addition to complying with government regulations, SKFH requires its suppliers to adhere to the code of conduct set by SKFH.

5.4.1 Supplier Sustainability Management



To promote sustainability management among suppliers, since 2014, SKFH and its subsidiaries have required suppliers to comply with the Company's Supplier Management Regulations, and Integrity Policy and Code of Conduct in their contracts. Suppliers are expected to take responsibility for their employees, society, and the environment, and commit to not engaging in any unethical behavior.

Moreover, when signing the contract, suppliers are also required to sign a Confidentiality Agreement for Company Use and a Confidentiality Agreement for Personal Use to ensure that confidential information of SKFH and its customers is used properly and to reduce the risk of personal data leakage that may infringe on customer rights. As suppliers also include contractors, to ensure the safety of contractor operations, we have formulated the Safety and Health Management Guidelines for Contractor Work and Change to require contractors to comply with relevant occupational safety and health regulations and provide necessary personal protection, as well as education and training to their employees.

We also invite our suppliers to sign the Supplier ESG Commitment Statement to commit to corporate ethics, protecting the environment, and respecting the rights and human rights of their employees; Suppliers must not engage in forced labor or employ child labor, and they should provide a healthy and safe workplace with humane treatment and free from discrimination and harassment.

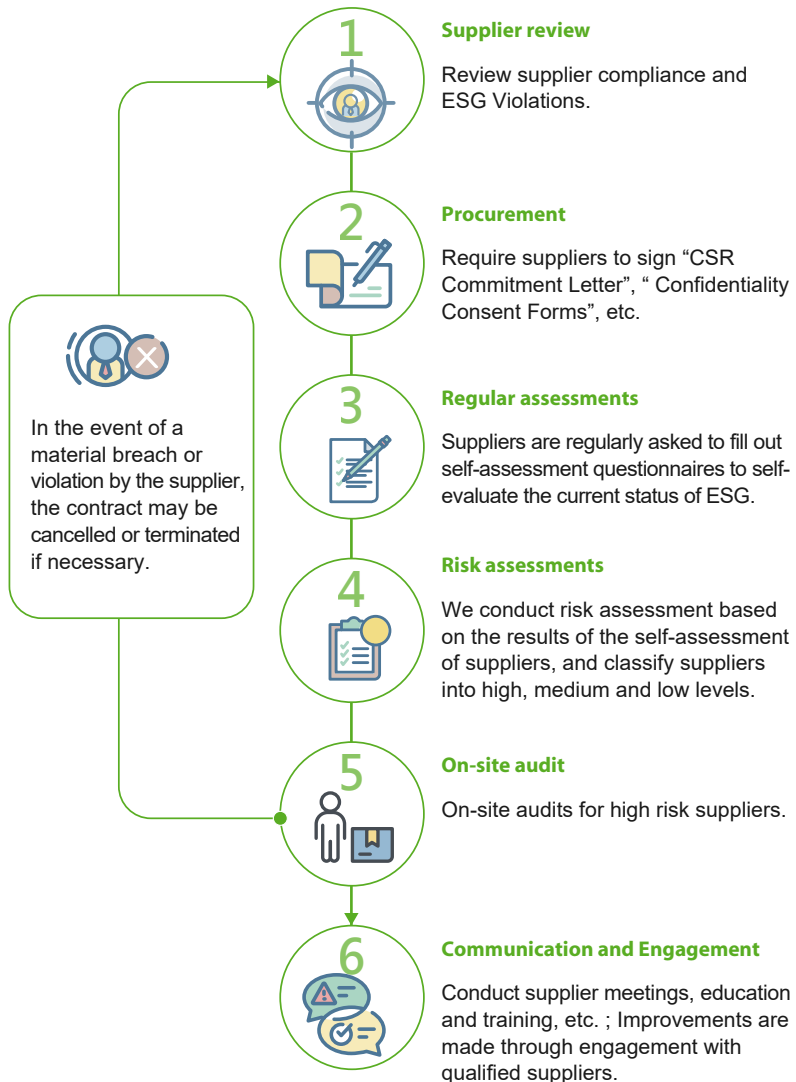
In 2022, 100% of new suppliers of SKFH and its subsidiaries have signed the ESG commitment statement. Among the subsidiaries, Shin Kong Life Insurance has established a supplier management system and actively invited selected suppliers to sign the ESG commitment statement. This not only strengthens supplier management but also connects suppliers with us to jointly promote environmental sustainability, safeguard basic human rights, and fulfill corporate responsibility.

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. To reduce the probability of future risks, we have also strengthened our engagement with suppliers to implement our responsibilities in supplier sustainability management. SKFH organizes a supplier conference every three years to provide sustainability education and training to our suppliers.

In 2022, Shin Kong held a supplier conference attended by hundreds of supplier representatives. During the conference, appreciation certificates were presented to attending representatives, and academic and industry experts were invited to share their sustainable low-carbon strategies and actions under the theme of "Light of Sustainable Finance, Creating Zero Emissions Together". The aim was to work together with suppliers to seize sustainable low-carbon business opportunities. In 2022, Shin Kong Bank has completed the implementation of the ISO 20400 Sustainable Procurement Guidelines and obtained the third-party certification by SGS-Taiwan. By examining and integrating sustainable key factors in procurement practices, the Bank has implemented sustainable procurement practices to achieve corporate responsibilities and goals in sustainable supply chains.

In 2022, SKFH and its subsidiaries completed a risk assessment of major suppliers and implemented relevant mitigation and compensation measures. The results are as follows:



Supplier management status of SKFH and its subsidiaries in 2022

<p>New Main suppliers</p> <p>59</p> <p>Percentage of evaluation: 100%</p>	<p>Major suppliers that have carried out ESGrisk assessment</p> <p>59</p> <p>Percentage of evaluation: 100%</p>
<p>With potential risk (missing in questionnaire assessment)</p> <p>Environment type: 2^{note 1}</p> <p>Human rights type: 3^{note 2}</p> <p>Percentage of evaluation: 100%</p>	<p>Risk incurred (where there is a violation)^{note 3}</p> <p>Environment type: 0</p> <p>Human rights type: 2</p> <p>Percentage of environmental risk: 0%^{Note4}</p> <p>Percentage of human right risk: 3.39%</p>

Risk mitigation plans

- 100% of new suppliers have signed the Commitment Letter.
- Supplier risk assessment has been 100% completed.
- Field audit has been completed for high-risk suppliers.
- Continuously follow up the supplier improvement situation (if necessary, may dissolve, terminate the contract or claim for damages).
- The supplier conference has been held 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.

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.



5.4.2 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.

<p>The proportion of green procurement of SKFH and its subsidiaries became</p> <p>150%</p>	<p>local procurement ratio</p> <p>99.25%</p>
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From 2016 to 2022, SKL has been awarded the "Green Procurement Performance Unit for Private Enterprises and Organizations" by the Environmental Protection Administration for six consecutive years.



06 EMPLOYEE HAPPINESS

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

EMPLOYEE HAPPINESS



6.1 Employee Equality and Inclusiveness

6.2 Talent Recruitment and Retention

6.3 Career Development

6.4 Occupational Health and Safety

Sustainability Performances



Established the occupational safety and health policy at the financial-holding level, and set up the Occupational Safety and Health Committee



SKB was selected as one of the "Best Companies to Work for in Asia"



Included in Bloomberg Gender-Equality Index(GEI) in 2023, which recognizes our efforts in creating a friendly and inclusive workplace



6.1 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.

6.1.1 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 2022, there were 15,469 full-time employees, 46 unofficial employees and 3,940 workers who are not employees, totaling 19,455 workers. To improve the competitiveness and diversity of talents, in 2022, we employed a total of 34 foreigners, mainly from 5 countries including Hong Kong and Myanmar, accounting for about 0.17% of all employees.

Analysis on Employee's Region/ Nationality in 2022							Unit: persons
Company		SKFH and its subsidiaries					
Category		Taiwan	Overseas	Taiwanese	Foreign national	Total	
Female	Full-time employees	10,456	22	10,466	12	10,478	
	Unofficial employees	28	0	28	0	28	
	Workers who are not employees	3,415	0	3,415	0	3,415	
	Subtotal	13,899	22	13,909	12	13,921	
Male	Full-time employees	4,953	38	4,969	22	4,991	
	Unofficial employees	18	0	18	0	18	
	Workers who are not employees	525	0	525	0	525	
	Subtotal	5,496	38	5,514	22	5,534	
Total(Full-time employees)		15,409	60	15,435	34	15,469	
Total(All workers)		19,395	60	19,421	34	19,455	

Note 1: Official employees are full-time employees, unofficial employees include temporary workers, part-time employees, student workers, and interns, workers who are not employees include commission only sales representatives and contractor personnel.

Note 2: Foreign employees are all office staff, which are mainly from Hong Kong accounting for the largest proportion of 0.12%, followed by China, Myanmar, Vietnam and Malaysia. (Please refer to Appendix 8.2.2 for the detailed Employee's Nationality in 2022).

Analysis on full-time Employee's Gender and Level in 2022									Unit: persons
Gender	Male			Female			Total	Proportion of each category	
	<30	30~50	>50	<30	30~50	>50		Male	Female
Senior-level managers	0	48	160	0	21	53	282	1.3%	0.5%
Mid-level managers	0	119	120	0	75	60	374	1.5%	0.9%
Junior-level managers	77	516	202	46	627	611	2,079	5.1%	8.3%
General employees	864	2,117	768	1,213	4,492	3,280	12,734	24.2%	58.1%
Proportion of each age group	6.1%	18.1%	8.1%	8.1%	33.7%	25.9%	100%	32.3%	67.7%

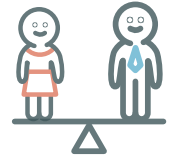
Note: Senior-level managers are the heads of departments and above; mid-level managers include course directors and the managers of regional sales divisions; junior-level managers include section supervisors, project managers, the managers of Sales Divisions, and the managers of the Sales Offices

6.1.2 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 2022, we employed 185 employees with disabilities, with 37 persons over-employed and an over-employment rate of approximately 25%, and 172 indigenous residents, with 72 persons over-employed and an over-employment rate of about 72%. Disabled and indigenous employees accounted for 2.3% 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 2022, NT\$384 thousand of subsidies were provided to 64 people in total, and NT\$11.6 million of employment award was issued to the indigenous people.



► 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 2022, females accounted for 71.6% of all employees and among them, females in science, information, engineering, and mathematics (STEM) related fields accounted for 40.8%, and females in management positions accounted for 54.5%. 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.

Percentage of Employees from Disadvantaged Groups in the Past Three Years			
	2020	2021	2022
Percentage of employees with disabilities among Full-time employees	1.2%	1.2%	1.2%
Percentage of over-employment of employees with disabilities	27.6%	20.8%	25%
Percentage of indigenous employees among full-time employees	1.0%	1.0%	1.1%
Percentage of over-employment of indigenous employees	49.5%	59.8%	72.0%
Employment Incentives for indigenous employees	10.15 million	12 million	11.58 million

Analysis on Female Employees in the Past Three Years			
	2020	2021	2022
Female employees(%)	72.1%	71.9%	71.6%
Females in management positions(%)	55.9%	55.3%	54.5%
Females in junior management positions(%)	64.1%	63.0%	61.8%
Females in senior management positions(%)	24.5%	24.2%	26.2%
Female managers in revenue generation departments(%)	60.6%	59.6%	58.1%
Females in STEM departments	39.4%	41.1%	40.8%

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 2022		
	Proportion of Fixed Remuneration (Female/Male)	Proportion of Fixed Remuneration + Variable Remuneration (Female/Male)
Senior-level managers	95.8%	96.5%
Managers level	85.8%	101.0%
Non-managers	87.4%	86.6%

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 2022, and fixed salary + variable salary is the fixed salary plus various bonuses/allowances/overtime for the whole year



6.1.3 Human Rights Protection

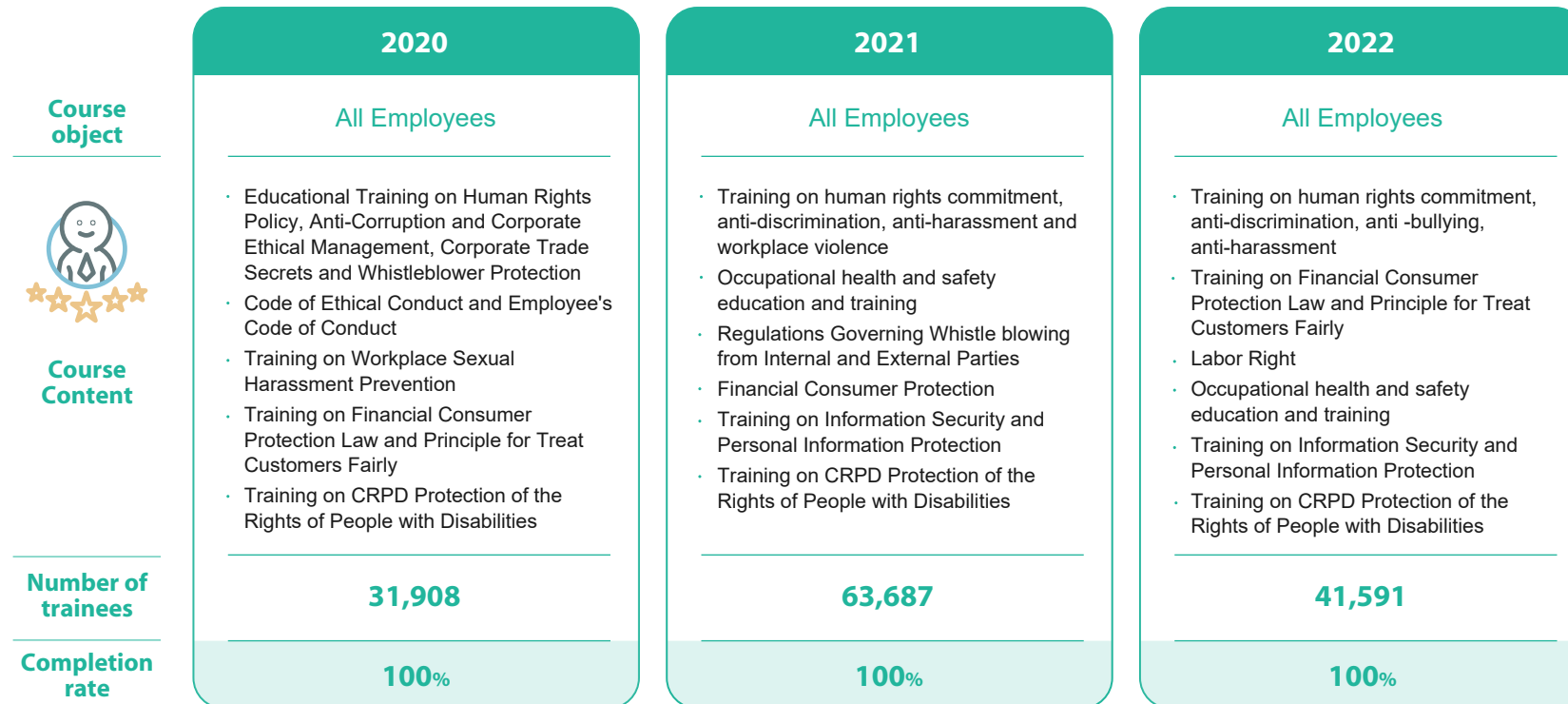
To protect the basic human rights of employees, SKFH complies with the “Universal Declaration of Human Rights”, the “UN Guiding Principles on Business & Human Rights”, the “UN Global Compact”, the “ILO Declaration on Fundamental Principles and Rights at Work”, and abide by local laws and regulations 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 2022, SKFH and its subsidiaries held a total of 121 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 41 thousand trainees. All employees have completed education and training related to legal compliance and human rights statement.

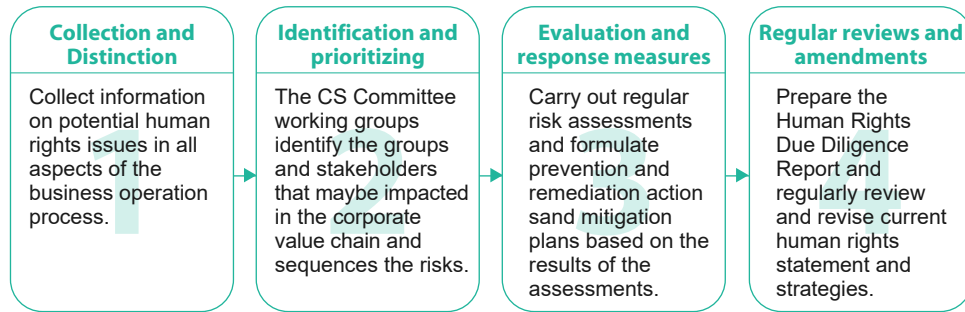
► Human Rights Due Diligence

SKFH values human rights issues. To regularly examine the implementation of human right protection, the Company established not only Human Rights Statement but also the Human Rights Due Diligence Procedures Process.

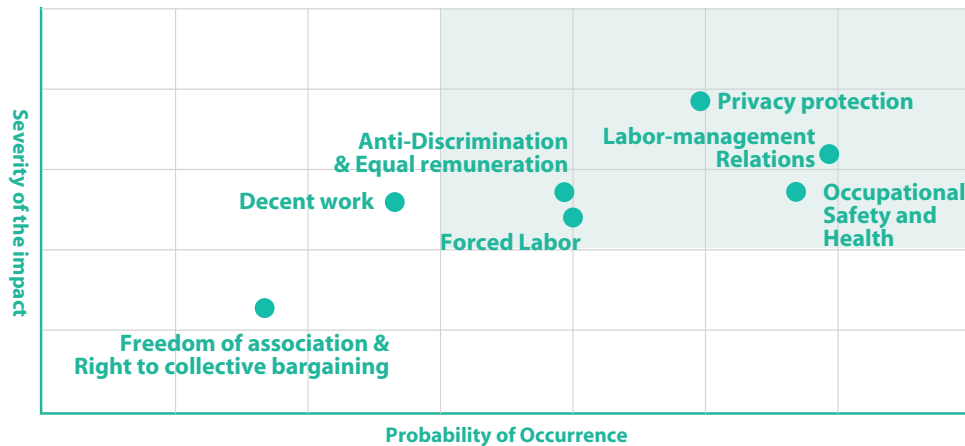
Through the internal and external communication channels and under the development trends of the domestic and overseas human rights issues, we collect the potential human rights issues in the operating process, value chain activities and even the new business development relationships, assess the high 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



2022 Human right risk matrix diagram



In 2022, 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. Five major human rights issues, including "labor-management relations", "forced Labor", "anti-Discrimination & equal remuneration", "privacy protection", and "occupational health and safety" have been identified by the assessment. At the same time, we also conducted In 2022, SKFH and its subsidiaries have all performed the implementation management and mitigation plans and taken the relevant actions and compensations in response to the actual incidents.

Results and Management Measures of the 2022 Human Rights Due Diligence Investigation

Risk Issues/Mitigation Measures

Suppliers

Labor Relations \ Privacy Protection \ Occupational Safety and Health

- Establish "Supplier Management Standards"
- Require new suppliers to sign a "Supplier ESG 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.
- Distribute the ESG 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, Health and Safety Management" to manage contractor operations and safety.

Remediation Measures/ Implementation ratio of the mitigation measures

Risk Ratio : 8.5%

100% of new suppliers have signed the Supplier ESG Commitment Letter (Please refer to 5.4.1 for details)

Customers

Privacy Protection

- Develop the "Reference Guide for the Privacy Protection Statement of Shin Kong Financial Holdings and Its Subsidiaries", the "Personal Data Management Policy", the "Data Sharing Policy", and the "Management Guidelines for Joint Marketing among Subsidiaries", in order to establish a comprehensive mechanism, defense, and management process for personal data confidentiality.
- Sign the "Joint Statement on Customer Data Confidentiality Measures of Shin Kong Financial Holdings and Its Subsidiaries" and the "Confidentiality Agreement for Customer Data of Shin Kong Financial Holdings and Its Subsidiaries" to establish clear responsibilities and obligations for the Company and its subsidiaries.
- Incorporate personal data protection practices into the risk management system and assessment of compliance with relevant laws and regulations.
- Establish the "Personal Data Protection Management Team" to plan and promote personal data protection practices.
- Offer training and education on personal data protection, and conduct assessments on relevant laws and regulations.
- Introduce the ISO 27001 Information Security Management System and the ISO 10002 Customer Complaints Quality Management System.

Remediation Measures/ Implementation ratio of the mitigation measures

Risk Ratio : 0.00%

100% of employees have fully completed the training and legal tests related to personal information protection. (Please refer to 3.2.3 for details)

Female Employees

Occupational Safety and Health - Maternity Protection

- Provide maternity leave, paternity leave, 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 the operating environment and operating process to ensure that control measures are available for the response to the main risk sources.

Remediation Measures/ Implementation ratio of the mitigation measures

Risk Ratio : 0.47%

100% (Please refer to 6.2.3 for details)



Risk Issues/Mitigation Measures **Remediation Measures/Implementation ratio of the mitigation measures**

Employees	
<p>Labor-Management Relations</p> <ul style="list-style-type: none"> Comply with labor laws and clearly specify them in the work rules and personnel regulations. Regularly hold labor-management meetings and set up a "Salesperson Opinion Mailbox". Regularly organize labor law courses to help employees understand their own labor rights and assist managers in establishing appropriate management approaches. Provide diverse communication channels. Not only timely communicate operations-related information to employees but also collect employee opinions to promote harmonious labor-management relations. 	<p>Risk Ratio : 0.08%</p> <ul style="list-style-type: none"> Provide substantive compensation according to the mediation plan. Strengthen internal communication mechanisms. Establish internal employee complaint handling guidelines to assist employees in filing complaints about personal rights or unfair treatment in the workplace. <p>100% (Please refer to 6.1.4 for details)</p>
<p>Forced Labor</p> <ul style="list-style-type: none"> Comply with labor laws and establish normal work hours in the work rules and personnel regulations. Strengthen and promote education and training on work-life balance for employees. The attendance management system monitors attendance records on a weekly basis and checks for any abnormal work hours. Review the overtime status of each department on a monthly basis and provide support to employees whose monthly overtime hours exceed 40 hours through their respective supervisors. Provide a flexible work hour system, a leave system, and a pre-scheduled vacation mechanism, and regularly review the usage of special leave by employees. 	<p>Risk Ratio : 4.15%</p> <ul style="list-style-type: none"> Provide overtime pay or compensatory time off, and allow employees to choose their preferred method of compensation for overtime work. Unused annual leave can be converted to wages. Implement a daily overtime reminder system to help employees and managers monitor work hours and overtime hours. <p>100% (Please refer to 6.4 for details)</p>
<p>Privacy Protection</p> <ul style="list-style-type: none"> Develop the "Reference Guide for the Privacy Protection Statement of SKFH and Its Subsidiaries", the "Personal Data Management Policy", the "Data Sharing Policy", and the "Management Guidelines for Joint Marketing among Subsidiaries", in order to establish a comprehensive mechanism, defense, and management process for personal data confidentiality. Incorporate personal data protection practices into the risk management system and assessment of compliance with relevant laws and regulations. Establish the "Personal Data Protection Management Team" to plan and promote personal data protection practices and set up a comprehensive mechanism to safeguard personal information. Offer training and education on personal data protection, and conduct assessments on relevant laws and regulations. Introduce the ISO 27001 Information Security Management System. 	<p>Risk Ratio : 0.00%</p> <ul style="list-style-type: none"> Create a comprehensive reporting procedure for personal data breaches. Strengthen internal promotion mechanisms for privacy protection. <p>100% of employees (Please refer to 3.2.3 for details)</p>

Risk Issues/Mitigation Measures **Remediation Measures/Implementation ratio of the mitigation measures**

Employees	
<p>Diversity and Equality (Anti-Discrimination)</p> <ul style="list-style-type: none"> Establish a "Statement on Prohibition of Discrimination, Harassment, and Violence in the Workplace" to protect all employees against discrimination based on gender, sexual orientation, and other conditions in the work environment. Conduct prevention education and training on sexual harassment and violence, including: <ul style="list-style-type: none"> Workplace violence and handling methods (internal complaint reporting mechanism, awareness of potential risks in the workplace, communication skills for dealing with potential risks, and knowledge of relevant laws on violent behavior). Prevention of workplace sexual harassment and stalking harassment. Education on gender equality and diversity. 	<p>Risk Ratio : 0.00%</p> <ul style="list-style-type: none"> In regard to the individual involved in the established investigation case, disciplinary actions will be carried out according to personnel management regulations. Formulate a table of recommendations for dealing with workplace misconduct to expedite the handling of future cases. Develop guidelines for preventing and investigating sexual harassment complaints, establish a dedicated section for receiving sexual harassment complaints, and assign designated personnel to effectively handle these cases; Conduct regular sexual harassment prevention education and training for employees through digital learning systems each year, and include it as a regulatory training program. <p>100% (Please refer to 6.1.2 for details)</p>
<p>Occupational Health and Safety</p> <ul style="list-style-type: none"> Implement annual health checkups for on-site employees, and expand the scope of health checkups to include field sales agents. Set up a management mechanism for employees at high health risk or in sub-healthy groups, providing corresponding health services and follow-up management. Regularly perform investigations into the link between abnormal workloads and illness to examine the employees' status in terms of "personal-related overwork" and "work-related overwork." Introduce the ISO45001 Occupational Health and Safety Management System. 	<p>Risk Ratio : 8.99%</p> <ul style="list-style-type: none"> Arrange occupational health consultations and health guidance for high-risk health management cases to avoid disease deterioration. Organize annual health promotion activities for the sub-healthy group to improve the physical health of employees. Provide on-site physician consultation services to offer advice on health and disease prevention to employees. <p>100% (Please refer to 6.4 for details)</p>
<p>Investment and financing objects</p>	
<p>ESG Evaluations on Corporate Customers</p> <ul style="list-style-type: none"> Formulate the "SKFH Sustainable Finance Policy". 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. Subsidiaries have signed the "Stewardship Principles for Institutional Investors" compliance statement. Subsidiaries have established Sustainable Investment Policy. SKB established Sustainable Lending Policy. During credit investigation, SKB evaluate whether customers comply with the Equator Principles and ESG issues by filling in Equator Principles and ESG Credit Granting Checklist. Also, implemented post-loan tracking management in order to maintain good credit asset quality. 	<p>Risk Ratio : 0.00%</p> <ul style="list-style-type: none"> 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 been approved; Comprehensively evaluated industries with potentially controversial issues, high carbon emission and climate change issues, no new transaction may be made before improvement: Before any improvement is made, no new transactions shall be added. In the case of continued deterioration, decisions such as position underweight or divestment shall be taken. Continue to monitor whether there are material ESG issues in the invested company. Engage with the invested company that has experienced material ESG issues, follow up on the improvement, and adjust trading strategies if necessary. Participate in the shareholder meeting of the invested company to follow up on ESG implementation. Vote against proposals with negative ESG impact (including human rights violations). Adjust the credit line utilization and liquidation conditions of the creditor according to the seriousness of its abnormal situation. <p>100% completion of evaluation on the investment subject (Please refer to 4.1 - 4.2 for details)</p>

► Anti-Discrimination and Harassment

SKFH has a zero-tolerance attitude towards workplace harassment and discrimination. The Company established "[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. The Statement was signed by SKFH's president, highlighting the importance of workplace equality and anti-violence.

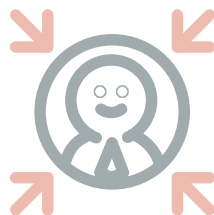
In order to reduce the possibility of risk occurrence, we regularly conduct self-inspection of workplace violence behaviors in the workplace to the management and also sexual harassment and workplace violence prevention training for all employees, to ensure that employees understand the types of workplace violence, corresponding countermeasures and complaint channels. All employees of SKFH and its subsidiaries have completed 100% of relevant education and training of human right, anti-discrimination and harassment in 2022.

The Company set up a sexual harassment complaint handling committee, a workplace violence handling team, provide special complaint channels (including complaint hotlines and complaint mailboxes) as well as comprehensive complaint handling procedure.

The investigation procedure would immediately start 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 2022, SKFH and its subsidiaries received one complaint case and one sexual harassment case. The relevant disciplinary offenders were punished in accordance with personnel regulations, and the complainant was provided with the necessary assistance and remedial measures including department shifting or referral of mental counseling.

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

	2020	2021	2022
Discrimination Cases	0	0	0
Cases on Sexual Harassment	0	1	1
Cases on Workplace Violence	1	6	1



How to Report Sexual Harassment?

STEP 1



Report

- Complaints can be reported verbally or in writing. A written complaint should include names of the people involved, description of the incident, date and time, location, and physical evidence, and be accompanied by supporting evidence.
- Submit relevant information to the company's HR department or sexual harassment complaint mailbox or hotline.

STEP 2



Investigate

- The Company will handle sexual harassment complaints confidentially and set up a complaint handling committee within 7 working days to confirm whether to accept the complaint.
- After submitting relevant evidence, the complainant or designated representative can participate in or be interviewed and investigated by the complaint handling committee.
- During the committee meeting, the parties involved and relevant personnel may be notified to attend and explain, and experts may be invited to assist. The committee will make a written decision with reasons based on the meeting results.

STEP 3



Accept or Appeal

- The Company should conclude the investigation within two months of receiving the complaint. If necessary, it may be extended for one month, but only once.
- If the complainant or the counterparty disagrees with the decision on the complaint, they may file an appeal within 20 days of receiving the notification, with written reasons attached.
- The complaint handling committee will convene another meeting to make a decision on the appeal.

6.1.4 Diverse Communication Channels

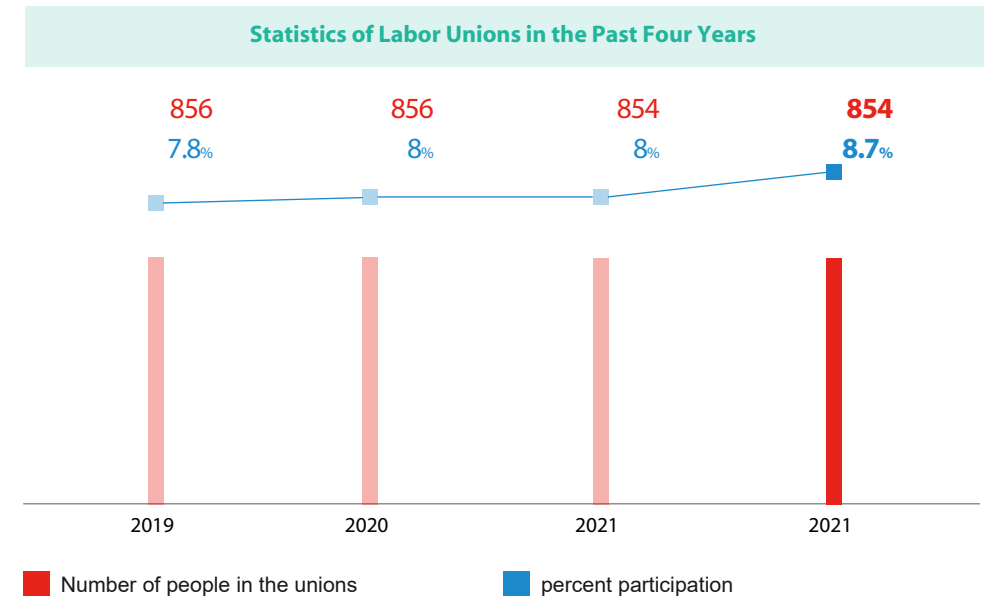
SKFH encourages employees to express their ideas and provides diverse labor communication channels, so that employees' personal opinions can be adequately supported and understood. These channels include: employee communication mailboxes, employee complaint mailboxes, employee discussion forums, labor-management meetings, and regular employee opinion surveys (such as sexual harassment, diversity and inclusion, and 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.



► 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.

Employee communication channels	Major Practices in 2022
<ul style="list-style-type: none"> Complaint channels <ul style="list-style-type: none"> (1)Employee complaint mailbox (2)Sexual Harassment Complaint Hotline and Mailbox The whistle blowing Channel <ul style="list-style-type: none"> (1)Independent director Mailbox (2)Internal Audit Mailbox Labor-management Meeting Employee Suggestion Mailbox 	<ul style="list-style-type: none"> Through the "Human Resources e-Newsletter", we regularly publicize employee complaint channels. Information on employee communication, complaints, and whistle blowing 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.



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.

6.2 Talent Recruitment and Retention

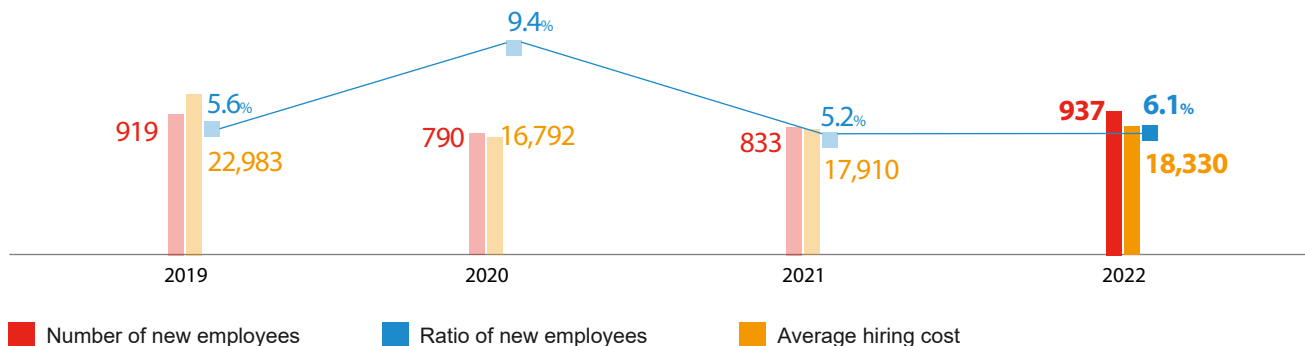
SKFH recruits talents based on merit and professional skills. We recruit partners suitable for the development of each company and provide competitive salaries, benefits and training opportunities for employees and the company to grow together and make SKFH the best choice for outstanding talents.

6.2.1 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 2022, we recruited 937 office staff in total (including 12 foreigner employees), among which, female accounted for 52%, and managers accounted for 7.6%, with an average recruitment cost per person of about NT\$18,330. (Please refer to Appendix 8.2.3-8.2.4 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 2023. 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, 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.

Statistics of New Employee in the Past Four Years



Note: Proportion of new employees of each company (%) = number of new employees of each company / total number of full-time employees of each company. Please see Appendix 8.2.3 for Table of New Full-time Employees in 2022.

Deepen Campus Engagement and Assist New Generation in Transitioning into Workplace



SKFH and its subsidiaries provide various industry-academia internship programs to help young students connect with the workplace, find employment directions, and develop job-seeking skills. In addition, a talent pool is established to recruit outstanding talent to join the SKFH family after graduation, and become our new force.

Shin Kong Life Insurance continues to implement student enterprise internship projects, summer internship programs, insurance practice courses, and corporate visits in 2022. With a wealth of interesting activities and rich curriculum, shares knowledge and experiences to help students understand themselves and plan for their future. Currently, we have cooperated with 133 departments of domestic universities and colleges. In 2022, a total of 4 summer interns, 13 industry-academia cooperation interns, and 10 information technology interns were recruited, among whom 5 information technology interns were employed by Shin Kong Life Insurance after graduation.

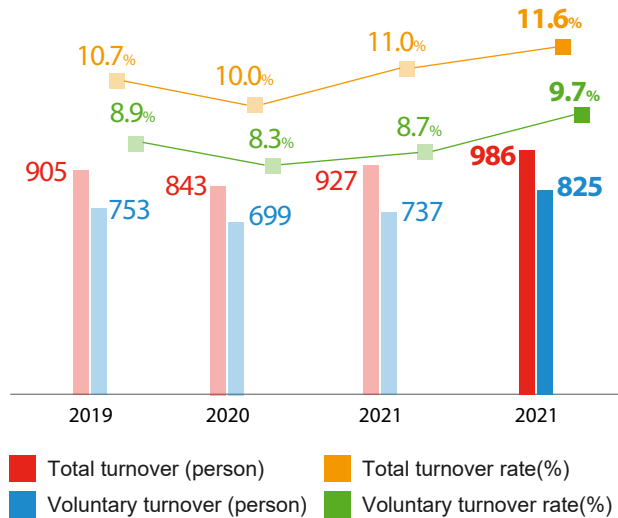
In 2022, Shin Kong Bank optimized its long-standing internship program and for the first time, added a wealth management internship program to provide more options for college students interested in banking businesses. Through practical experience and expanding their networks, students can bridge their academic and professional careers. In addition, the cultivation and establishment of FinTech talent are also important issues that Shin Kong Bank attaches great importance to. Therefore, the bank is also concurrently researching and planning a digital talent internship program, which can provide students who want to work in the digital field with more diverse options in the future. In 2022, Shin Kong Bank hired a total of 34 deposit and savings interns and 3 wealth management interns. As of this year, they are still undergoing their internships. Among 38 deposit and savings interns who were hired in 2021, 20 of them joined the bank after completing their internships.

In 2022, MasterLink Securities participated in the "Public Welfare Program of Financial Employment for College Students" jointly organized by the Taiwan Depository & Clearing Corporation (TDCC) and the Securities & Futures Institute (SFI), providing job openings on SFI's matching website. The Company continue its internship program, providing internships in the research, trading, and digital finance departments, allowing students to gain a better understanding of the securities industry and providing practical internship opportunities that are closely linked to corporate workplaces. In 2022, MasterLink Securities recruited a total of 4 summer interns, among whom 1 intern continued with the internship program during semesters due to excellent performance during the summer internship.

6.2.2 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 94.4% in 2022. In terms of the turnover rate, it was 11.6% in 2022. (Please refer to Appendix 8.2.4 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 sales personnel.

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 2022, and the difference of the two statistics compared to the previous year are as follows:

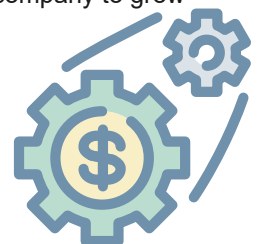
Year	Number of full-time non-managerial employees (persons)	Average salary of full-time non-managerial employees (NT\$ thousands)	Median salary of full-time non-managerial employees(NT\$ thousands)
2021	7,989	1,198	1,017
2022	7,881	1,036	872
Difference	-108	-162	-145

Note: Sales personnel of SKL are excluded from the statistics for 2022 because they are part-time workers as stated in the contracts.



Performance Management System

SKFH 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 2022, 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.





▶ 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 2022, 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. In 2022, 139 million of subsidies were provided.



▶ Commendation to excellent employees

SKFH has established rules for various rewards. We granted a total of 673 merits and distributed NT\$ 4,261,918 in bonuses to employees in 2022.

SKL selects excellent office and sales personnel and publicly praises them yearly in accordance with the "Personal Insurance Outstanding Employee Reward Regulations". In 2022, 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. SKB organized the 11th "Best Service Expert" selection campaign. More than 30 thousand customers elected 104 branch representatives, and the top ten best Service Experts were elected through touching story, fan page votes and the final interview with the Vice President.

Within its brokerage channels, subsidiary MLS selected and rewarded top-performing employees based on indicators such as sales, profits, growth, and recognized 26 individuals in 2022. In the investment-related departments, outstanding employees with exceptional trading performance are recognized every quarter, and a total of 12 employees received awards with a total prize money of NT\$72,000 in 2022.

Type of Performance Evaluation			
Applicability	Frequency	Content	Results
The Balanced Score Card , BSC			
Senior executives	Monthly	Conduct reviews and assessments based on key performance indicators of each subsidiary, which include both financial and non-financial aspects	Serve as the basis for determining performance rankings, salary adjustments, and the distribution of performance bonuses (including long-term incentives) at the end of the year
Management by Objective, MBO			
Department supervisors and below (exclude sales personnel)	The beginning, middle, and end of each year	The annual performance evaluation results serve as important criteria in human resource decision-making for talent identification, salary adjustments, and the distribution of performance bonuses	If an employee's performance consistently falls below expectations, the supervisor may implement a Performance Improvement Plan (PIP), and collaboratively establish a short-term goal improvement plan with the employee and actively support the employee in making improvements
Multidimensional performance appraisal			
Life insurance office supervisors	Ongoing	Evaluation includes aspects such as supervisor, subordinate, peer, and self-assessment to evaluate employee performance and leadership potential	Serve as a reference for employees' improvement direction and career development
Team-based performance appraisal			
Securities business departments	End of every year	According to the "Assessment Management Regulations" of subsidiary MLS, the departments that are linked to the company's management performance will be evaluated on both individual performance and departmental operational performance, which include indicators such as profitability, business capability, and management capability	At the end of each year, the President reviews the department's performance for the year and approves the "Department Assessment Level Result Sheet," which will serve as one of the bases for bonus distribution
Agile Conversation			
Life insurance field personnel	Ongoing (Every two to three months)	In order to achieve annual business goals, performance every 2-3 months for field personnel in the business units. Daily morning meetings are held to share product updates, sales techniques, and professional knowledge. Supervisors also provide feedback to individual employees based on their specific circumstances to enhance their business capabilities	If an sales personnel fails to meet the performance targets, their job position will be downgraded to the corresponding target level; if they fail to meet the minimum performance target for their job level, their employment will be terminated

6.2.3 Employee Support Programs

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.

Retirement Benefits

• **Employee stock ownership trust :**

To take care of the retirement life of employees and enhance the Company's business performance, we fully and proportionally allocate funds to subsidize employees and senior executives to participate in the employee stock ownership trust plan. In 2022, a total of NT\$139 million was subsidized for the employee stock ownership trust.

• **Premium Subsidy for "Happy Life Winner" Investment-Linked Insurance Policy:**

To encourage employees to plan for retirement early, our subsidiary Shin Kong Life Insurance actively promotes "Pension 3C Retirement Knowledge Popularization Education" to increase the voluntary contribution rate of retirement savings by employees, and provides relative premium subsidies for employees in purchasing the "Happy Life Winner" investment-linked insurance policy. In 2022, a total of approximately NT\$2.8 million was subsidized for the "Happy Life Winner" policy.

Paid Parental Leave

- Maternity leave of 60 days, which exceeds the legal requirement of 58 days.
- 8 days of paternity leave for prenatal check-ups and accompanying childbirth, which exceeds the legal requirement of 7 days in Taiwan.
- Full-paid miscarriage leave that exceeds the legal requirement, which is unpaid in Taiwan.^{Note}
- Established breastfeeding work hours, reduced and adjusted work hour system, and parental leave without pay system.
- Parents of children under three years old can apply to reduce their work hours by one hour per day (full-paid).

Note: Miscarriage leave is unpaid if the pregnancy is less than three months.

Nursing Environment and Welfare

• **Breastfeeding rooms:**

In addition to providing employees with gifts for pregnancy, motherhood, and breastfeeding, as well as incentives for their children's academic achievements, we have also established breastfeeding rooms in all our business locations across Taiwan. These nursing rooms are managed and maintained by health management specialists and have been certified as "Excellent Breastfeeding Rooms". In 2022, the nursing rooms of SKFH were used a total of 3,363 times.

• **Childcare seminars:**

We care about the maternal needs of our female employees and work together with practicing physicians and health management specialists to conduct health risk assessments for pregnant and postpartum employees. We also encourage female employees in ideal childbearing age to actively seek maternal health protection and care. In 2022, SKFH jointly held 2 parent-child communication seminars and 1 postpartum care seminar.

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 digital trend worldwide and to cater to the unique lifestyle needs of employees, the Company has created a set of guidelines for managing those who work from home, and provided software and hardware support to enable employees to work from home. This allows employees to make better use of the time saved on commuting, while balancing work and personal or family life. In 2022, a total of 638 people in the group applied for working from home.

Paid Parental Leave for Non Primary Caretakers

- Maternity leave of 60 days, which exceeds the legal requirement of 58 days.
- 8 days of paternity leave for prenatal check-ups and accompanying childbirth, which exceeds the legal requirement of 7 days in Taiwan.
- Established breastfeeding work hours, adjusted attendance schedule, and parental leave without pay system.
- Parents of children under three years old can apply to reduce their work hours by one hour per day.

Childbirth and Childcare Subsidies

• **Childbirth subsidies:**

We offer our employees or their spouses a maximum of NT\$20,000 for maternity allowance, with additional support given proportionally for multiple births. In 2022, SKFH and its subsidiaries provided approximately NT\$4.66 million in childbirth subsidies, benefiting a total of 282 individuals.

• **Childcare subsidies:**

Employees raising children between the ages of 1 and 3 can apply for a childcare subsidy of NT\$10,000 each time their child reaches another full year of age. For multiple births, the subsidy will be increased proportionally. In 2022, SKFH provided approximately NT\$5.32 million in childcare subsidies, benefiting a total of 534 individuals.

• **Discounts for childcare services:**

SKFH signed contracts with reputable childcare institutions to provide discounts for childcare services and thus reduce employees' childcare burden.



Employee Engagement Survey

To fully understand each employee's views on the company and work-related matters, every two years, SKFH commissioned third party to conduct employee engagement survey 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. 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.

Note: Engagement Survey is five-point scale, answering "agree" and "tend to agree" are defined as positive review. The score of engagement is equal to the percentage of positive review.

Parental Leave for Raising Child(en) Statistics in 2022		
	Male	Female
Number of employees eligible for unpaid parental leave in 2022 (A)	271	874
Number of applicants for unpaid parental leave in 2022 (B)	41	287
Rate of application for unpaid parental leave = (B)/(A)	15%	33%
Expected number of employees to return to work in 2022 (C)	23	220
Actual number of employees returned to work in 2022 (D)	15	169
Reinstatement rate = (D/C)	65%	77%
Number of employees returned to work from unpaid parental leave in 2021 (E)	12	149
Number of employees returned to work in 2021 who have continuously worked for more than one year (F)	8	120
Retention rate = (F)/(E)	67%	80.5%

Note 1: The "number of employees eligible for unpaid parental leave in 2022" refers to the number of employees who have applied for maternity leave or paternity leave in the past 4 years (2019 to 2022).

Note 2: The "expected number of employees to return to work in 2022" includes the number of employees who applied for unpaid parental leave from 2020 to 2022 and were scheduled to be reinstated in 2022.

Note 3: The "number of employees reinstated in 2022" includes the number of people who applied for unpaid parental leave from 2020 to 2022 and returned to work in 2022.

Note 4: The "2022 retention rate" = number of employees reinstated in 2021 who have continuously worked for more than one year / number of employees returned to work from unpaid parental leave in 2021.

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

Category	Job satisfaction	Purpose	Happiness	Stress	resources
Question of the survey	I would recommend this organization as a good place to work. My Job brings me sense of achievement.	I work beyond what is required to help this organization succeed.	I am able to sustain the level of energy I need throughout the work day	There are no substantial obstacles at work to doing my job well.	I have the equipment/ tools/ resources I need to do my job effectively.

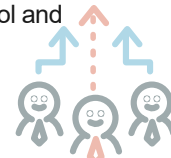
Key Measures to Enhance Employee Engagement in 2022	
<p>Shin Kong Financial Holdings</p> <p>Promote the Company's sustainable development goals and strategies, and understand employee feedback through regular communication platforms; Care about the physical and mental health of our employees, strive to enhance their sense of belonging, and continuously review and optimize existing welfare programs while promoting work-life balance.</p>	<p>MasterLink Securities</p> <p>Gradually promote performance interviews between supervisors and subordinates, as well as establishing a communication culture, and personnel goal management to help employees understand the Company's development direction, vision, and strategies, and provide encouragement, care, and guidance.</p>
<p>Shin Kong Bank</p> <p>Organize an annual bank-wide strategy sharing conference, with a focus on two-way communication with employees, in order to help them better understand the annual strategic goals and execution directions, as well as the overall compensation strategy, in order to enhance their understanding of the content of the compensation system. Simultaneously strengthen the promotion of the Company's specific sustainable development strategies, plan health promotion activities, and optimize career maps, allowing employees to have a clearer and broader platform for development within the organization while balancing work and family life, and thus actualizing the Company's commitment to sustainability.</p>	<p>Shin Kong Investment Trust</p> <p>Extend the duration of paternity leave for prenatal check-ups and accompanying childbirth to 8 days, promote specific actions related to the Company's sustainable development strategies, and encourage employees to participate in sustainable activities.</p>
	<p>Shin Kong Life Insurance</p> <p>To improve employee health and well-being, conduct monthly reviews of overtime work in each department to prevent abnormal situations such as uneven work and regular overtime work. In addition, to increase the recognition of salary and benefits, establish a fixed annual salary adjustment cycle and maintain a stable, competitive performance bonus base.</p>

Trend of Employee Engagement		
Year	Overall Engagement (%)	Response rate (%)
2017~2018	73%	92%
2019~2020	75%	85%
2021~2022	73%	95%

Analysis on Employee Engagement in 2021 to 2022		
		Employee Engagement
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%

6.3 Career Development

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.



6.3.1 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.



Business Learning Map of SKL Sales Personnel

Sales Representatives	District Managers	Department Managers
Super Warriors	Good coaches	Efficiency Management
Trainings for the Employees at Different Levels		
<p>Training in the first year:</p> <ul style="list-style-type: none"> 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 <p>Training in the second year:</p> <ul style="list-style-type: none"> AA6 Advanced Financial Management and Planning Class / 2 days AA5 Basic Financial Management and Planning Class / 2 days 	<p>Training in the first year:</p> <ul style="list-style-type: none"> SA4 Motivation Class for District Manager's Team / 2 days SA3 Recruitment Skills Class for District Managers / 2 days SA2 Supervision Ability Class for District Managers / 2 days SA1 PRS Performance Management Class for District Managers / 2 days NS1/NS2 New Promotion Class / 4 days 	<p>Training in the first year:</p> <ul style="list-style-type: none"> MA3 Leadership Motivation Class / 2 days MA2 Practical Workshop / 2 days MA1 Team Management Class / 2 days NMT New Promotion Class / 2 days
On-the-job Training		
<ul style="list-style-type: none"> The thematic courses of the four major schools of Insurance University (Marketing/Finance/Operation/Digital) 	<ul style="list-style-type: none"> License courses, annual on-the-job training, and legal compliance education and trainings 	<ul style="list-style-type: none"> Elite cultivation Online morning education
<p>Training and practice integrated: completion of courses + passing test/quiz → completion of training</p>		



Learning Map of SKB Office Personnel				
Core Competencies Training	Management Competencies Training (Entry level)	Management Competencies Training (Mid-level)	Management Competencies Training (Senior level)	
<ul style="list-style-type: none"> Customer-oriented Pursuit of excellence Proactive responsibility Market sensitivity Team collaboration Rapid growth 	<ul style="list-style-type: none"> On job supervisor training Newly appointed supervisor training Department supervisor trainee training High-potential talent evaluation 	Overseas training		
		<ul style="list-style-type: none"> Newly appointed manager training Manager trainee training 		
		Senior talent evaluation		
		Common management competencies: Agile adaptability, talent achievement, vision inspiration, leading transformation, accountable execution		
Professional competencies training (according to the competency item listed in the job description and learning maps of each job category)				
General knowledge training: ESG, regulatory compliance, internal control and risk management, anti-money laundering, information security, personal data protection, consumer protection, labor health and safety, workplace equality and prevention of sexual harassment, fair treatment of customers, integrity management and code of ethics				
New employee training				
General employees > Entry-level supervisors > Mid-level supervisors > Senior supervisors				

After assisting employees with relevant business registration procedures, MLS regularly assigns employees to receive on boarding training or on-the-job training based on the actual business activities and the required training hours and curriculum content for their licenses to maintain the validity of various licenses.

License Categories

Securities, futures, wealth management, trust, securities investment trust and consulting, life Insurance, property insurance, investment-linked insurance, foreign currency-denominated non-investment-linked insurance, spot foreign exchange transactions, sub-brokerage services, fund sales, credit/margin trading, financial market knowledge and professional ethics.

Competent Authorities/Training Institutions

Taiwan Securities Association, Chinese National Futures Association, Securities & Futures Institute, Trust Association of R.O.C., Taiwan Academy of Banking and Finance

SKIT also follows the regulations set by the competent authorities and assigns personnel involved in investment trust and consulting, discretionary/fund managers, and business department managers to undergo on boarding and on-the-job training provided by designated training institutions after completing their registration process.

► Cultivation of Digital Talent



SKFH internalizes digital DNA into its corporate culture, shaping Shin Kong's unique mindset of digital transformation. The Company continues to drive the 2nd SPARK Heroes digital technology talent cultivation program by selecting digital technology research and development talent from each subsidiary company to join the SPARK talent cultivation project. The program focuses on cultivating and training AI and Data talents, and annually presents various topics such as intelligent quality inspection, AutoML, DevOps/MLOps, salesperson matching model, AI behavior analysis of hackers, and AI image recognition platform. With practical applications combined, it is aimed to explore innovative business models.

To root down among the younger generation, in 2022, SKFH held digital technology lectures at National Chengchi University, National Sun Yat-sen University, National Taiwan University of Science and Technology, National Taipei University of Technology, and other universities for the first time, and launched the first "Digital Technology Internship Program." On-job Training and Low-code/No-code tools were introduced to promote automated POC projects.

In 2022, SKFH also held the "Shin Kong Digital Day - Technology Empowerment, Grasping the Key to Future Success" digital transformation annual conference. In addition to sharing the digital transformation process of the SKFH Group, SKFH collaborated with industry leaders to share business philosophy and technology trends, and encouraged employees to break conventional thinking and launch digital innovative services that meet customer needs. The event was attended by 170 senior executives and employees from SKFH, as well as finance and technology interns from universities, allowing them to grasp the latest trends and application scenarios.

In the future, by continuously co-creating and sharing technology and innovative resources, the Company will stack technology research and development synergies, share platform collaboration achievements, and ultimately leverage the synergy of the group's FinTech research and development.

To cultivate a transformational mindset among all employees and adapt to changes in technological trends and industry environments, continuous adoption of emerging technological tools is being promoted to facilitate the democratization of data and technology across the group. This includes expanding the cultivation of digital technology talent through the SPARK Heroes program, developing interdisciplinary talent through the digital internship program, and organizing over 10 sessions of the group's digital technology SPARK lecture series, which have attracted more than 700 attendees. All of these efforts are aimed at enhancing employees' technological skills and overall digital capabilities, encouraging them to improve their own digital literacy, and creating a "new working model for the future" of SKFH.

Training Course

SPARK Seminar

Target : Members of SPARK Heroes

<p style="color: #00a68f; font-weight: bold;">Fintech</p> <ul style="list-style-type: none"> • Analysis of the current development of fintech & AI in the financial industry • Group's digital transition day -Digital Day • Integration of video and smart applications in the financial industry • Agile Case Studies <p style="color: #00a68f; font-weight: bold;">Metaverse</p> <ul style="list-style-type: none"> • Multiplicative VR relationships in metaverse opportunities 	<p style="color: #00a68f; font-weight: bold;">AI/DATA</p> <ul style="list-style-type: none"> • Microsoft Azure-Form Recognizer Workshop • Practical applications of smart quality inspection • GCP data analysis workshop • Recommended systems for big data analysis • Industrial applications of intelligent data • Analysis of information security and hacker behaviors
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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. So far, SKL has approved 24 innovative proposals; SKB's 75 proposals have been adopted cumulatively and 27 proposals have been implemented. In 2022, 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 "Common Wealth 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\$29.3 million was distributed in professional license rewards and one-time bonuses in 2022.

► Learning of Successful Experience

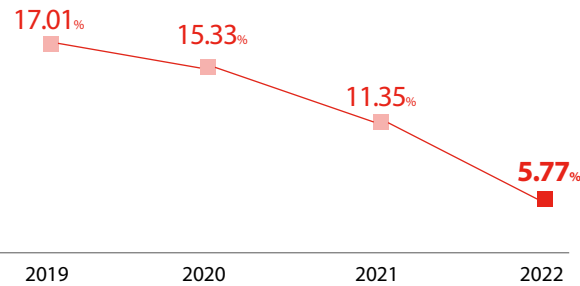
SKFH has established internal lecturer management measures and actively trained internal lecturers to effectively pass on professional financial knowledge, technologies, successful experience, and culture, and improve the quality of the organization's manpower and corporate competitiveness. We invest 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 235 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 2022, there were 134 retirees re-employed.

6.3.2 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 5.77 in 2022.

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 2022

Category		Average training hours	Average training cost	
Type of Training	Compulsory	43.56	3,018	
	Optional	30.86	3,905	
Age group	<30	99.01	6,754	
	30~49	77.59	7,991	
	>50	59.29	5,962	
Rank	Management	Junior-level	73.52	13,558
		Mid level	71.93	14,325
		Senior-level	78.65	12,691
	General Employees	73.83	5,617	
Gender	Male	77.69	7,833	
	Female	72.87	6,490	
Average		74.42	6,923	

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 the Key Training Projects in 2022

Training Outcomes (Kirkpatrick Model L1~L5)



SKL-AI Digital Talent Training Program

Applicable Target: Employees from departments related to digital service applications

Project Overview

Digital transformation is an important management trend. In order to maximize organizational synergy, SKFH encourages employees to participate in courses at Taiwan AI Academy, jointly organize seminars, promote operational performance workshops, and exchange technology with the SKFH R&D team, to implement organizational performance and demonstrate results.

Operational Outcomes

- Acquiring key professional skills and rapidly accumulating practical experience through a solid and comprehensive external training program.
- Jointly organizing seminars with Taiwan AI Academy to understand industry application cases and learning from benchmarking examples to achieve paradigm shift.
- Brainstorming with consultants to produce the best solutions through the workshop model.
- Exchanging technology and collaborating with the SKFH R&D team, examining problems and data together, formulating effective optimization strategies, and completing them.

L5 Return on Investment: ROI 2.50

L4 Results:

After the implementation of AI signature recognition,

- The accuracy rate of the form increased from 49% to 56.7%.
- The manual signature comparison time for the original unit (8 identities, multiple policy documents with signatures) was reduced from 10-20 seconds to within 2-4 seconds.

- 30-60 seconds of manual signature comparison time was saved for each underwritten case, and for approximately 500,000 new policy cases each year, 4,166 hours of work hours can be saved annually.

L3 Behavior: Developing workflow solutions and continuously applying them.

L2 Learning: 100% completion rate

L1 Reaction:

- Seminar satisfaction rate was 4.6 (out of 5)
- Workshop satisfaction rate was 4.3 (out of 5)



SKB-Branch Management Associate Training Program

Applicable Target: Manager trainees and department supervisor candidates for the branches

Project Overview

- The main focus of the branch manager and department supervisor training program is on three aspects: "professionalism", "marketing" and "management".
- By utilizing competency assessments and individual development plans (IDPs), trainees can set improvement goals, plan corresponding competency courses, and strengthen their management skills through job tasks as well as guidance and experience sharing from supervisors. With continuous attention, observation, and cultivation provided, the reserve of capable branch management associates can be expanded, and the competitiveness of employees in the workplace can be elevated.

Operational Outcomes

- Developing expertise in areas such as finance and banking, international markets, legal compliance and risk management, presentation skills, and strategic analysis.
- Enhancing the business development capability and customer management skills of the management associates for the branches.
- Acquiring team management tools and coaching skills to foster consensus among team members, maintaining a high retention rate of excellent employees, and consistently contributing value to the organization's revenue.

L4 Results:

- During the training period for branch manager trainees (25 in total), 11 were promoted to unit supervisors and 1 was promoted to deputy unit supervisor, resulting in a promotion rate of 48%.

- During the training period for branch department supervisor candidates (26 in total), 1 was promoted to global finance supervisor; 5 to consumer finance supervisors; 4 to wealth management supervisors, resulting in a promotion rate of 38%.

L3 Behavior:

- After-class action plans were executed, and the results were presented in the second year with a 100% implementation rate.

- The supervisors provided feedback to associates and candidates on their unit management performance after completing the training program and evaluated their preparedness for future promotions, with an average rating of 4 to 5 (out of 5).

L2 Learning:

- 100% completion rate for the annual training program
- 96% pass rate for manager trainees; 77% pass rate for department supervisor candidates

L1 Reaction: The average satisfaction rating for the courses was between 4.69 and 4.9 (out of 5).

Training Outcomes (Kirkpatrick Model L1~L5)

SKL-E-Agent Project
Applicable Target: All sales personnel

Project Overview

Building on the Agent+ projects from 2015 to 2019, SKL has been expanding its digital platforms and resources since 2020. In 2022, the Company launched the six fundamental skills for e-agent to enhance the effectiveness of precise marketing on the business end and to improve the digital accessibility of customer services, while gradually achieving the mission to reduce paper usage and carbon emissions for ESG purposes.

Operational Outcomes

1. Integrating data analysis to facilitate precise marketing:

- Business opportunity systems have been integrated and a customer dashboard was added to the E-secretary app frequently used by sales agents. Agents can use the filtering mechanism on the customer dashboard to identify suitable business targets and recommend appropriate insurance products. This allows daily visits to be converted into successful transactions, thus achieving the business performance goals through precise marketing.
- The authority for managing the Power BI platform has been extended to district managers, allowing the front-line business supervisors to track and view the business activities of their subordinate group leaders through Power BI. This enables them to monitor the use of customer dashboards by leaders to execute initiatives such as customer activation, backflow of maturity benefit, as well as management of the quarterly customer lists.
- According to data statistics, the sales agents who frequently use customer dashboards and the business managers who habitually use Power BI as a management tool have significantly improved their performance.

2. Integrating digital services to provide convenience for customer operations:

- The OCR Polaroid Smart Policy Health Check service was launched on July 6, 2022.
- The Marketing Quick Access Station has consolidated various resources such as supplementary marketing content, product introductions, insurance knowledge, current news, and recruitment propaganda. This convenient one-stop platform enables sales representatives to access and share information easily, leading to more effective customer management and closer relationships.

L5 Return on Investment: ROI 5.91

L4 Results: The number of policy plans generated by the OCR Polaroid Smart Policy Health Check reached 703,866, serving a total of 459,650 customers.

L3 Behavior:

- The number of policy plans filed by the OCR Polaroid Smart Policy Health Check reached 42,416, with a utilization rate of 92% among the sales agents.
- In 2022, the share of e-agents reached 56.1%, with a growth of 7.3% compared to the previous year.

L2 Learning: Starting from the first half of 2022, physical courses had been fully implemented, and in the second half of the year, online trainings were promoted. The completion rate was 100%, and in January 2023, a nationwide proficiency test will be held.

L1 Reaction: Training satisfaction rate was 4.89 (out of 5).

Training Outcomes (Kirkpatrick Model L1~L5)

MLS-Underwriting Business Training Project
Applicable Target: All personnel in the underwriting department

Project Overview

The underwriting teams of MasterLink Securities have strong expertise in developing investment banking strategies, which allows them to actively expand corporate fund raising, and assist companies in applying for businesses relevant to the Emerging Stock Board, OTC, TWSE listing, Return-to-Taiwan listing on the first board (or OTC), and TDR. This training program focuses on current business regulations for underwriting intermediary agencies, as well as future industry research for corporate clients, with a particular emphasis on key courses such as new energy vehicles, green energy industry, and energy storage industry, effectively enhancing the underwriting teams' ability to expand their business.

Operational Outcomes

Strengthening the underwriting teams' professional advantages in serving as financial consultants for corporate fund raising, mergers and acquisitions, private sector participation in public infrastructure projects, etc. Proactively assisting companies in issuing securities such as stocks and convertible bonds to raise funds, and promoting fundraising planning schemes for establishing the Pioneer Stock Board and for innovative enterprises.

In 2022, there were a total of 33 underwriting consulting cases, and one of them was included in the assessment for sustainable transformation. Utmost efforts were made to assist and guide corporate clients in obtaining business opportunities.

L5 Return on Investment: ROI (1.40)

L4 Results: 100% retention rate of outstanding underwriting personnel.

L3 Behavior: 100% completion rate for retraining.

L2 Learning: 100% test pass rate.

L1 Reaction: 100% project completion rate.

SKB - Corporate Finance Business Training Program
Applicable Target: All corporate finance sales personnel

Project Overview

- In 2022, the main focus of the corporate Finance training program is "professionalism", "marketing" and "inheritance".
- 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.

Operational Outcomes

- 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.

L5 Compensation assessment: ROI 15.52

L4 Result assessment:

- Total revenue of branches increase NT\$922,054,132 compared with the previous year.
- Income per capita increased by NT\$ 4,472,421, which is an increase of 22.43% over the previous year.
- The hand receipt income increased by NT\$ 27,684,694, and the per capita hand receipt increased by 7.78% compared with 2021.
- The retention rate of corporate finance supervisors is 100%.
- The retention rate of sales personnel in the corporate finance sector is 84%.

L3 Behavior assessment:

- The implementation rate of post-course action was 100%.
- Certification achievement rate of instructor was 100%.

L2 Learning assessment: The achievement rate of annual training programs was 100%

L1 Response assessment: Course satisfaction 4.7 (out of 5)

MLS-Financial Consultants Recruitment and Training Project
Applicable Target: Newly recruited financial consultants at MLS

Project Overview

To break through the current situation of cross-industry competition and face the challenges of brokerage business, MasterLink Securities regularly holds the "MasterLink Securities Financial Consultants Recruitment and Training Project" to master wealth management and the trend of diverse financial products. The project provides comprehensive training to equip financial consultants with professional attitudes and complete product knowledge in financial securities. The aim is to supplement high-quality business teams, rejuvenate the organization, and enhance brokerage capabilities.

Operational Outcomes

Quickly shaping the ambition and aggressiveness of the brokerage team, with the goal of improving overall performance of brokerage and financial products such as wealth management. This recruitment and training project aims to calibrate the development and strategies of the brokerage department, and to grasp the opportunities of the securities market transactions in real-time.

L5 Return on Investment: ROI of the brokerage department was 3.64.

L4 Results: 63.20% retention rate of outstanding financial consultants.

L3 Behavior: 100% completion rate for retraining.

L2 Learning: 100% test pass rate.

L1 Reaction: 100% project completion rate.



6.3.3 Talent Reserve and Internal Rotation Mechanism

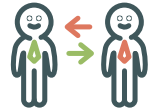
To help employees to make preparation for the next step at their work, SKFH not only enhances employee's functions through training programs, but also has a complete internal rotation mechanism, allowing employees to have the opportunity to try the businesses in different fields so as to become more 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 pipeline

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 staff coaching 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.

Execution Strategy	Actions for Building a Leadership pipeline / Outcomes
<p>SKFH</p> <p>Identifying, developing, and continuously tracking high-potential talent in managerial positions to ensure that the successors acquire the abilities to develop skills, maximize their value, and smoothly succeed their roles. This assists the Company in achieving corporate sustainable development.</p>	<p>High-potential talent reporting and development plan</p> <ul style="list-style-type: none"> The first-level supervisors and high-potential candidates jointly discussed and established an Individual Development Plan (IDP) primarily based on job experience and results-oriented achievements, with the goal of improving development, application, and demonstrating performance. During the selection of candidates, multiple suitable candidates were evaluated and a balanced composition with diversity was considered (including at least one female candidate for groups of two or more) to ensure a diverse pool of qualified candidates. The planned succession rate for the management team in 2022 was 40%.
<p>SKB</p> <p>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, SKB uses the competence assessment to link 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 pipeline 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.</p>	<p>MA personnel training</p> <ul style="list-style-type: none"> 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 2022, 109 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 232 outstanding talents. <p>Building a leadership pipeline</p> <ul style="list-style-type: none"> Shin Kong Bank has been offering a training program for manager trainees since 2007, and a total of 181 trainees have participated in the program. Among them, 61 trainees have been promoted to branch supervisor or deputy supervisor positions. In 2019, a new training program for manager and department supervisor trainees was implemented. Through two years of training observation and result presentations, the development potential and performance of the trainees were evaluated. In 2022, the first phase of the training program for branch manager trainees was completed and a result presentation was held, with a promotion rate of nearly 40%. In 2021, the selection and cultivation of head office block and department-level management associates were launched. A total of 51 high-potential talents were selected, and coached and mentored by senior executives of the head office. Based on the evaluation reports of the management associates, the training for management skills was uniformly conducted. As of the end of 2022, the retention rate was 98%. <p>Cultivation of international talent</p> <ul style="list-style-type: none"> SKB organized overseas seminars or business internships to learn from them anagement experience of competitors and other industries. The company have selected 19mid-level and senior-level managers to participate in the seminar in Singapore since 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 have promoted English certification and reward policy, and launched more than one English training programs since 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 TOEIC examinations regularly to motivate employees to make improvement independently. In 2022, the course even combined with VR to provide employee with a vivid learning experience and without distance. To motivate employees to improve their skills and knowledge independently, the Company consistently implements reward programs. In 2022, a total of NT\$350,000 in incentive bonuses were issued, and the certification rate across the bank was about 34%.

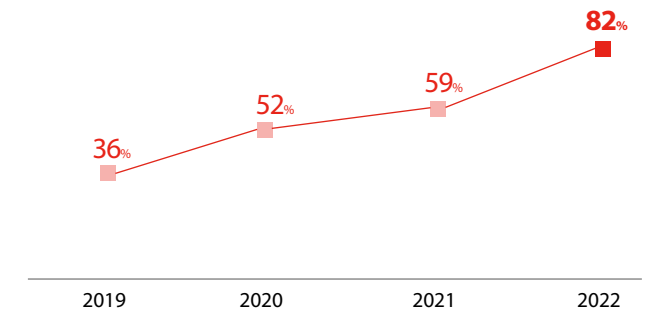


► Smooth rotation mechanism

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 2022, the replacement rate of the internal talents of SKFH and its subsidiaries was 82%, 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 8.2.5 for detailed analysis of 2022)

Execution Strategy	Actions for Building a Leadership pipeline / Outcomes
<p>SKL</p> <p>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 to expand the coverage of leadership team.</p>	<p>Leadership development plan (Including Project Y)</p> <ul style="list-style-type: none"> Selected the employees with great potential to attend an open seminar for mid-level and senior-level managers in Singapore to expand their international perspectives and enhance competitiveness. Organized seminars or course themes on issues such as leadership, strategy development, and team communication. Observed and learned from the experience of successful companies to upgrade the competitiveness of talents. Heads of units are responsible for cultivating talents and establishing independent learning mechanisms and inspection mechanisms. From 2011 to 2022, a total of 864 office employees have been trained and 253 of them have been promoted, with a promotion rate of 29.3%. <p>Leadership pipeline development for Sales Personnel</p> <ul style="list-style-type: none"> Laid the foundation for cross-generation talent development with a solid leadership curriculum. From 2011 to 2022, a total of 390 sales personnel have been trained and 190 of them have been promoted, with a promotion rate of 49%.
<p>MLS</p> <p>Organizes management development and financial technology training for junior-level, mid-level and senior-level managers and potential employees to reach consensus with precision, strengthen team leadership and motivation, innovate management thinking and skills and provide cross-department knowledge 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.</p>	<p>Management development training</p> <ul style="list-style-type: none"> "2022 Common Wealth Leader Campus - Dual Career Training Program": targeting middle and senior-level executives, branch managers, and potential grassroots employees. It provided reading tasks related to sustainable development and digital finance, and offered reading honor leave as a reward. The overall task completion rate exceeded 100%. MasterLink Securities received the "Learning Superstar Award in the Exemplary Category of the Annual Enterprise Learning Award" in 2022. The award recognized the Company's active efforts in promoting digital learning and sustainable talent development. "2022 Women's Empowerment Forum": The female vice general manager of MasterLink Securities spoke on the topic of "Female Leadership, Empowerment, and Management", attracting over 90 female employees to attend the forum. The highlight video of the forum was also uploaded to the Company's online learning platform for all employees to view. "2022 Cross-Generational Management Seminar": As the age of employees at MasterLink Securities ranges from 30 to 60 years old, in 2022, to help managers and employees of different generations to establish a common language, the Company held three seminars targeting mid-to-senior level supervisors and young employees under 31 years old to improve their management and conflict resolution skills, with an average attendance rate of nearly 90%. <p>Project training - digital financial trends, sustainable talent development</p> <ul style="list-style-type: none"> "2022 Digital Innovation in Finance Lecture Series": The Company organized a series of lectures on the topics of "Future Finance" and "Innovative Technology" to guide relevant department supervisors and employees to explore the new technology era and financial innovation trends. "Sustainable Talent Cultivation Program": incorporating sustainable development into the legal promotional materials for all employees and new hires, and implementing comprehensive sustainable development education and training.

Internal talent replacement rate

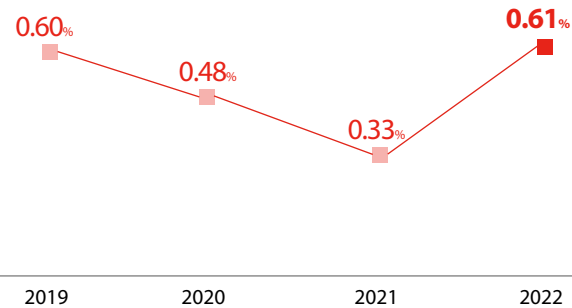


Internal talent replacement rate

6.4 Occupational Health and Safety

In order to provide a healthy and safe working environment for all employees, suppliers, customers and other stakeholders, we have established an occupational health and safety policy in accordance with domestic and international regulations and standards on occupational health and safety, which has been approved by the Board of Directors and implemented. In 2022, the overall absenteeism rate for SKFH and its subsidiaries is 0.61%, or 1.13% when insurance agents are included.

Absenteeism Statistics of the Past Four Years



Absentee Rate

Note 1: Please refer to Appendix 8.2.6 for definition of absentee rate and the statistic of occupational accident and absenteeism s in 2022.

Note 2: Data trend: The COVID-19 situation remained serious in 2022. To safeguard the health of employees and assist them in taking care of their family members who test positive, Shin Kong Financial Holding and its subsidiaries grant quarantine leave (employees with mild symptoms or family members who test positive and require care), family care leave (employees who need to take care of their family members), vaccination leave, and other leaves. In addition, many employees took sick leave because of flu-like symptoms such as fever and cough. The above types of leave meet the definition of absenteeism. It is one of the main causes of the increase in absenteeism rate in 2022.

Occupational Safety and Health Committee

SKFH and its major subsidiaries have established the "Occupational Health and Safety Committee". 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(Note). There is a first level unit, "Occupational health and safety management entities" under the Committee, which is responsible for formulating, planning, supervising and promoting occupational health and safety related business. The committee regularly review and communicate with labor representatives, heads of various departments, employees and related workers on occupational health and safety issues (occupational health and safety policy, employee health issues, health and safety recommendations, etc.) safety unsafe behaviors and health risks, and set action plans and priorities through risk identification and management. In addition, regularly hold educational training and promotion on occupational health and safety in order to promote the attention and awareness of occupational health and safety, hoping that all employees can have a safe and comfortable workplace. In 2022, 128 work items were discussed in major subsidiaries, 6 recommendations were made, and 16 professional items were handled.

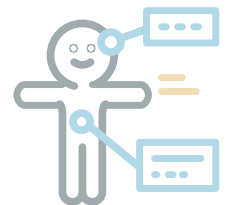
Note: The chair of SKFH's Occupational Health and Safety Committee is the president; other members include the manager from the Occupational Health and Safety Department of SKFH and its main subsidiaries, manager of Human Resource Department of SKFH and one labor representatives of SKFH.



Health Risk Management

SKFH adheres to the concept of "Healthy Workplace" and we follow the "Health and Safety 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, contracted occupational medicine specialist, 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 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.



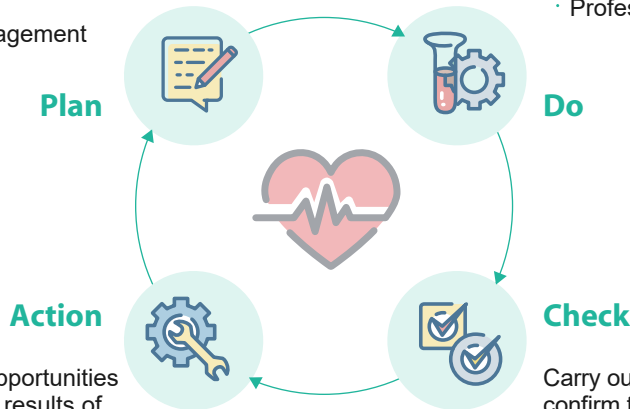
At the same time, we adopt the concept of "all-around protection" and carry out risk control measures in the P-D-C-A management cycle, and after prioritizing the results of risk analysis and integrating action plans with quantifiable targets to address these risks, we report them at the board of directors' meetings on a quarterly basis and deliberation and external audits are carried out in the management review meeting every year.

In 2022, there are no major defects in the internal audit results of SKFH and its subsidiaries; in January, 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 health and safety management in the workplace, when an injury or accident occurs, supervisors at all levels and employees at SKFH's major subsidiaries should follow the "Health and Safety 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.

PDCA Management Cycle

Formulate annual plans and activities based on the discussion and proposals made by the Occupational health and safety Committee and the planning made by professional personnel.

- Health and safety management plan
- Emerging occupational diseases and injuries prevention program
- Annual healthy posture management activities



Effectively utilize internal and external resources to provide employees with a full range of health and safety services.

- Health, safety, and psychology lectures
- Health examination for employees
- Professional on-site health services

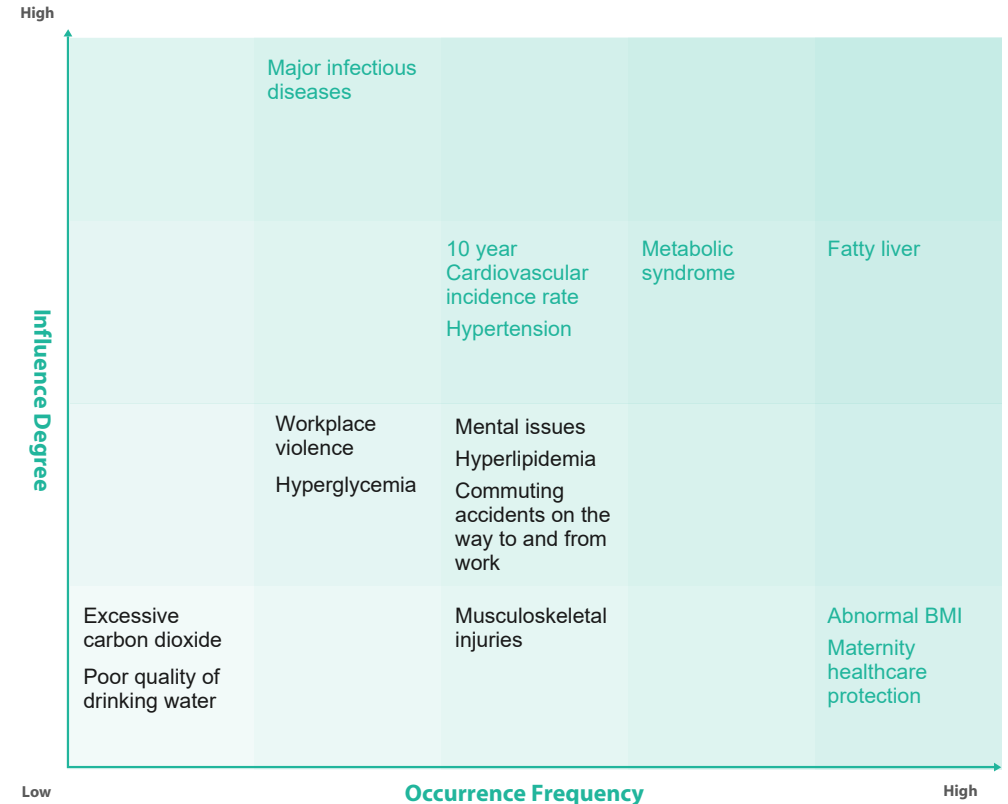
Identify various improvement opportunities by analyzing the execution and results of various operations to adjust and optimize the contents of healthy and safe work in the workplace at any time.

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



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.

► Health Risk Management Measures and Achievements



High Health Risk

Moderate Health Risk

Fatty liver

Metabolic syndrome, 10-year cardiovascular incidence rate, hypertension, abnormal BMI

Management Measures / 2022 Key Results

Management Measures / 2022 Key Results

- Classify health risks, provide online health care by health managers, and schedule face-to-face interviews with professional doctors.

- Regularly conduct health checkup for employees.

The health managers provide preventive care, guidance on health issues, and follow-up health risk monitoring, with a 100% completion rate for high-risk monitoring.

SKFH and its subsidiaries regularly conduct health checkups for office staff every year (and every three years for life insurance field personnel), offering a variety of health checks that exceed legal requirements, providing health management to maintain the physical and mental health of workplace employees.

- Continue to organize healthy posture activities through competitions to build up healthy knowledge, enhance personal motivation and establish good health habits.

- 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.

- SKL held the "2022 Weight-loss Challenge and Health Competition", which attracted a total of 667 employees and 68 groups to register. A total of 425 participants completed the pre- and post-tests voluntarily, and among them, 377 participants lost weight successfully. The total weight loss was 1,194.2 kilograms, with an average weight loss of 3.2 kilograms per person and an average reduction in body fat of 2%; The average results of this health promotion activity were even better than in previous years.
- SKB organized the "New Healthy Life - Shine Together" employee health promotion event to establish correct exercise habits and promote understanding of the benefits of exercise on health. Through team competition, walking was made more fun and company cohesion was also increased. A total of 1,169 people participated in the event in 2022. Among them, 74 teams registered for the "Team Challenge" with 222 participants, while the "Slimming Challenge" included 30 online exercise classes with a total of 895 participants.
- MLS held the "Corporate Sports Program," including a "Comprehensive Muscle Sculpting" health lecture and a "Technology Fitness Test". The purpose was to encourage employees to be more health-conscious, to share their interest in sports activities, and ultimately, to become a healthier and thriving workforce for the Company.
- In 2022, SKFH organized 1 health lecture on "Understanding BMI and Breaking the Misconceptions of Online Weight Loss" with a total of 18 participants, achieving a satisfaction rate of 95.3%.

- Healthcare levels: In 2022, a 0.5 level was added to enhance the awareness of disease prevention among low health risk groups (sub-healthy individuals), effectively reducing the probability of illness or increasing the success rate in disease control. Health management professionals in the jurisdiction will provide health monitoring and care within six months. For individuals with Level 1 (low) health risk, health management professionals in the jurisdiction will provide health monitoring and care within four months; For individuals with level 2 (high) health risk, health management professionals in the jurisdiction will provide medical advice and care within two months, and refer to contracted specialists in occupational medicine if necessary. In 2022, a total of 3,417 administrative and sales staff were included in health risk management.
- SKL: Provided on-site occupational physician services, with 23 sessions and 96 visits in 2022; and provided on-site health services by physicians and nurses, with a total of 1,240 service hours in 2022.
- SKB: Organized 8 on-site health services by contracted doctors in 2022, providing consultations to a total of 185 individuals.
- SKFH: Offered on-site health services by contracted occupational physicians and nurses, providing consultations to a total of 22 individuals in 2022.

- Set up health measurement station to facilitate employees to track their own health status.

- Set up blood pressure measuring station for easy monitoring.

The "Shin Kong i Health" measurement station has been set up in the flagship building to measure blood pressure, body weight (fat), forehead temperature, and physical and mental indicators. In response to the COVID-19 pandemic, an overall upgrading of the equipment was implemented to include blood oxygen measurement to comprehensively evaluate the health status of employees. Despite serving 5,086 people, the usage rate decreased by 50% due to the impact of the COVID-19 epidemic and work-from-home policy.

Blood pressure measuring devices were installed on floors of flagship buildings and branches throughout Taiwan for employees to measure their blood pressure.



Moderate Health Risk

Major infectious disease

Management Measures / 2022 Key Results

- ▶ Provide anti-epidemic care and vaccinations.
- ▶ Improve the epidemic prevention system for severe and special infectious diseases.
 - Setting up rapid screening rooms and providing free rapid screening test kits to help reduce the transmission of COVID-19.
 - Providing front-line service staff with epidemic prevention equipment (such as isolation gowns, disposable gloves, medical masks, and face shields), and offering subsidies for flu vaccinations to high-risk employees.
 - Encouraging employees to actively receive vaccines and practice self-health monitoring through internal communication while reinforcing this message at monthly management meetings to increase employees' self-protection so that they can work and live in peace of mind.

Maternity healthcare protection

Management Measures / 2022 Key Results

- ▶ Reviewed work processes fully to ensure that there are corresponding control measures for any factors which may cause harm or damage to mothers and babies.
- ▶ Actively investigated the list of protected employees and encouraged the employees during pregnancy period or after giving birth to apply for protection.
- ▶ 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.
 - SKFH: A total of 1 individual was under protection in 2022.
 - SKL: A total of 267 individuals were under protection in 2022.
 - SKB: A total of 44 individuals were under protection in 2022.
 - MLS: A total of 2 individuals were under protection in 2022.
 - SKIT: A total of 1 individual were under protection in 2022.

Low Health Risk

Commuting accidents

Management Measures / 2022 Key Results

- ▶ Strengthen advocacy of traffic safety, and improve employees' awareness of traffic safety.

Road safety awareness has been irregularly promoted in the Company's internal quarterly magazines and included in the company's internal health and safety work guidelines.
- ▶ Analyze the causes for accidents, and track and care for them, to ensure employees to return to workplace safely.
 - Performing follow-up and reinstatement assessments for each occupational accident case, conducting telephone confirmation on the causes of each accident, giving individual traffic safety reminders, and caring for the health conditions of the injured persons to ensure their unimpeded return to work.
 - SKL analyzed the types of accidents in 2022 and found that more than 80% of them were traffic accidents. A total of 130 incidents were investigated, and 34 of them required follow-up and care. As of now, 18 cases have been closed after being taken care of.
 - SKB: a total of 6 traffic accidents in 2022; MLS: a total of 3 traffic accidents in 2022.
 - Strengthening road safety training for units with high incidence rates.

Issues on mental health

Management Measures / 2022 Key Results

- ▶ Hire special internal consulting psychologists to plan for complete mental health promotion project and provide mental health services in line with corporate characteristics.

Internal counseling psychologists evaluate and organize issues on mental health, plan and execute annual projects, and collaborate with professional EAP consultants to introduce employee assistance programs (EAP). 24-hour 0800 hotline counseling services and consultant services are provided to alleviate the stress caused by work or family problems and enhance employee productivity. In 2022, 17 individuals from SKFH used the hotline counseling service; 124 from Shin Kong Life Insurance; 34 from Shin Kong Bank. The users were all satisfied with the service.
- ▶ Develop the psychological courses that meet the needs of all levels of the company's employees, and improve employees' self-identification and identification of the company through mental health lectures, education and training.
 - In 2022, the Psychological Housekeeper project was launched for the first time, providing five main topics for employees to apply for online/face-to-face counseling sessions with our internal counseling psychologists. The topics included: "Balancing Work and Family - Taking Care of Myself", "Enneagram Personality Test and Analysis", "Dream Interpreter - Understanding Your Subconscious", "Don't Let Insomnia Overwhelm You", and "It's Not You, It's Your Emotions".
 - The Company has provided small-group "Departmental Wellness Check-up" services, including six main themes such as "Emotional Management", "Self-affirmation Training", "Positive Communication Training", "Empathy Training", "Stress Adjustment", and "Enneagram Personality Exploration", as well as other customized courses. Departments can apply according to their needs. Health check-ups can help supervisors evaluate and analyze team dynamics, provide appropriate health management behavior suggestions, and enhance psychological resilience.
 - In addition to mental health lectures and counseling activities, the Company also organized DIY activities to help employees relieve accumulated stress from work and life through the process of handcrafting and aromatherapy.



Low Health Risk

Workplace violence

Management Measures / 2022 Key Results

- ▶ **Revise the prevention plan for workplace violence in accordance with PDCA, and establish the internal processing process for suspected workplace violence incidents in cooperation with the annual health inspection operations.**
 - Conducting training on preventing workplace violence and environmental operation process checks for all employees, and providing special promotion on preventing workplace violence specifically for supervisors, so that employees can understand each other, clearly know the types of illegal violation they may face and respond accordingly.
 - SKL : Identification and evaluation were completed in a total of 125 places in 2022. There were 3 cases of workplace violence complaints in 2022.
 - SKB : Gradually carrying out the identification and risk assessment of violence and harm for each business unit. 2022 saw no external incidents of workplace violence and 1 internal complaint of unlawful infringement.
 - SKPIA : 2022 saw no incidents of unlawful infringement.
 - Upon receiving a case, a team was established to investigate the workplace violence and take appropriate measures
- ▶ **Senior-level management made the announcement to eradicate workplace violence completely and presented the company's zero tolerance attitude.**
 - The "[Declaration on Prohibition of Workplace Discrimination, Harassment, and Unlawful Infringement](#)" was signed by the President, which explicitly prohibits any behavior that may cause harm to the legitimate rights and interests of others in the workplace.
 - Through the managerial self-assessment of workplace violence each year, management personnel are encouraged to reflect on their management practices and identify any inappropriate behavior among colleagues and subordinate by reviewing the contents.

Musculoskeletal injuries

Management Measures / 2022 Key Results

- ▶ **Organize questionnaire surveys on musculoskeletal diseases (human factors) prevention during annual health examinations. Conduct risk evaluations and formulate improvement plans.**

A musculoskeletal discomfort survey was conducted for all internal office staff in 2022 to identify those who may be at a higher risk for musculoskeletal injuries. Health management personnel provided care and utilized musculoskeletal risk assessments to confirm the causes of discomfort. Physical/occupational therapists or occupational physicians were scheduled for interviews and assistance was provided to improve symptoms.
- ▶ **Provide professional functional therapists and massage services to help employees to all eviate musculoskeletal discomfort.**
 - SKL has specially hired physical/occupational therapists to conduct on-site visits and lectures; Through the use of NMQ musculoskeletal questionnaire analysis and health center service summary reports, specific individuals were identified for case consultations. Also, appointments were made available to general employees based on their individual needs to address their musculoskeletal discomfort; Totally 65 services were provided with a total of 277 participants.
 - SKFH, SKB, and MLS collaborated with social welfare organizations to hire visually impaired massage therapists to provide services. In 2022, the total number of service users exceeded 2,000.

Environmental monitoring operations such as excess carbon dioxide and poor drinking water quality

Management Measures / 2022 Key Results

- ▶ **Ensure the quality of office environment, and regularly monitor the carbon dioxide and lighting in all offices.**
 - SKL and SKB commission a competent authority-approved environmental monitoring organization every six months to conduct carbon dioxide level monitoring in all office locations. The monitoring operations are carried out by professional technicians and all the results are in compliance with the standards; MLS conducts environmental monitoring operations annually, and the results are in compliance with the numerical standards specified by the relevant occupational health and safety laws.
 - SKFH did not conduct inspection on drinking water machines in 2022. It has commissioned a third-party organization to conduct inspections on drinking water machines in the first half of 2023. All water quality tests have passed.
- ▶ **Ensure the safety of drinking water for employees, and regularly monitor the drinking water in offices across Taiwan.**
 - SKL, SKB and SKPIA regularly commission qualified inspection agencies authorized by the Environmental Protection Administration to conduct drinking water tests across the country to check for coli form bacteria and total colony counts; All water quality tests this year have passed.
 - All of the bottled water purchased by MasterLink Securities have a certification of passing the water quality test for coli form bacteria.
 - SKFH did not conduct inspection on drinking water machines in 2022. It has commissioned a third-party organization to conduct inspections on drinking water machines in the first half of 2023. All water quality tests have passed.
- ▶ **Ensure the safety of meals for employees, and regularly inspect the collective meals at the employee restaurant.**

To ensure the safety of employee meals, a qualified food inspection agency was commissioned to conduct group meal inspections at the employee restaurant at the headquarters and the student restaurant in the Xin Ban Finance Building.
- ▶ **Ensure the health of the workers in central air conditioning building, and regularly inspect the Legionella pneumophila in the water of the cooling water towers of air conditioners.**

The monitoring results were all in compliance with the regulations.

► 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.

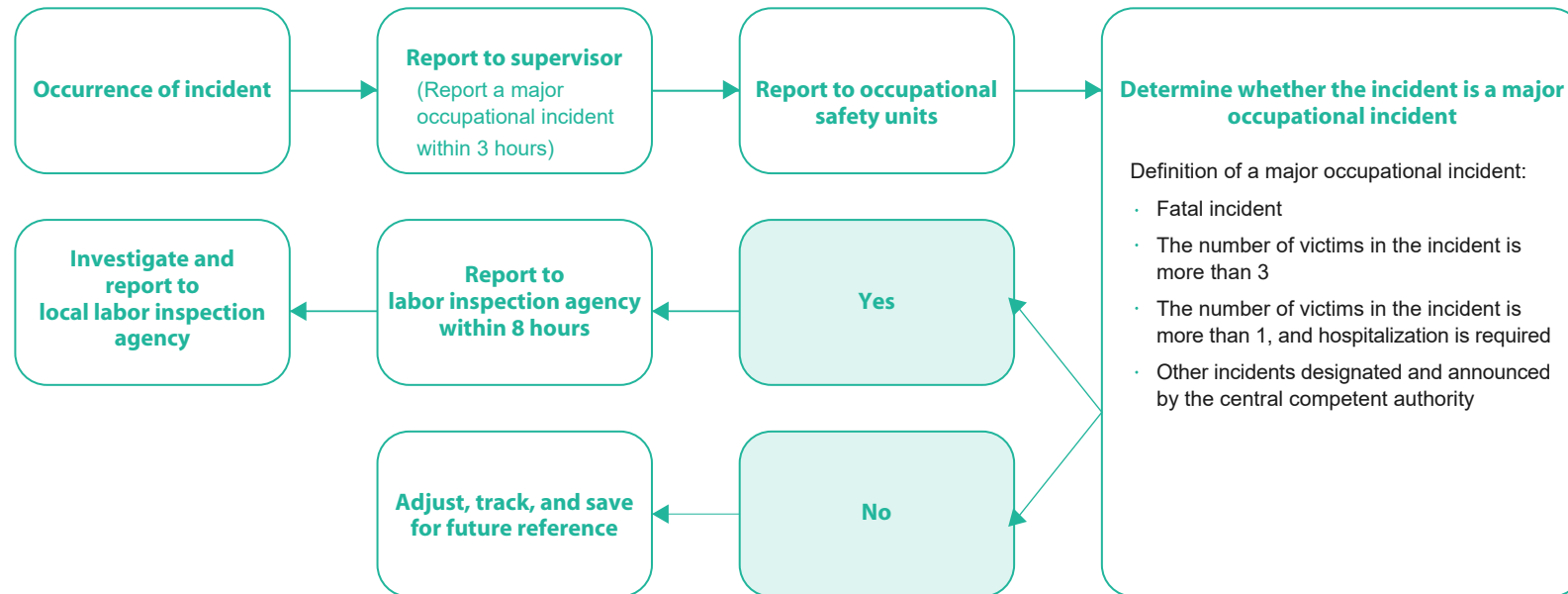
In addition, we regularly organized the "Building Public Safety Inspection Certification and Report" and "Fire Safety Equipment Maintenance and Report" to prevent fires and protect public safety, and organized fire drills and building escape drills every year to improve employees' fire and disaster prevention 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.

In 2022, SKFH conducted general health and safety education and training for all employees, with a completion rate of 100%.



Incident Investigation Procedures



► Contractor safety management

SKL established the "Regulations on Contractor Work, Change, Health and Safety 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 health and safety 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 setup 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 2022, zero occupational injury occurred to the workers who were not SKFH's employees but their work or workplace was controlled by the Company.



07 SOCIAL CARE

SKFH upholds the ideals for "giving back to the society what one reaps from the society", establishing five major public welfare strategies including "health promotion", "care for the disadvantaged", "financial education", "elderly care", 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 concrete actions to create sustainable values for companies and promote positive development in the society, living up to our motto of "Our light and heart are always with you". SKFH invested more than NT\$88.52 million in social engagement in 2022 which benefited approximately 2.54 million participants.

7.1 Social Welfare Strategy

7.2 Health Promotion

7.3 Care for the disadvantaged

7.4 Financial education

7.5 Care for the elderly

7.6 Community engagement



SOCIAL CARE



Sustainability Performances



Invested more than NT\$88.52 million in social engagement which benefited approximately 2.54 million participants.



66% of investment in commercial initiatives.



Volunteer participation with a total of 5,202 people and hours reached 32,556 hours.

7.1 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. Take Shin Kong Remote Financial Literacy School for example, Shin Kong Bank provided professional financial course training to equip disabled lecturers with financial education skills and transform them into excellent financial lecturers. In addition to providing employment opportunities for disabled people, improving their professional skills and benefiting them by better income, the program also brings positive and indirect economic impacts for disabled people to improve their status of social disadvantages.

To keep enhancing the depth and breadth of social participation, we regularly manage and track project progress through quarterly performance meetings held by “Social Participation Group” of the “Corporate Sustainability Management Committee”.

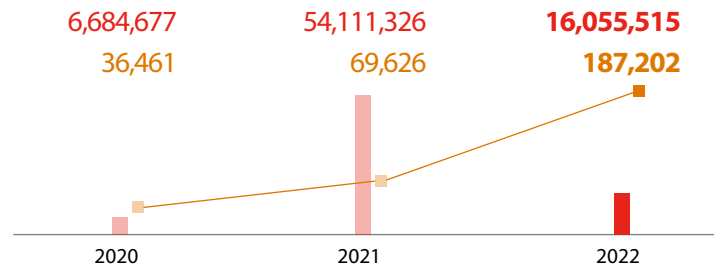
We will continue to deepen social participation and promote more comprehensive strategies with the aim of becoming a stabilizing power in the society and seek the common good for the land, people, and everything in Taiwan.

► Social Welfare Strategies and Operational Impacts



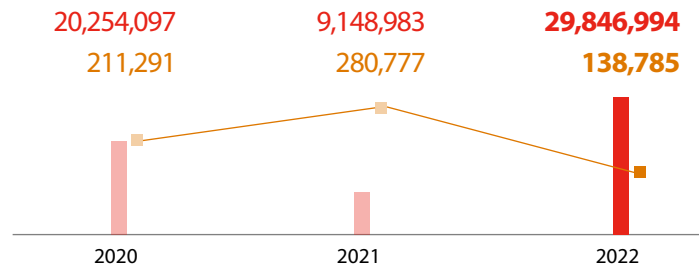
Health Promotion

SKFH has long been committed to promoting prevention of major illnesses and diseases, with the hope of raising awareness and understanding of the importance of health through events such as cancer prevention talks, blood drives, and hiking trips. The company advocates the idea that prevention is better than cure, and encourages people to prioritize their health, thereby stepping closer toward SDG 3, which aims to ensure health and promote well-being for all ages.



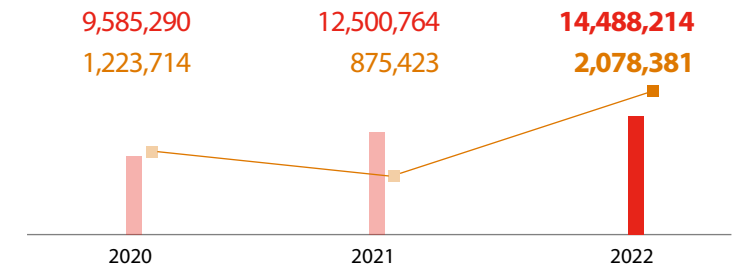
Financial Education

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.



Community Engagement

SKFH has taken roots in the local community for nearly 60 years, sponsoring and co-organizing local cultural events to help preserve the culture. We also hold sports events to provide opportunities for talents everywhere to showcase their skills. Also, we bring resources to remote areas, reduce urban-rural gaps, and offer international perspectives, all for the purpose of creating a sustainable and better life for all.



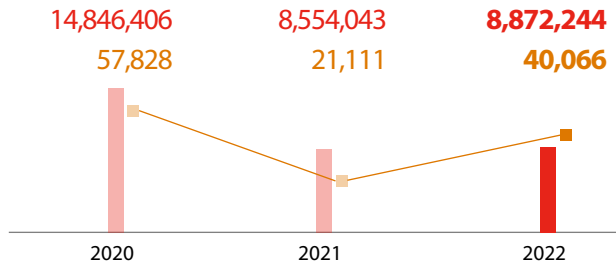
■ Financial investment / Unit: NT\$ ■ Number of Participants / Number of beneficiaries



Care for the Elderly

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 mission 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 events everywhere and close the distance between finance and customers. We also built a long-term care information network and organized health seminars to encourage people to implement health management and avoid long-term care risks.



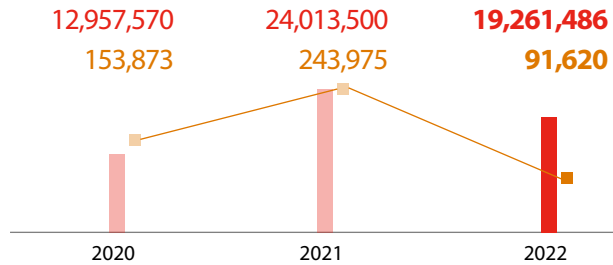
■ Financial investment / Unit: NT\$ ■ Number of Participants / Number of beneficiaries



Care for the Disadvantaged

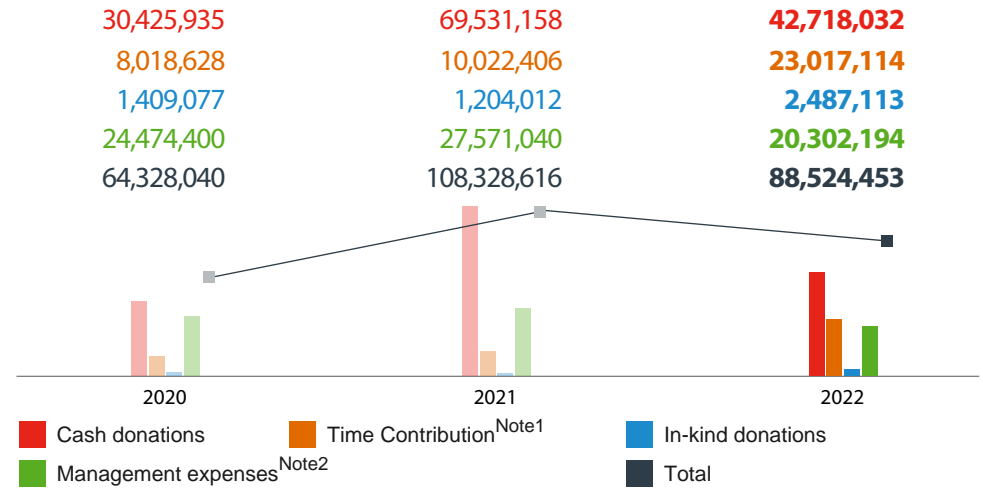
SKFH strives to fulfill its corporate social responsibility through its core functions by launching inclusive financial products such as micro-insurance, small-amount whole life Insurance, micro-loans, and fractional stock investments. In addition, the Company develops diverse digital financial services to provide access to financial products and services to

families with disabilities and people living in remote areas. In our efforts to protect underprivileged children, we have found that economic disadvantages of families can affect the physical and mental health development and academic performance of children. Therefore, we are committed to providing educational support and companionship to these children, and to turn donations into tangible help through a circular economy approach. We hope to achieve a balance between caring for the underprivileged and protecting the environment.



Social care investments between 2020 and 2022

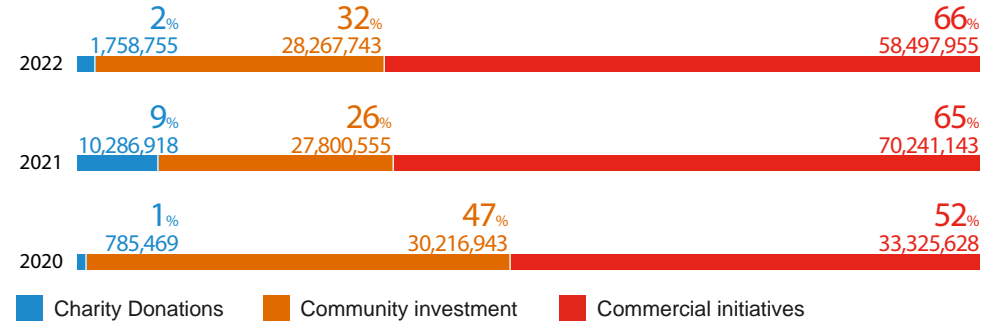
Unit: NT\$



Note1: Time contribution is calculated by multiplying the average hourly salary of employees of each subsidiary by the number of volunteer hours.
 Note2: Management expenses refer to activity expenses including administrative and personnel expenses.

Social Participation Types in 2020–2022

Unit: NT\$



Note1: Charity donations: Provide cash, products or supplies for people or groups in urgent needs instantly.
 Note2: 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.
 Note3: 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.

	Social Impact	Execution Methods	Forms of Influence		
	Health Promotion <ul style="list-style-type: none"> Promoting healthy behaviors Improving women's health awareness 	Health for All <ul style="list-style-type: none"> Nationwide Blood Donation campaign Telemedicine Hiking activities Spreading Joy: Celebrating Christmas Together 	Women's Health <ul style="list-style-type: none"> Lecture on Women's Cancer Pink October 		
	Care for the Disadvantaged <ul style="list-style-type: none"> Changing the underprivileged mentality Equitable access to socioeconomic resources Skill training among the underprivileged population 	Social Support <ul style="list-style-type: none"> Micro-insurance donations Training disabled instructors Love knows no fear, empowering children The distance between them and hunger 	Companionship <ul style="list-style-type: none"> Pen pal project Knowledge flows through books, love flows through us 	<p>Type of Impact</p> <ul style="list-style-type: none"> Changes in behaviors Changes in mindset Bringing new skills Improving quality of life <p>Overall Impact</p> <ul style="list-style-type: none"> Systematic Enhancement Flipping 	
	Financial Education <ul style="list-style-type: none"> Reducing the education gap Cultivating financial talents Improving individual competitiveness 	Children's Education <ul style="list-style-type: none"> Newspaper Reading Shin Kong Campus Bank Project Campus Touring Financial Education Cinema 	Teenagers' Education <ul style="list-style-type: none"> FinTeach Campus Financial College Financial Growth Camp Industry-academia collaboration ATCC Scholarships and financial aids 		Adult Education <ul style="list-style-type: none"> Shin Kong Beautiful Life MasterLink Flipped Classroom LIFE Lab. Insurance Shop talks Women Win! MasterLink understands you
	Care for the Elderly <ul style="list-style-type: none"> Providing elderly care Dementia advocacy 	Elderly Companionship <ul style="list-style-type: none"> Elderly Care Everywhere Dementia VR Experience Event Employee Education on Dementia Friendly banking for people with dementia 	Art and Culture in the Golden years <ul style="list-style-type: none"> Art Workshops History Alive and Legacy Art Work 		
	Community Engagement <ul style="list-style-type: none"> Fostering hip-hop dance culture Preserving local culture Conservation of natural resources 	Innovation and Culture <ul style="list-style-type: none"> Shin Kong Drawing Contest Shin Kong Cup Street Dance Contest Rubik's Cube Contest E-Sports Camp for parents and children 	Community Mutual Goodness <ul style="list-style-type: none"> Revitalize local tourism—Dajia Mazu Pilgrimage Shin Kong Acre Smallholder Farmer's Market Corporate volunteers 		Protecting the Earth's <ul style="list-style-type: none"> Coral Conservation for a Sustainable Ocean Protecting the Taipei frogs' habitat Clean the Streets to Protect Our Home Campaign Circular Carbon Reduction—Cutting Emissions From the Sources

7.2 Health Promotion

Women's Health

Lecture on Women's Cancer

Problem solving

Breast cancer screening rate in Taiwan is relatively low.

Impact

Raising awareness among women on their own health and breast cancer screening.

Number of beneficiaries

153



Pink October

Problem solving

Supporting International Breast Cancer Awareness Month campaign.

Impact

Raising awareness among women on their own health and breast cancer screening.

Number of beneficiaries

337



► Highlight Events

Lecture on Women's Cancer



In light of the low breast cancer screening rate in Taiwan, we worked with the Taiwan Breast Cancer Alliance for 17 consecutive years on the "Care for Your Breasts, Spread the Seeds of Love" campaign to raise awareness among women to cherish their health. For the past 2 years, we have also set up a mobile mammography unit at the SKFH headquarters to help women understand the importance of breast cancer screening.



Pink October

For 14 consecutive years, during the international breast cancer awareness month, we have organized nearly 55 breast cancer awareness talks and distributed 22,000 breast cancer prevention pamphlets across all SKFH branches, reminding female customers to perform self-examinations and receive regular breast checkups.



Health for All

Nationwide Blood Donation campaign



Problem solving

The number of confirmed cases of COVID-19 continues to rise, while Taiwan's blood banks experienced shortages.

Impact

Increasing the blood donation rate among Taiwanese people.

Number of blood donors / Blood donation quantity (bags)

2,888 / 4,037

Telemedicine



Problem solving

The aging population has made it difficult for people in remote areas to seek medical care.

Impact

Digital tools are utilized to fill the gap in medical care.

Number of beneficiaries

4,158

Spreading Joy: Celebrating Christmas Together



Problem solving

Children with illnesses lack sufficient comfort and support.

Impact

Sending warmth or love to children with illnesses at the end of year.

Number of Participants / Volunteering (persons)

126 / 30

Hiking activities



Problem solving

As most employees worked from home during the pandemic, we encouraged everyone to go outdoors and reduce plastic use together for a sustainable lifestyle.

Impact

We aim to create a healthy workplace, promote a plastic-reduction lifestyle, and practice sustainable corporate development.

Number of Participants

4,755

► Highlight Events

Nationwide Blood Donation campaign



Every years during Lunar New Year, there is typically a severe seasonal shortage of blood in Taiwan. This year, due to a hike in COVID-19 cases, people are less willing to go out, resulting in a decrease in blood donations and lower blood bank reserves nationwide. Shin Kong Life conducted 29 blood drives across Taiwan, calling on people to roll up their sleeve, collecting 4,037 bags of blood from 2,888 participants to help alleviate the seasonal blood shortage and support healthcare preparedness.



Telemedicine



We partner with Digital Humanitarian Association to launch a remote healthcare program in rural areas that provides online health classes and professional medical consultations to elderly residents using digital tools, helping them prevent diseases and delay disability with tangible results. We expanded the program from four to six locations, further safeguarding the health and wellbeing of rural seniors. We also strengthened connections with local communities by adopting rural locations and organizing corporate volunteer services, integrating our core expertise in insurance in inclusive financial education and scam prevention. Our volunteers also engaged with seniors through paper crafting activities to train hand-eye coordination, activate the brain and organs, and delay aging, benefiting 4,158 individuals.



7.3 Care for the Disadvantaged

Companionship and Care

New Study Buddy — A pen pal project

Problem solving

Underprivileged students lack proper financial literacy, leading to poor money management.

Impact

Enhancing financial literacy and promoting sound money management
Reducing the urban-rural gap.

Number of beneficiaries / Scholarship amount

355 / NT\$72,000



Knowledge flows through books, love flows through us

Problem solving

Insufficient resources in remote areas.

Impact

Improve access to books for children in remote areas.

Number of beneficiaries

313



► Highlight Events

New Study Buddy — A pen pal project



Taiwan's underprivileged children often lack proper financial knowledge, leading to incorrect financial management skills that can affect their future. SKFH invited professionals from different fields to become life mentors for children in rural areas. To foster the children's imagination of the future, writing is the best way to express their thoughts. Through consultations and answers from big pen pals, young pen pals can enrich their life experiences. Additionally, these letter exchanges allow young pen pals to improve their writing and language skills and expression abilities. Need-based and merit-based scholarships were issues for qualified students to support their education and help them achieve their dreams.



Knowledge flows through books, love flows through us



To tackle the issue of insufficient resources in rural areas, we launched a book donation campaign among SKFH employees, allowing second-hand books to have a new lease of life, reducing carbon emissions. Through Give Circle, we matched the donated books with those in need, spreading knowledge and positive energy, extending the joy of reading to more people, and unlocking the treasures within books.



Social Support

<p>Micro Insurance</p> <p>Problem solving Economically disadvantaged individuals or individuals with certain conditions have insufficient basic insurance coverage.</p> <p>Impact Provide more care for economically disadvantaged families and establish a comprehensive social safety net.</p> <p>Number of beneficiaries / Premium donation 42,723 / NT\$8,408,271</p>	<p>Shin Kong Rural Financial Education Program — Cultivating disabled teachers</p> <p>Problem solving Providing employment opportunities to people with disabilities, who are often disempowered in society.</p> <p>Impact Improving the skills and income of people with disabilities and the financial literacy of children in remote areas.</p> <p>Number of beneficiaries 581</p>
<p>Love knows no fear, empowering children</p> <p>Problem solving Abuse and poverty that affecting underprivileged children</p> <p>Impact Improving the enrollment rate of underprivileged children and establishing a conducive learning environment</p> <p>Number of beneficiaries / Donation amount 14,400 / NT\$833,159</p>	<p>The distance between them and hunger</p> <p>Problem solving Children from underprivileged families are not fully developing physically and mentally</p> <p>Impact Providing adequate food and basic needs for underprivileged families with children under 15.</p> <p>Number of beneficiaries / Donation amount 3,000 / NT\$478,500</p>

► Highlight Events

Micro Insurance

We have been continuously building a solid personal insurance coverage for vulnerable groups with premium sponsorship for rural populations, indigenous people, farmers, low-income families, underprivileged children, families in special circumstances, and those with physical or mental disabilities. This expands the social safety net, achieving corporate sustainability development and meeting our social responsibilities. We hope to sponsor micro insurance to help out economically disadvantaged families with a complete social assistance system, donating premiums of NT\$8,408,271 that benefitted 42,723 people.

Shin Kong Rural Financial Education Program — Cultivating disabled teachers

Through courses designed by professionally trained individuals with disabilities, the program aims to provide children with an immersive learning experience that reflects their daily lives. Real-life examples and scenarios are used to help students practice critical thinking and distinguish between "needs" and "wants", allowing them to integrate financial literacy into their lives. The vitality of disabled instructors gives children the positivity to learn to face life's challenges. A total of 6 disabled teachers have been cultivated by the program.



7.4 Financial Education

Children's Education



Reducing the urban-rural gap and promoting fairness and equality

- Scholarships
- Shin Kong Campus Bank Project
- Campus Touring Financial Education Cinema
- Newspaper Reading

Teenagers' Education



Improving education quality and cultivating financial talents

- Scholarships
- FinTeach
- Identifying potential stock
- Scholarships
- Industry-academia collaboration
- College Financial Growth Camp
- ATCC

Adult Education



Public financial literacy and lifelong learning

- MasterLink Morning Stock
- Skin Kong Beautiful Life
- LIFE Lab. Insurance seminars
- Flipped Classroom

Children's Education

Shin Kong Campus Bank Project

Problem solving

Improving financial literacy among rural students.

Impact

Establishing sustainable financial values and knowledge in students.

Number of beneficiaries

1,915



Newspaper Reading

Problem solving

Reading and writing skills among rural students.

Impact

Strengthening reading and writing abilities of rural children.

Number of beneficiaries / Beneficiary schools

1,103 / 20



Campus Touring Financial Education Cinema

Problem solving

Establishing a proper concept of how to use money.

Impact

Enhancing students' awareness of financial knowledge.

Number of beneficiaries

1,078



Highlight Events

Shin Kong Campus Bank Project



To effectively enhance financial literacy among rural students, we created Campus Banks in three rural elementary schools, namely Laomei Elementary School and Wenlin Elementary School in New Taipei City, and Yisheng Elementary School in Taoyuan City. The curriculum designed by school teachers simulates a real financial system so that students get to experience of "earning money", "saving money" and "spending money" in everyday life. This program helps underprivileged children to have a better financial understanding with proper financial literacy, and use the knowledge they learned to improve their lives. The program has benefitted 1,915 students.



Campus Touring Financial Education Cinema



We worked with six elementary schools across northern, central, southern, and eastern Taiwan, engaging a total of 1,078 teachers and students with the screening of the "Wenlin Bank" documentary, from which students learned about their perception of money through group discussions. Topics such as "wants and needs" were discussed, encouraging students to reflect on their own spending habits. We also included lessons on virtual treasure internet scams and foreign currency lessons to expand students' financial knowledge.

Newspaper Reading



SKFH has partnered with the Mandarin Daily News to promote newspaper reading education in remote areas, enhancing reading and writing skills among rural students. By organizing a newspaper clipping and writing competition, we encourage students to actively read and search for information in newspapers, enhancing their knowledge absorption and expanding their horizons. This will strengthen their writing skills, as well as their love for reading and critical thinking. The newspaper reading program covers 20 elementary schools in Kaohsiung's Liugui, Taoyuan, Maolin, and Shanlin districts, Keelung City, and Nantou County, benefiting a total of 1,103 students.

Teenagers' Education

Industry-academia Collaboration

Problem solving

Cultivating talents in the financial and insurance industry.

Impact

Educating professional ethics in finance and insurance.

Number of Participants

171



Shin Kong Life scholarships and financial aids

Problem solving

Alleviating the economic pressure on financially disadvantaged students.

Impact

Enhancing brand image.

Amount of scholarships and financial aids / Number of beneficiaries

8.259 Million / 3,126



College Financial Growth Camp

Problem solving

Cultivating talents in the financial and insurance industry.

Impact

Assisting college students to cultivate their soft skills in the workplace.

Number of beneficiaries

75



FinTech Campus Financial Event

Problem solving

Establishing correct investment and financial management concepts.

Impact

Popularizing financial education.

Successfully sponsored projects / Number of Participants

18 / 36,823



ATCC National Intercollegiate Business Case Competition

Problem solving

Cultivating talents in the financial and insurance industry.

Impact

Enhancing teenagers' ability to think and discuss diverse issues.

Number of Participants

1,441人



► Highlight Events

College Financial Growth Camp

Shin Kong Life has long been promoting financial and insurance education to enhance college students' soft skills for the workplace. To prepare for their future careers, the Company held the "2022 Shin Kong College Financial Growth Camp" at Jasper Taichung. Through a variety of courses in financial and insurance, career exploration, and interpersonal communication, the program aimed to instill the necessary transferable skills and professional traits required for workforce success. By doing so, Shin Kong Life not only enhances its brand image but also expands its ESG influence, fulfilling its responsibility to promote sustainable management and financial education.



ATCC National Intercollegiate Business Case Competition

Our recent focus on digital transformation and inclusive finance necessitates more talents from different fields. Therefore, we were committed to the "ATCC National College Business Case Competition" to exchange perspectives and generate valuable proposals that break through industry frameworks. We strive to provide friendly service and treat clients equally. Furthermore, we aim to spark creativity and practical solutions through in-depth financial education and the knowledge sharing of expertise from professional managers.



Industry-academia Collaboration

SKFH and its subsidiaries integrate their core expertise to actively cultivate excellent college talents, aligning them with the fintech industry. We provided financial education and scholarships, partnering with 123 Taiwanese colleges and universities on corporate internships and visits. Through project training and abundant internship activities that are close to industry practices, students explored career directions earlier and expanded perspectives.



Adult Education



<p>Shin Kong Beautiful Life</p> <p>Problem solving</p> <p>Free online seminars on finance, health, and recreational topics.</p> <p>Impact</p> <p>Enhancing knowledge in finance and health among the general public.</p> <p>Sessions / Number of Participants</p> <p>20 / 3,612</p> 	<p>LIFE Lab. seminars</p> <p>Problem solving</p>  <p>Free online seminars on finance, health, and recreational topics.</p> <p>Impact</p> <p>Increasing young people's health awareness and insurance knowledge.</p> <p>Sessions / Number of Participants</p> <p>69 / 31,663</p>
<p>MasterLink Flipped Classroom — Investment Seminar</p> <p>Problem solving</p> <p>Addressing common misconceptions about investment among the general public.</p>  <p>Impact</p> <p>Enhancing the financial and investment knowledge of the general public.</p> <p>Sessions / Number of Participants</p> <p>22 / 32,185</p>	<p>Women Win! MasterLink understands you</p> <p>Problem solving</p> <p>As International Women's Day on March 8th approaches, we recognize the need for women's financial literacy.</p> <p>Impact</p> <p>Enhancing women's investment and financial knowledge and literacy.</p> <p>Sessions / Number of Participants</p> <p>1 / 1,217</p> 

► Highlight Events

MasterLink Flipped Classroom — Investment Seminar

In line with current investment topics, we invited influencers and financial experts for our investment seminars, introducing investment products, concepts, and trends, with the goal to deepen investors' understanding of financial products and asset allocation and reduce investment risks caused by lack of information. A total of 22 seminars were held, with 32,185 participants and 52,123 live views.



MasterLink Flipped Classroom Youtube

量化科學交易 | 把投資科學化

資訊棒次 | 散戶沒有競爭優勢

- 消息靈通人士進場布局
- 消息見報吸引散戶入場跟單
- 股價拉高後主力逢高調節
- 利多消息持續發放散戶失去戒心
- 高檔報大量主力出貨完畢
- 散戶高檔套牢準備領股息



Shin Kong Beautiful Life

20 keynote talks were held in three major themes: finance, recreation, and health, with renowned figures and experts from all industries. Through these talks, they shared knowledge and life experiences that brought perspectives, energy, and positivity to a total of 3,612 attendees.

Women Win! MasterLink understands you

For International Women's Day on March 8, we launched the "Women Win! MasterLink understands you" events to communicate a female-friendly corporate spirit. We invited female managers and employees to share their workplace experiences and also held investment consultation events for women, with MasterLink volunteers answering investment questions for female customers, benefiting a total of 1,217 people.



75 Care for the Elderly

Art and Culture in the Golden years

History Alive and Legacy Art Work

Problem solving

Issues of elderly companionship and care in a highly-aged society.

Impact

Assisting elderly people in recalling their life experiences and expressing them through art, creating art pieces filled with stories and emotions.

Number of volunteers / Number of beneficiaries

3,771 / 19,433



Love Glitters in Colors — Memory Art Creations Workshop

Problem solving

Prevention and care for elderly dementia in remote areas.

Impact

Rebuilding the care relationship between dementia patients and caregivers with the correct mindset and relevant knowledge and skills.

Sessions / Number of Participants

21 / 516



► Highlight Events

History Alive and Legacy Art Work



Shin Kong Life Foundation has hosted “History Alive” art therapy program with Godot Theatre for 17 years. In 2022, "History Alive" came to the Xinying Art Festival in Tainan, where the short play "Uncle's Glass Beads" was performed, with middle-aged and elderly performers taking the lead on stage to engage in conversations with the audience and deeply discuss aging issues. This provided the opportunity for the elderly to share their unique life stories through performing arts, using the uniqueness of local culture and historical relationships to uncover age-friendly stories that are closer to life and the place. Most importantly, it allowed the value of the elderly's own life stories to be recorded and represented on stage. "History Alive and Legacy Art Work" is a program that uses group or one-on-one sessions and art creation to help older adults recall their life experiences, transforming their memories into touching and story-filled artworks.



Love Glitters in Colors — Memory Art Creations Workshop

Collaborating with senior care organizations and rural community stations, we provide services for dementia patients and their families, enabling caregivers to learn positive interactions such as listening and companionship to rebuild caregiving relationships. For two consecutive years, we have expanded our impact to young students by partnering with university social responsibility organizations. Through volunteer training and dementia education, we recruited college students as volunteers who developed the correct knowledge and necessary skills by actually serving dementia patients and their families.



Elderly Companionship

SKFH has long been committed to issues of aging and dementia, supporting the United Nations' Sustainable Development Goals (SDGs). We hope to use our core competencies to promote the well-being of people of all ages. In 2018, Taiwan officially entered an aging society. With the increasing number of elderly people falling victim to fraud, especially those with dementia being targeted by fraudsters, Shin Kong Bank, with its deep local roots, is committed to becoming a leading "dementia-friendly bank" in Taiwan by raising awareness among its service personnel and protecting its clients from falling prey to scams.

► Highlight Events

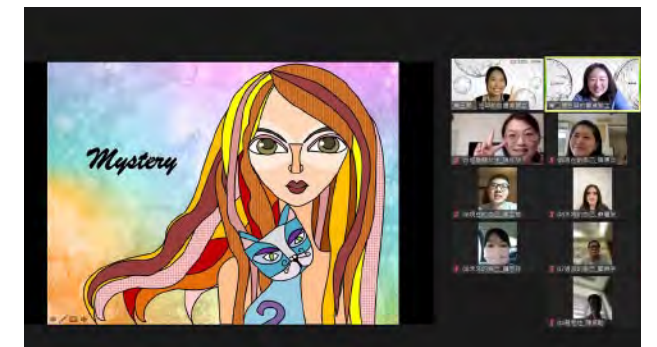
Let love accompany down memory lane — Dementia VR Experience Event

We partnered with the LaPangu Care to use VR technology and provide first-person perspective experiences dementia through hallucinations and spatial disorientation. Lecturers lead discussions and exercises to deepen awareness and empathy for those with dementia. We also hosted an online talk titled "Financial and Legal Planning for Dementia," covering topics such as prevention, treatment, financial management, and legal considerations for families affected by dementia. Our aim is to enhance financial and legal literacy, and to provide better support for those impacted by dementia.

Employee Education on Dementia.

"Unlocking Memories" is an online escape room that allows employees to experience the inner world of dementia patients through puzzle-solving and guidance from lecturers. As they progress through each level, employees develop empathy and are better equipped to handle situations they may encounter in their line of work. We also partnered with the Tainan City Health Bureau to hold the "Financial Friendly Guardian Angel Talk", where medical professionals provided online courses to educate employees on dementia and proper communication skills.

<p>Employee Education on Dementia</p> <p>Problem solving Aging population, super-aged society, and prevention and care of dementia.</p> <p>Impact We provide our employees with education on dementia and communication skills to ensure they have the knowledge and ability to respond effectively.</p> <p>Sessions / Number of Participants 5 / 128</p>	<p>The Elderly Care Everywhere Events</p> <p>Problem solving Issues of elderly companionship and care in a highly-aged society.</p> <p>Impact Accompanying elderly people with a spirit of local care.</p> <p>Sessions / Number of beneficiaries 273 / 8,817</p>
<p>Let love accompany down memory lane—Dementia VR Experience Event</p> <p>Problem solving Aging population, super-aged society, and prevention and care of dementia.</p> <p>Impact Using POV VR videos to learn about dementia and enhance empathy.</p> <p>Sessions / Number of Participants 13 / 918</p>	



7.6 Community Engagement

Innovation

<p>"Reduce Carbon, Love the Earth, Paint a Better Tomorrow"</p> <p>Problem solving Using artworks to raise public awareness and reflection on the environment.</p> <p>Impact This provides a creative platform for aspiring artists of all ages with a passion for art and learning.</p> <p>Works submitted / Number of beneficiaries</p> <p>9,979 / 138,246</p>	<p>Shin Kong Cup Street Dance Contest</p> <p>Problem solving Promotion of street dance culture.</p> <p>Impact Creating a better street dance environment- Providing opportunities for rural youths to learn street dance.</p> <p>Number of beneficiaries/ Number of beneficiaries in remote areas</p> <p>1,340 / 200</p>
<p>Shin Kong Cup Rubik's Cube Online Challenge</p> <p>Problem solving Rural teenagers lack healthy hobbies.</p> <p>Impact Enhancing the memory, judgement, and spatial imagination of teenagers, while promoting interaction between parents and children.</p> <p>Number of participants / Number of beneficiaries</p> <p>175 / 6,999</p>	<p>The Shin Kong e-Sports Camp for parents and children</p> <p>Problem solving Instilling correct gaming habits and fostering a healthy gaming culture.</p> <p>Impact Promoting interaction between children and parents and enhancing the social relationships with the older generation to jointly unleash each other's potentials.</p> <p>Number of participants / Total views of live streams</p> <p>200 / 43,800</p>

► Highlight Events

Shin Kong Cup Street Dance Contest



To promote street dance culture, the Company has been organizing the popular Shin Kong Cup Street Dance Contest for the past 19 years, offering a platform for young people to showcase their skills and challenge themselves in summer breaks. By creating a better environment for street dance, we aim to cultivate a new generation of talented dancers and foster a robust street dance community in Taiwan. Furthermore, the Company has launched the first NTF in the Taiwan street dance scene and will invest the proceeds in social causes, providing more teaching resources to underprivileged children in remote areas. This will give them the opportunity to learn professional street dance and performance skills to pursue their dreams. This effort has also contributed to the thriving street dance culture in Taiwan. The competition attracted 1,340 participants, and benefited 200 young people in remote areas.



The Shin Kong e-Sports Camp for parents and children

This year's theme is "Silver Soul Warriors," symbolizing the spirit of esports transcends age. With the right gaming habits and a positive gaming culture, everyone can enjoy gaming for a lifetime. This year, we used the brand new "Pokémon Gathering" gaming platform and invited 6 celebrity players, including well-known esports athletes, to provide simple tutorials and competitions to a total of 120 participants, including parents and children who had never played before. With 200 people attending the physical event, the live stream had 43,800 views. This allowed everyone to experience the virtual reality and become a Pokémon trainer.



Community Mutual Goodness

Shin Kong Acre Smallholder Farmer's Market

Problem solving

Smallholders lack competitiveness and face difficulties in development.

Impact

We created an example for collaboration between corporations and smallholders to help more farmers with sustainable farming methods, sales, and sustainable management.

Sessions / Number of beneficiaries

39 / 57,367

SROI : 9.85

Dajia Mazu Pilgrimage

Problem solving

Local tourism affected by the pandemic.

Impact

We invite the public and customers to participate in the most quintessentially Taiwanese cultural event.

Number of beneficiaries

1,000,000

Corporate Volunteers

Problem solving

Rural areas lack resources and volunteer recruitment is affected by the pandemic.

Impact

Enhancing community welfare organizations' resource channels.
Strengthening employee cohesion.

Volunteer sessions : 651

Number of volunteers : 5,145

Volunteer hours : 32,155

Pandemic Volunteer

Pandemic volunteer sessions : 14

Number of pandemic volunteers : 57

Pandemic volunteer hours : 401

► Highlight Events

Shin Kong Acre Smallholder Farmer's Market

The conception behind the smallholder farmer's market was the production and sales imbalance of bananas. Farmers lacked knowledge in marketing and supply chain management, leading to fallow fields and farmers quitting agriculture. Consequently, older farmers gave up farming while younger generations were reluctant to return to rural areas, leading to aging rural areas. Therefore, we hope to leverage our corporate power to act as a friendly bridge between production and consumption, and to expand the "Shin Kong Acre Farm Happy Table" project. We have invited 67 local smallholders to sign a "Mutual Goodness Pledge" with the Council of Agriculture and the Agricultural Development Bureau witnessing this initiative. We expanded the beneficiaries to include employees, their families, and insurance customers. providing them. By engaging in actual farming activities, we aim to realize a mutually beneficial relationship between the food and farmers through agricultural education experiences. To raise awareness of food safety and promote healthy eating habits, the Company has integrated its core business with the concept of "safety at the table and security on the tongue." To reduce insurance claims, encourage public concern about food issues, and enhance food safety, we donate NT\$100 to the Taiwan Food Banks Association for every "Safe Eating" policy sold. We also call on Shin Kong's smallholders to demonstrate their environmental awareness by contributing to the Food Banks' food recycling program and practicing corporate social responsibility.



Representatives of Smallholders Shared their Experiences

Many smallholders focus only on their crops and are inept at marketing agricultural products. Through the Shin Kong Acre Farm Happy Table" smallholder farmer's market held at the Taipei Station Plaza, farmers have the opportunity to showcase and sell their products and accrue sales experience. Our products are of high quality. What is important is to have the courage to communicate our philosophy to customers, to train ourselves to be bold, and to warmly welcome customers. The farmer's market provides a face-to-face opportunity with customers and an offline platform that allows for direct communication and sharing of ideas and growing processes, compared to online sales that are separated by a screen. This is not only beneficial for increasing sales but also for better understanding customer needs as well as gaining support and a sense of achievement. After taking part in the farmers' market, I also served as a speaker at the College Financial Growth Camp hosted by Shin Kong Life. At the camp, I promoted agricultural education to university students majoring in finance and business management, who had limited knowledge about agriculture. The event deepened the students' understanding. By sharing my passion for agriculture, I found the event meaningful.

Protecting the Earth's Resources

Coral Conservation for a Sustainable Ocean

Problem solving

Coral bleaching and sporadic coral mortality.

Impact

Promoting sustainable ocean conservation education.

Empowering international EcoDivers and coral reef inspectors.

Training international EcoDivers / Training coral reef inspectors

9 / 47



Circular Carbon Reduction to Conserve the Planet

Problem solving

Lack of environmental awareness among the public.

Impact

Proactively reducing unnecessary purchases, sharing items more often, and reducing wastefulness.

Number of beneficiaries / Carbon reduction

844人 / 1,364kg



"Zero Emissions & Plastic. Protect the Earth" Volunteer events

Problem solving

Wildlife habitats are experiencing destructions.

The proportion of disposable food and beverage waste is the highest.

Impact

Caring for the natural ecology and adopting eco-friendly tableware.

Sessions : 106

Number of volunteers : 1,075

Total amount of waste : 723.69 kg



► Highlight Events



Coral Conservation for a Sustainable Ocean

Together with the Taiwan Environmental Information Association, we co-hosted "Coral Conservation for a Sustainable Ocean" in support of global Coral Reef Check programs. We helped train nine international EcoDivers to conduct coral reef checks at Fanzai Ao and Longdong, recording changes in the underwater ecological environment. We observed coral bleaching and sporadic coral deaths and provided data for the world to use. EcoDivers can sustainably contribute to coral conservation and organized four in-depth underwater clean-ups. We partnered up with the National Museum of Marine Science and Technology on the Coral Watch program, which aims to monitor coral health with the help of the public. We produced 400 copies of the "International Coral Health Chart" and conducted marine education teacher training in coastal communities and primary schools such as Yehliu, training 47 coral inspectors who learned about the impact of marine waste on the environment and became more conscious of their own behavior changes, including reducing plastic use and promoting reuse and recycling from the source.



"Zero Emissions & Plastic. Protect the Earth"

We joined forces with the Taiwan Environmental Information Association with employees on a "Habitat Maintenance" mission in the Alibang, New Taipei City, to protect the habitat of the Taipei frogs^{note}. This provided an opportunity for everyone to get closer to nature, develop healthy habits. Starting from caring for the environment around them, they were able to tap into their own skills and continue to practice environmental protection in their daily lives. In addition, the employees of all 104 branches of Shin Kong Bank initiated the "Clean the Streets to Protect Our Home" campaign, engaging in different activities such as cleaning rivers, streets, stalls, and recycling resources. During the campaign, it was discovered that disposable food and beverage waste accounted for the most waste, so the staff is now encouraged to use eco-friendly utensils in their daily lives to protect the environment.

Note: The Taipei frog is an indigenous species of Taiwan listed as a class II rare and valuable species.



08 APPENDIX

- 8.1 About This Report
- 8.2 Supplemental Tables of Economic and Social Data
- 8.3 GRI Content Index
- 8.4 Index of GRI G4 Indicators of Financial Service Sector
- 8.5 Targets and Achievements on Material Issues
- 8.6 Index of Sustainability Accounting Standards Board (SASB)
- 8.7 United Nations Global Compact
- 8.8 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- 8.9 TCFD Recommended Disclosures Index Comparison Table
- 8.10 Assurance and Verification Statements



8.1 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 2022 (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: ShinKong 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). Shin Kong Venture Capital (SKVC) is not significant due to its extremely small scale, therefore only its labors, compensation, and green investment 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 GRI Standards. It aligns with the G4 Financial Services Sector Disclosures, United Nations Sustainable Development Goals (SDGs), SASB (Insurance and Commercial Banks), Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the United Nations Global Compact. The report meets the demands of external stakeholders regarding corporate sustainability information disclosure.

► Report Verification

To ensure the credibility of the information disclosed in the report, SGS Taiwan Ltd. assures that the contents meet the requirements of the GRI Universal Standards 2021 reference option and the disclosure framework of the SASB-Insurance according to the AA1000AS v3 Type2 moderate assurance level. Its independent assurance opinion statement is included in the appendix of this report.

The Company has engaged KPMG to conduct a limited assurance engagement on sustainability performance in accordance with the Standard on Assurance Engagements TWSAE3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation, as required by the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." The limited assurance report 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 Sustainability website for download. Link: //csr.skfh.com.tw/en



- Current Version Released in June 2023
- Previous Version Released in June 2022
- Next Version to be released in June 2024



► Contact Information

If you have any opinion, question, or suggestion regarding this report, please contact us:

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8.2 Supplemental Tables of Economic and Social Data

8.2.1 Engagement with Domestic and Foreign Organizations

Engagement	Organization
SKFH	
Permanent Membership	Taiwan Stock Affairs Association, Chinese National Association of Industry and Commerce, Taiwan (CNAIC), Bankers Association of Taipei, Taiwan Institute of Directors, Financial Planning Association of Taiwan, and Chinese Human Resource Management Association
Strategic Membership	Taiwan Mergers & Acquisitions and Private Equity Council
Director, Council Member, or Supervisor	Taiwan Institute for Sustainable Energy and Taiwan Net Zero Emission Association
SKB	
Permanent Membership	Trust Association of R.O.C., Financial Ombudsman Institution, National Credit Card Center, Central Deposit Insurance Corporation, Bankers Association of the Republic of China, Taiwan Securities Association, Factor Chain International, Financial Information Service Co., Ltd., Securities Investment Trust and Consulting Association of the R.O.C., Fintech Ecosystem Research and Development Association, Sinking Fund Established by Electronic Payment Institutions, 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), and Financial Information Sharing and Analysis Center
Supervisor or Consulting Director	Taiwan Mobile Payment Co., Ltd. and Taiwan Clearing House
Participation in Projects or Committees	R.O.C. Bills Finance Association and Open API Research and Application Development Committee
SKPIA	
Permanent Membership	Insurance Agency Association of the Republic of China, Chinese Insurance Service Association, and Financial Ombudsman Institution

Engagement	Organization
SKL	
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 Academy of Banking and Finance Fintech, Asia Investor Group on Climate Change (AIGCC), International Corporate Governance Network (ICGN)
Director, Council Member, or Supervisor	Financial Governance and Compliance Association of the Republic of China, Life Insurance Association of the Republic of China, Insurance Society of the Republic of China
MLS	
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, Financial Information Sharing and Analysis Center, and Chinese East Asia Economic Association
Participation in Committees	Taiwan Securities Association, Chinese National Futures Association, R.O.C. Bills Finance Association, Securities Investment Trust and Consulting Association of the R.O.C., Trust Association of R.O.C.
SKIT	
Permanent Membership	Chinese National Futures Association, Securities Analysts Association, Chinese Taipei and Financial Ombudsman Institution
Participation in Committees	Securities Investment Trust & Consulting Association of the R.O.C. (SITCA)

Contributions and Other Spending for Public (Unit: NTD)

Annual contributions and expenditure	2019	2020	2021	2022
Lobbying, interest representation or Similar	0	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	41,197,169	38,115,706	48,711,904	38,423,683
Other (e.g. Spending related to ballot measures or referendums)	0	0	0	0
Total contributions and other spending	41,197,169	38,115,706	48,711,904	38,423,683
Data coverage (as % of Shin Kong Financial Holding Company and all Subsidiaries)	100	100	100	100

SKFH's Large Expenditures to Interest Representations (Unit: NTD)

Name of organization	Type	Total amount paid in FY 2022
Financial Information Sharing and Analysis Center	Industry/Trade Association	1,649,996
The Bankers Association of The Republic of China	Industry/Trade Association	1,414,550
The Life Insurance Association of the Republic of China	Industry/Trade Association	1,140,000

SKFH's Expenditures to Public Issues



Industrial development and policy promotion

Description of Engagement

Through participating in various meetings and seminars of associations, we will provide timely policy advice on the development of the government's financial market, industrial transformation and upgrading, digital tool innovation and talent cultivation and development, so as to facilitate the sound development of the industry.

Total spend in FY 2022 6,131,181



Sustainable operation and development of enterprises

Description of Engagement

Through participation in the Taiwan Net Zero Action Alliance and other associations related to sustainable business development, we actively respond to net zero actions, implement corporate governance, and strengthen information security management to achieve corporate sustainable business goals.







Total spend in FY 2022 5,464,360

8.2.2 Analysis on Employee's Region/ Nationality in 2022

	Percentage of total employees	Percentage of all management positions
Taiwan	99.82%	99.9%
Hong Kong	0.12%	0.1%
Vietnam	0.01%	0%
Malaysia	0.01%	0%
Myanmar	0.02%	0%
China	0.02%	0%

8.2.3 New Full-time Employees in 2022

Unit: Person

		Number of employees	% of all new full-time employees	% of all full-time employees
 Male	< 30	164	17.5	1.1
	30-50	254	26.1	1.6
	> 50	41	4.4	0.3
	Subtotal	450	48.0	2.9
 Female	< 30	214	22.8	1.4
	30-50	242	25.8	1.6
	> 50	31	3.3	0.2
	Subtotal	487	52.0	3.1
 Management Level	Junior	42	4.5	0.3
	Middle	17	1.8	0.1
	Senior	12	1.3	0.1
 Nationality	Taiwanese	925	98.7	6.0
	Foreign National	12	1.3	0.1
 Workplace	Taiwan	925	98.7	6.0
	Overseas	12	1.3	0.1
 Total		937	100	6.1

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 2,548, and the proportion of new employees to all full-time employees is 16.5%.

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 2022.

Note 4: % of all full-time employees = the number of new employees in 2022 / the total number of full-time employees of SKFH and its subsidiaries.

8.2.4 Number of Employees who Resigned and Turnover Rate in 2022

Unit: Person

		Total	% of all full-time employees
Number of employees who left the company		986	
Total Turnover Rate (%)			11.6
 Resigned Male	< 30	123	1.5
	30-49	255	3.0
	> 50	86	1.0
 Resigned Female	< 30	148	1.7
	30-49	273	3.2
	> 50	101	1.2
 Resigned Management	Junior	55	0.6
	Middle	28	0.3
	Senior	14	0.2
	Turnover Rate(%)		1.1
 Nationality	Taiwanese	975	11.5
	Foreign National	11	0.1
 Workplace	Taiwan	975	11.5
	Overseas	11	0.1
Disabilities		0	0

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







Note 2: 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.

Note 3: Turnover Rate= Number of full-time employees left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note 4: Turnover Rate of Management= Number of management left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note 5: The foreign national resigned employee is the overseas employee of SKB.

8.2.5 Internal Hiring Analysis in 2022

		Total
 Male	< 30	13
	30-50	90
	> 50	35
	Subtotal	138
 Female	< 30	30
	30-50	174
	> 50	37
	Subtotal	241
 Management level	Junior	71
	Middle	29
	Senior	9
 Nationality	Taiwanese	379
	Foreign National	0
 Workplace	Taiwan	377
	Overseas	2
 Total		379

8.2.6 Occupational Accident Data and Absenteeism Statistics in 2022

	Male	Female	Total
Occupational Injuries	1	8	9
Occupational Deaths	0	0	0
Incident Rate (IR)	0.49	3.47	0.53
Lost Day Rate (LDR)	12.20	10.68	3.14
Disabling Injury Frequency Rate (FR)	0.15	0.78	0.53
Disabling Injury Severity Rate (SR)	3.78	2.73	3.14
Frequency Severity Indicator (FSI)	0.02	0.05	0.04
Absentee Days	3,444	9,366	12,810
Absentee Rate (AR)	0.42%	0.73%	0.61%
Total Hours Worked	6,613,016	10,263,288	16,876,304

- Note 1: Due to the different nature of sales business, the above table does not include insurance agents.
- Note 2: Incidence rate (IR, the third decimal place is unconditionally rounded off) = occupational injury (cases) X 1,000,000 / total hours worked.
- Note 3: Loss day rate (LDR, the first decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked.
- Note 4: Disabling injury frequency rate (FR, the third decimal place is unconditionally rounded off) = total occupational injury (cases) X 1,000,000 / total hours worked.
- Note 5: 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).
- Note 7: 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 leave. In 2022, quarantine leave due to Covid-19 is excluded.
- Note 8: Absentee rate (AR)=(Number of absentee days in the accounting period / Total days scheduled to be worked in the accounting period)x 100%.
- Note 9: Total days scheduled to be worked in the accounting period =total number of employees*annual workdays.
- Note 10: Total hours worked: Expected total number of employee hours worked (total number of employees * daily working hours * annual workdays).

8.2.7 Penalties and Improvement Measures of Subsidiaries

Description of Penalties in 2022	Improvement Measures
SKFH	
Violation of corporate governance principles and failure to fulfill the legal obligations in managing subsidiaries, posing risks to the sound operation of the SKFH group.	Revised the Company's "Corporate Governance Best Practice Principles" to strengthen compliance with laws and regulations, enhance education and promotion of corporate governance awareness, and incorporated corporate governance into the audit tracking process.
SKL	
Fined NT\$3 million for failure to implement internal control systems and inadequate management of transactions among stakeholders.	Strengthened inspection mechanisms, claimed back relevant expenses, and established a rationality inspection mechanism for expense reimbursement.
Fined NT\$1 million for non-compliance with immediate use and income standards in land acquisition.	Established control mechanisms for real estate investment and development projects.
SKB	
Fined NT\$50,000 for violations of the Personal Data Protection Act.	Comprehensive review and improvement of the identified deficiencies have been conducted.
MLS	
Fined NT\$240,000 for violating regulations on prohibited collection and custody and for failing to investigate and retain records for complaints according to the rules.	Enhanced education and promotion of relevant regulations and enforced the implementation of relevant handling procedures.
Fined NT\$240,000 for failure to implement customer risk assessment for anti-money laundering and counter-terrorism financing.	Enhanced inspection and management mechanisms to facilitate the risk assessment system.

Note: For details on the 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 2022 SKFH (AGM) Annual Report, P.141.

8.3 GRI Content Index

Statement of Use	GRI 1 Used	Applicable GRI Sector Standard
SKFH has referred to the GRI standards in reporting the information cited in the GRI appendix table from January 1, 2022, to December 31, 2022.	GRI 1: Foundation 2021	GRI G4 Indicators of Financial Service Sector

Disclosure	Corresponding Chapter	Page Number
GRI 2 : General Disclosures 2021		
2-1 Organizational details	SKFH Overview	04
2-2 Entities included in the organization's sustainability reporting	SKFH Overview	04
2-3 Reporting period, frequency and contact point	8.1 About This Report	144
2-4 Restatements of information	None	-
2-5 External assurance	8.10 Assurance and Verification Statements	158
2-6 Activities, value chain and other business relationships	SKFH Overview	04
2-7 Employees	SKFH Overview 6.1.1 Employee Status	04 102
2-8 Workers who are not employees	6.1.1 Employee Status	102
2-9 Governance structure and composition	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors SKFH Official Website/Corporate Governance/ Functional Committees	11 28
2-10 Nomination and selection of the highest governance body	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors SKFH Official Website/Corporate Governance/Board of Directors	11 28
2-11 Chair of the highest governance body	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors	11 28
2-12 Role of the highest governance body in overseeing the management of impacts	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors SKFH Sustainability Website/Sustainability Governance	11 28

Disclosure	Corresponding Chapter	Page Number
GRI 2 : General Disclosures 2021		
2-13 Delegation of responsibility for managing impacts	1.2.1 Corporate Sustainability Committee	11
2-14 Role of the highest governance body in sustainability reporting	1.2.1 Corporate Sustainability Committee	11
2-15 Conflicts of interest	2022 SKFH AGM Annual Report: Chapter 3. Corporate Governance Report II. Background Information of Directors, the President, Senior Vice Presidents, Vice Presidents, and Heads of Departments and Branch Offices VII. Changes in Equity Transfer and Pledged Equity of Directors or Managerial Officers, and Those Required to Make a Declaration of Shareholding Changes by Article 11 of the "Regulations Governing A Same Person or A Same Related Party Having Held the Equity of A Same Financial Holding	-
2-16 Communication of critical concerns	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors SKFH Sustainability Website/Sustainability Governance	11 28
2-17 Collective knowledge of the highest governance body	1.2.1 Corporate Sustainability Committee 2.1.1 Board of Directors SKFH AGM Annual Report: Refresher courses attended by the directors of the Company in 2021.	11 28
2-18 Evaluation of the performance of the highest governance body	2.1.1 Board of Directors	28
2-19 Remuneration policies	2.1.2 Functional Committees	29
2-20 Process to determine remuneration	2.1.2 Functional Committees	29
2-21 Annual total compensation ratio	Omission due to the confidential information policy of the Company.	-
2-22 Statement on sustainable development strategy	From the Chairman and President	02

Disclosure	Corresponding Chapter	Page Number
GRI 2 : General Disclosures 2021		
2-23 Policy commitments	2.2.1 Ethical Management and Code of Conduct 6.1.3 Human Rights Protection	31 104
2-24 Embedding policy commitments	2.2.1 Ethical Management and Code of Conduct 6.1.3 Human Rights Protection	31 104
2-25 Processes to remediate negative impacts	2.2.1 Ethical Management and Code of Conduct 6.1.3 Human Rights Protection	31 104
2-26 Mechanisms for seeking advice and raising concerns	2.2.1 Ethical Management and Code of Conduct	31
2-27 Compliance with laws and regulations	2.2 Legal Compliance 8.2.7 Penalties and Improvement Measures	31 148
2-28 Membership associations	8.2.1 Engagement with Domestic and Foreign Organizations	145
2-29 Approach to stakeholder engagement	1.4 takeholder Engagement	14
2-30 Collective bargaining agreements	No collective bargaining agreements have been signed	-

► Topic-specific

GRI 201 : Economic Performance 2016		
201-1 Direct economic value generated and distributed	SKFH Overview	04
201-2 Financial implications and other risks and opportunities due to climate change	4.4 Climate Actions	71

Disclosure	Corresponding Chapter	Page Number
GRI 203 : Indirect Economic Impacts 2016		
203-2 Significant indirect economic impacts	3.1 Digital and Innovative Finance 3.4 Financial Inclusion 4.1 Sustainable Finance Strategies 7 Social Care	42 53 58 127
GRI 205 : Anticorruption 2016		
205-2 Communication and training about anticorruption policies and procedures	2.2.1 Ethical Management and Code of Conduct 2.2.2 Anti-Money Laundering	31 34
205-3 Confirmed incidents of corruption and actions taken	2.2.1 Ethical Management and Code of Conduct	31
GRI 206 : Anti-Competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.1 Ethical Management and Code of Conduct	31
GRI 401 : Employment 2016		
401-1 New employee hires and employee turnover	8.2.3 New Full-time Employees in 2022 8.2.4 Number of Employees who Resigned and Turnover Rate in 2022	147 147
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.3 Employee Support Programs	112
401-3 Parental leave	6.2.3 Employee Support Programs	112

GRI 404 : Training and Education 2016		
404-1 Average hours of training per year per employee	6.3.2 Training Investment and Effectiveness	117
404-2 Programs for upgrading employee skills and transition assistance programs	6.3.1 Major Training Strategic Principles and Plans	114
404-3 Percentage of employees receiving regular performance and career development reviews	6.2.2 Talent Retention and Performance Management	110

Disclosure	Corresponding Chapter	Page Number
GRI 405 : Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	2.1.1 Board of Directors 6.1.2 Diverse and Equal Employment Opportunities	28 103
405-2 Ratio of basic salary and remuneration of women to men	6.1.2 Diverse and Equal Employment Opportunities	103
GRI 417 : Marketing and Labeling 2016		
417-1 Requirements for product and service information and labeling	3.2.1 Legal Compliance of Products and Marketing Strategies	48
417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents	-
417-3 Incidents of non-compliance concerning marketing communications	No significant incidents	-
GRI 418 : Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.3 Protection of Customer Privacy	49







► GRI 3: Disclosures on Material Topics








Disclosure Description	Corresponding Sections and Chapters	Page Number
3-1 Process to determine material topics	1.5 Materiality Assessment	17
3-2 List of material topics	1.5 Materiality Assessment	17
3-3 Management of material topics	1.5 Materiality Assessment	17

8.4 Index of GRI G4 Indicators of Financial Service Sector

Sector Disclosures	Description	Page Number
Product portfolio		
DMA	FS1 Policies with specific environmental and social components applied to business lines	53 、 58
	FS2 Procedures for assessing and screening environmental and social risks in business lines	59 - 62
	FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	63 - 67
	FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	68 、 97
	FS5 Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	63 - 67
Indicator	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	53
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	87 - 89
Local Communities		
Indicator	FS13 Access points in low-populated or economically disadvantaged areas by type	05
	FS14 Initiatives to improve access to financial services for disadvantaged people	54
Product and Service Labeling		
DMA	FS15 Policies for the fair design and sale of financial products and services	48 - 49 、 54
	FS16 Initiatives to enhance financial literacy by type of beneficiary	133 - 137

8.5 Targets and Achievements on Material Issues

Material Issue	Achievement in 2020	Achievement in 2021	Achievement in 2022
 <p>Business Performance</p>	<p>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.</p>	<p>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.</p>	<p>The consolidated net profit after tax in 2022 was NT\$2.169 billion, and the EPS was NT\$0.10. The total assets scale exceeded NT\$4.85 trillion, an increase of 3.53% year on year. The consolidated shareholders' equity was NT\$212.13 billion, and the net value per share was approximately NT\$13.41.</p>
 <p>Corporate governance and ethical management</p>	<p>Has completed the establishment of the preliminary structure of the dishonest behavior risk assessment mechanism.</p>	<p>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.</p>	<p>(1) Established a regular dishonest behavior risk assessment mechanism. The 2022 risk assessment did not identify any high-risk procurement projects. (2) Directors and senior executives have issued the "Statement of Compliance with the Ethical Management Policy."</p>
 <p>Customer Relationship Management</p>	<p>SKL Overall NPS was 75.7%.</p>	<ul style="list-style-type: none"> SKL Overall NPS was 78.8%. SKB: OU digital account NPS was 41%; online banking NPS was 26%. 	<ul style="list-style-type: none"> SKL Overall NPS was 82.8%. SKB OU digital account NPS was 63.22%.
 <p>Risk Management</p>	<ol style="list-style-type: none"> 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. Has conducted the first comprehensive trial calculation in the insurance industry. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Financial: Cooperate with the competent authorities on regular/periodical IFRS 17 and ICS trial calculations. Internally, the Company tracks the achievement of its goals and also monitors the impact of changes in the market to formulate response strategies. Business: Completed most of the IFRS17 system construction and continues to introduce ICS-related systems.
 <p>Innovation and Digital Finance</p>	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> SKFH's digital customers were 2.77 million in 2022. Proportion of SKL's e-insurance was 95.7% in 2022. Proportion of SKB's digital transactions was 89.0% in 2022. Proportion of MLS's digital transactions was 81.5% in 2022.
 <p>Legal Compliance</p>	<p>All employees of SKFH have completed education and training courses on the Code of Ethical Conduct.</p>	<ol style="list-style-type: none"> Completed the requirements proposal and supplier selection for the legal compliance business management system. All employees of SKFH and its subsidiaries have completed education and training courses on the Code of Conduct. 	<ol style="list-style-type: none"> Completed the development for the legal compliance business management system. All employees of SKFH and its subsidiaries have completed education and training courses on the Code of Ethics. SKFH has obtained external verification of the Code of Ethics.

Material Issue	Achievement in 2020	Achievement in 2021	Achievement in 2022
 <p>Sustainable Finance</p>	<p>Has completed formulation of Sustainable Finance Policy.</p>	<p>(1) SKL stipulated the "Policies and Procedures for Sustainable Investment of Securities".</p> <p>(2) SKB signed the Equator Principles and formulated the "Sustainable Credit Policy".</p>	<p>(1) SKL :</p> <ul style="list-style-type: none"> Distributed engagement questionnaires to investees. In 2022, the CAGR of the securities that meet sustainable investment principles was approximately 6.69% compared to 2020. <p>(2) SKB :</p> <ul style="list-style-type: none"> Has initiated Scope 3 investment and financing carbon emissions inventory. Held one customer briefing on ESG in the northern region. Has undertaken 4 projects financing applying the Equator Principles throughout the year. The total balance of project financing for solar power plants increased by 181.55%.
 <p>Climate Actions</p>	<ul style="list-style-type: none"> Carbon emissions were reduced by 3.8%. Has obtained 5 licenses for green buildings and 1 pending licenses for green buildings. 	<ul style="list-style-type: none"> Carbon emissions were reduced by 4% from the base year. Has obtained 5 labels for green buildings and 1 pending labels for green buildings. Based on 2020, the growth rate of the project investments in green energy related businesses in 2021 was 235%. 	<ul style="list-style-type: none"> Has obtained 6 labels for green buildings and 1 pending labels for green buildings. Based on 2020, the growth rate of the project investments in green energy related businesses in 2022 was 294%.
 <p>Talent recruitment and retention</p>	<ul style="list-style-type: none"> The retention rate of key talents reached 96.3%. Employee engagement rate was 75% 	<ul style="list-style-type: none"> The retention rate of key talents reached 95.9%. Employee engagement rate was 73% 	<ul style="list-style-type: none"> The retention rate of key talents reached 94.4%. Employee engagement rate was 73%
 <p>Social participation</p>	<p>New material issues in 2022</p>	<p>New material issues in 2022</p>	<ul style="list-style-type: none"> Volunteer hours reached 3.61 hours per capita. Total volunteer hour exceeded 32,556 hours.
 <p>Information Security</p>	<p>Major subsidiaries have obtained ISO 27001 certification.</p>	<p>(1) Major subsidiaries have obtained ISO 27001 certification.</p> <p>(2) To strengthen the information security governance structure, SKFH established a dedicated information security department, the Information Security Department.</p>	<p>(1) Major subsidiaries have obtained ISO 27001 certification.</p> <p>(2) Enhanced the information security governance structure. SKFH has appointed a chief information security officer as the convener of the Information Security Committee to promote information security management.</p>
 <p>Financial inclusion</p>	<ul style="list-style-type: none"> Launched the "Housing Renovation Loan Interest Subsidies" Was awarded the Performance Excellence Award in the Micro-insurance Competition 	<ul style="list-style-type: none"> 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" 	<p>For people with disabilities and young people, we have developed online and petite bourgeoisie products or services, such as SKL e-bill, SKB OU card, digital financial services and savings for the petite bourgeoisie, and regular and fixed stock deposit service for the petite bourgeoisie.</p>
 <p>Talent cultivation and development</p>	<p>(1) The average training hours per employee was 97.71 hours.</p> <p>(2) The rate of replacement for internal vacancy was 52%.</p>	<p>(1) The average training hours per employee was 80.60 hours.</p> <p>(2) The rate of replacement for internal vacancy was 59%.</p>	<p>(1) The average number of training hours per employee at 74.42 hours.</p> <p>(2) The replacement rate for internal vacancy at 82%.</p>

8.6 Index of Sustainability Accounting Standards Board (SASB)

► Insurance

Code	Accounting Metric	Disclosure Content
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 and others (information date: January 2023)
FN-IN-270a.2	Complaints-to-claims ratio	The application review rate and average processing days of dispute applications (claim and non-claim) accepted by the Financial Ombudsman Institution (information date: April 2023) Complaints-to-claims ratio: For every 1000 claim applications, the number of complaints received = [number of claim applications for review/the total number of claim applications (persons)] * 1000 = 0.1507
FN-IN-270a.3	Customer retention rate	SKFH 2022 Q4 Earnings Update- II. SKL Business-Persistence Rate (P.12)
FN-IN-270a.4	Description of approach to informing customers about products	Chapter 3.2.1 Legal Compliance of Products and Marketing Strategies in this report
Incorporation of Environmental, Social, and Governance Factors in Investment Management		
FN-IN-410a.1	Total invested assets, by industry and asset class	SKFH 2022 Q4 Earnings Update- II. SKL Business-Asset Allocation (P.13) Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2021 and 2022 (P.146-150).
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 Chapter 4. Sustainable Finance in this report.
Policies Designed to Incentivize Responsible Behavior		
FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Not applicable. SKFH does not operate property insurance business.
FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	Chapter 4.3 Principles for Sustainable Insurance- Principle 1 "Products and Services" in this report.

Code	Accounting Metric	Disclosure Content
Environmental Risk Exposure		
FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Chapter 2 Enhance Climate Resilience in the SKL Sustainability Report.
FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) model ednatural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	The Company's life insurance products currently do not have explicit coverage for climate-related natural disasters, so this indicator is not applicable.
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	Chapter 2 Enhance Climate Resilience in the SKL Sustainability Report.
Systemic Risk Management		
FN-IN-550a.1	Exposure to derivative instruments by category: (1)total potential exposure to non-centrally cleared derivatives, (2)total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives.	SKL only has non-centrally cleared derivatives with potential future exposure. 9. Financial instruments measured at fair value through profit or loss Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2021 and 2022 (P.51)
FN-IN-550a.2	Total fair value of securities lending collateral assets	In 2022, the company did not have any transactions involving securities loan collateral assets. There were only financial asset securities lending agreements. In 2022, the financial asset securities lending agreements amounted to NT\$134,148,000: Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2021 and 2022 (P.155)
FN-IN-550a.3	Description of approach to managing Capital and liquidity-related risks associated with systemic non-insurance activities.	Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2021 and 2022 (P.150-152, 162)
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 (information date: March 2023) Number of valid SKL policies in 2022: 18,178,984


► Commercial Bank

Code	Accounting Metric	Disclosure Content
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 2022. (2) The ratio of data breaches related to personal information was 0. (3) No account holders were affected.
FN-CB-230a.2	Description the of approach to Identifying and addressing data security risks	2.3 Information Security Information Security Management Details "2.4 Information Security" in the SKB Sustainability Report for 2022

Code	Accounting Metric	Disclosure Content
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis		
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	The industrial exposure information requested by SASB is confidential to the Bank and has not been disclosed to the public.
FN-CB-410a.2	Description of the approach to the incorporation of environmental, social, and governance (ESG) factors in credit risk analysis	4.1 Sustainable Finance Strategy 4.2 Responsible Investment and Lending

Financial Inclusion and Capacity Education		
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 3,875 loans to small and medium enterprises in 2022. The total loan amount was NT\$163.96 billion. (For the definition of small enterprise, please refer to the Small and Medium Enterprise Administration, Ministry of Economic Affairs.) SKB has offered 30 loans for the reconstruction of dangerous and old buildings in 2022. The total loan amount was NT\$4.81 billion.
FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Disclosure will be adjusted according to stakeholder needs.
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Information on vulnerable groups is currently unavailable for collection.
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked or underbanked customers	Participants of "Campus Touring Financial Education Cinema" event :1,078 persons.

System Risk Management		
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-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	<ul style="list-style-type: none"> Capital adequacy is disclosed on P.97-99 and P.104-106 of the SKB 2022 Annual Report. According to SKB's Stress Test Operating Guidelines, relevant departments are requested annually to provide stress testing scenarios for various business activities. The stress test results are reported to the Risk Management Committee and submitted to the Board of Directors for future reference. Appropriate management measures or actions based on various circumstances and other available information should be taken in response to the results of stress tests, pursuant to Paragraph 5, Article 7 of SKB's Stress Test Operating Guidelines.

Business Ethics		
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	In 2022, SKB had one penalty; fined NT\$50,000 by the competent authority.
FN-CB-510a.2	Description of whistleblower policies and procedures	SKB Internal and External Personnel Whistleblowing Procedures 

Activity Metric		
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Disclosure will be adjusted according to stakeholder needs.
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	(1) The personal credit balance is NT\$478.754 billion. (2) The small business credit balance is NT\$163.956 billion. (3) The corporate credit balance is NT\$134.447 billion.

8.7 United Nations Global Compact

Topic	Compact	Corresponding Chapter
 Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	6.1.3 Human Rights Protection
	2. Make sure that they are not complicit in human rights abuses.	6.1.3 Human Rights Protection 5.3.1 Supplier Sustainability Management
 Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	6.1.4 Diverse Communication Channels
	4. The elimination of all forms of forced and compulsory labor.	6.1.3 Human Rights Protection
	5. The effective abolition of child labor.	6.1.3 Human Rights Protection
	6. The elimination of discrimination in respect of employment and occupation.	6.1.3 Human Rights Protection
 Environment	7. Businesses should support a precautionary approach to environmental challenges.	5.1.2 Environmentally Friendly Green Building 5.2.1 Actions to Reduce Carbon Emissions
	8. Undertake initiatives to promote greater environmental responsibility.	4 Sustainable Finance 5.1.1 Environment Sustainability Management Mechanism 5.2.2 Energy Resources Management
	9. Encourage the development and diffusion of environmentally friendly technologies.	4.5. Sustainable Finance Impact
 Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	2.2.1 Ethical Management and Code of Conducts


8.8 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Reference Article: Article 4, Paragraph 3	
Item	Corresponding Sections and Chapters/Page Number
Number of data breaches, percentage of personal data breaches, and number of account holders affected.	2.3.3 Reporting of Information Security Incidents and Simulation / 37 3.2.3 Protection of Customer Privacy / 50
The number and balance of loans for promoting small businesses and community development.	3.4 Financial inclusion / 53
The number of participants in financial education programs for the disadvantaged without adequate access to banking services.	7.4 Financial education / 135
Products and services designed by each business unit to create environmental or social benefits.	4.5.3 Green investment and loan for the benefit of carbon reduction in developing renewable energy / 89 3.4 Financial inclusion / 53

8.9 TCFD Recommended Disclosures Index Comparison Table

General Guidance	Implementation results
<p> Governance</p> <p>Describe the board's oversight of climate-related risks and opportunities</p> <p>Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p style="text-align: right;">Corresponding Sections and Chapters: 4.4.1 Climate Governance Structure</p> <ul style="list-style-type: none"> The board of directors of SKFH is the highest governance and supervision unit of the group's climate issues. The "Corporate Sustainability Committee" of SKFH is a functional committee at the Board of Directors level and is responsible for supervising sustainable development and short-, medium-, and long-term climate risks strategies as well as 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. 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 managing, 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 investing and lending.
<p> Strategy</p> <p>Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.</p> <p>Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning</p> <p>Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios.</p>	<p style="text-align: right;">Corresponding Sections and Chapters: 4.4.2 Climate Strategy</p> <ul style="list-style-type: none"> By collecting and analyzing relevant climate risk issues to establish a risk issues database, there are four physical risks, eight transition risks and four climate-related opportunities were identified. According to the ranking of risks, we have analyzed business activities based on qualitative and quantitative analysis, and proposed response plans. Scenario analysis of climate physical risks and transition risks have been carried out for our company's operating locations and investment properties, upstream suppliers, and downstream products and services, such as domestic borrowers and investees' registration places, real estate collaterals, investment and lending portfolios. By understanding the risk exposure based on different climate scenarios, we can actively carry out relevant management actions and countermeasures.
<p> Risk Management</p> <p>Describe the company's processes for identifying and assessing climate-related risks.</p> <p>Describe the company's processes for managing climate-related risks</p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management</p>	<p style="text-align: right;">Corresponding Sections and Chapters: 4.4.3 Climate Risk Management</p> <ul style="list-style-type: none"> In response to the increasing climate risks impact on operations, SKFH revised the "Risk Management Policy" in 2022, listing climate-related risks as one of the business risks and incorporating them into the overall risk management process. SKFH regularly conducts climate risk and opportunity questionnaires, and conduct the listed climate risk matrix inventories. 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. For the existing investment and lending 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.
<p> Metrics and Targets</p> <p>Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 category 15 greenhouse gas (GHG) emissions, and the related risks</p> <p>Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.</p>	<p style="text-align: right;">Corresponding Sections and Chapters: 4.4.4 Climate Metrics and Targets</p> <ul style="list-style-type: none"> SKFH takes sustainable investment process, credit limits, green procurement, green building, green energy and resource efficiency as climate-related indicators. 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. 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.

8.10 Assurance and Verification Statements



SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG FINANCIAL HOLDING CO., LTD.'S SUSTAINABILITY REPORT FOR 2022

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 for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Universal Standard (2021), AA1000 Accountability Principles (2018) and GHG Protocol (Scope 3 Category 15 Investments) during on-site verification (023/03/08 to 2023/05/04) at SKFH headquarter. The boundary of this report includes SKFH Taiwan operational sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).
 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 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of SKFH. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	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:

TWLPP5008 Issue 2305

Reporting Criteria Options	
1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)
3	GHG Protocol (Scope 3 Category 15 Investments)
4	SASB (Insurance, VERSION 2018-10)

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics (as listed in Sustainability Report of 2022) at a moderate level of scrutiny for SKFH and moderate level of scrutiny for subsidiaries, joint ventures, 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);
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information;
- evaluation of the report against the SASB 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; and
- evaluation of the report against the GHG Protocol (Scope 3 Category 15 Investments) 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 and Task Force on Climate-related Financial Disclosures (TCFD) 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 organisation, its subsidiaries and stakeholders.

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

VERIFICATION/ ASSURANCE OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the 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 accordance with the reporting criteria.

We believe that the organisation 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
 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, SKFH's Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to SKFH's contributions to sustainability development. For future reporting, SKFH is encouraged to prepare for the transition to reporting in accordance with the GRI Standards.

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 boundary of the disclosed information correspond to SKFH's Sustainability Report of 2022. 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 performances 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 2,442.9 thousand metric tons of CO2 equivalent within SKFH's Sustainability Report of 2022 were assessed for its accuracy and completeness at moderate level of scrutiny as part of the SGS ESG & Sustainability Report Assurance process. Information has been gathered, recorded, compiled, analysed, 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's investment activities.

Signed:
 For and on behalf of SGS Taiwan Ltd.




Stephen Pao
 Knowledge Deputy General Manager
 Taipei, Taiwan
 14 June, 2023
www.sgs.com

TWLPP5008 Issue 2305

Independent Limited Assurance Report

To Shin Kong Financial Holding Co., Ltd.:

We were engaged by Shin Kong Financial Holding Co., Ltd. ("SKFH") to provide limited assurance over the selected information attached as Appendix I ("the Underlying Subject Matters") on the 2022 Sustainability Report of SKFH ("the Report") for the year ended December 31, 2022.

Reporting Criteria of the Underlying Subject Matters

SKFH shall prepare the Underlying Subject Matters in accordance with reporting criteria required by Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Regulation") as set forth in Appendix I.

Management's Responsibility for the Report

SKFH is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the Underlying Subject Matters. SKFH is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Underlying Subject Matters that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Underlying Subject Matters is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.



Summary of Work Performed

As stated in reporting criteria of the Underlying Subject Matters paragraph, our main work on the selected information included:

- Reading the Report of SKFH;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Underlying Subject Matters.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Underlying Subject Matters and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Underlying Subject Matters, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is 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 a reasonable assurance engagement been performed.

Inherent Limitations

The Report for the year ended December 31, 2022 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of SKFH. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Underlying Subject Matters has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

Other Matters

The management of SKFH is responsible for the maintenance of its website where includes the Limited Assurance Report, we shall not be responsible for any further changes on the Underlying Subject Matters or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Limited Assurance Report.

KPMG

Taipei, Taiwan (Republic of China)
 Jun 21, 2023

Notes to reader

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.



Appendix I : Summary of the Underlying Subject Matters

No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
1	2.3.3 Reporting of Information Security Incidents and Simulation	37	<ul style="list-style-type: none"> Information security penalties in 2022 <ul style="list-style-type: none"> Violation of information security or network security: 0 case Data breach: 0 case Ratio of personal information leakage due to information security: 0% Number of customers and employees affected by data breach: 0 	<ul style="list-style-type: none"> Details on data breaches of SKFH 	Taiwan Stock Exchange Corporation Rules Table 1-3 No.1
	3.2.3 Protection of Customer Privacy	50	<ul style="list-style-type: none"> Personal Information Protection and Complaint Incidents of SKFH and Subsidiaries in 2022 <ul style="list-style-type: none"> Type of Complaint: Disclosure Competent Authority: 1 (Note) Review Center and Company Channels: 0 Note: The number of customers affected by personal information leakage due to business mismanagement in 2022 was one and the incident was not caused by information security system problems. 	<ul style="list-style-type: none"> Statistical data of personal data protection violation of SKFH 	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
2	3.4 Financial inclusion	53	<ul style="list-style-type: none"> 2022 Financial Inclusion Products Performance <ul style="list-style-type: none"> Microbusinesses and Community Development <ul style="list-style-type: none"> SME loans <ul style="list-style-type: none"> Loan balance: NTS163.96 billion Number of loans: 3,875 Microenterprise Loans <ul style="list-style-type: none"> Loan balance: NTS0.14 billion Number of loans: 272 Loans for reconstruction of urban unsafe and old buildings <ul style="list-style-type: none"> Loan balance: NTS4.08 billion Number of loans: 30 	<ul style="list-style-type: none"> Statistical data of SME loans, Microenterprise Loans, and Loans for reconstruction of urban unsafe and old buildings of SKFH 	Taiwan Stock Exchange Corporation Rules Table 1-3 No.2 Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.
3	7.4 Financial Education	135	<ul style="list-style-type: none"> Campus Touring Financial Education Cinema <ul style="list-style-type: none"> We worked with six elementary schools across northern, central, southern, and eastern Taiwan, engaging a total of 1,078 teachers and students with the screening of the "Wenlin Bank" documentary, from which students learned about their perception of money through group discussions. Topics such as "wants and needs" were discussed, encouraging students to reflect on their own spending habits. We also included lessons on virtual treasure internet scams and foreign currency lessons to expand students' financial knowledge. 	<ul style="list-style-type: none"> Financial education documents of SKFH 	Taiwan Stock Exchange Corporation Rules Table 1-3 No.3 Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.



No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
4	3.4 Financial inclusion	53	<ul style="list-style-type: none"> 2022 Financial Inclusion Products Performance <ul style="list-style-type: none"> Middle- or low-income households and disadvantaged social groups <ul style="list-style-type: none"> Micro insurance <ul style="list-style-type: none"> Premium income: NTS9.26 million Number of underwriters: 46,863 	<ul style="list-style-type: none"> Statistical data of micro-insurance of SKFH 	Taiwan Stock Exchange Corporation Rules Table 1-3 No.4
	4.5.3 Green investment and loan for the benefit of carbon reduction in developing renewable energy	89	<ul style="list-style-type: none"> In 2022, SKFH's subsidiaries increased the investment of NTS1,571 M into constructing renewable energy power plants, which are expected to generate 41.37 million kWh, which can supply about 173,400 households for monthly use, and save 21,812 tonnes of carbon dioxide emissions. We also increased the approved quota of lending by NTS1,505 M, which are expected to generate 22.68 million kWh, which can supply about 72,900 households for monthly use, and save 11,544 tonnes of carbon dioxide emissions. 	<ul style="list-style-type: none"> Statistical data of green investment and loan for the benefit of carbon reduction in developing renewable energy of SKFH's subsidiaries 	Products and services designed by individual operating units to create benefits for the environment or society.



VERIFICATION STATEMENT
GREENHOUSE GAS EMISSIONS

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-3 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, 41F, and 42F., No.66, Sec. 1, Chung-Hsiao W Rd., Taipei, Taiwan, R.O.C.
- Period covered by GHG emissions verification: January 1, 2022 to December 31, 2022

Emissions data verified:

- Category 1 - Direct GHG emissions and removals: 45,7333 tCO₂e
- Category 2 - Indirect GHG emissions from imported energy: 257,61790tCO₂e
- Category 3 - Indirect GHG emissions from transportation: 0,7763 tCO₂e
- Category 4 - Indirect GHG emissions from products used by organization: 2,1791 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

Assurance Opinion:

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 issued: 13/04/2023

Andrew Lee, CER Manager
Latest Issue: 13/04/2023



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Ver. 20220316

Bureau Veritas Certification (Taiwan) Co., Ltd.
3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10663, Taiwan R.O.C.
+886-2-2670 7655

Statement TW23/00138GG



Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

Shin Kong Life Insurance Co., Ltd.

No.66, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)



has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions
1,553.6628 tonnes of CO₂e
Indirect emissions
16,452.0036 tonnes of CO₂e
Direct emissions and indirect emissions
18,005.666 tonnes of CO₂e

Authorized by

Stephen Pao
Knowledge Deputy General Manager

Date: 22 May 2023

Version 1

TGP56A-15-6 2207

SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24803, Taiwan
t (02) 22963279 f (02)22969453 www.sgs.com



This Statement is not valid without the full verification scope, objectives, criteria and findings available on this Statement.

Page 1 of 17

Statement TW23/00181GG



Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

Taiwan Shin Kong Commercial Bank Co., Ltd.

No.36, Songren Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)



has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions
1,428.2316 tonnes of CO₂e
Indirect emissions
12,266.5574 tonnes of CO₂e
Direct emissions and indirect emissions
13,694.789 tonnes of CO₂e

Authorized by

Stephen Pao
Knowledge Deputy General Manager

Date: 26 May 2023

Version 1

TGP56A-15-6 2207

SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24803, Taiwan
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This Statement is not valid without the full verification scope, objectives, criteria and findings available on this Statement.

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ISO 14064 Greenhouse Gas Emission- Shin Kong Financial Holdings

ISO 14064 Greenhouse Gas Emission- Shin Kong Life Insurance

ISO 14064 Greenhouse Gas Emission- Shin Kong Bank



VERIFICATION STATEMENT GREENHOUSE GAS EMISSIONS

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, 2022 to December 31, 2022

Emissions data verified:

- Category 1 - Direct GHG emissions and removals: 217.3706 tCO2e
Category 2 - Indirect GHG emissions from imported energy: 3,904.6748 tCO2e
Category 3 - Indirect GHG emissions from transportation: 25.4246 tCO2e
Category 4 - Indirect GHG emissions from products used by organization: 52.6089 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

Assurance Opinion:

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.

Andrew Lee, Technical Reviewer
Originally Issue: 13/04/2023

Greenhouse Gas Statement:

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

Signature of Andrew Lee

Andrew Lee, CER Manager
Latest Issue: 13/04/2023



Page 1 of 11
Ver: 20220916



VERIFICATION STATEMENT GREENHOUSE GAS EMISSIONS

This is to verify that

Shin Kong Investment Trust Co., Ltd.

11F., No. 167, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, 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 Investment Trust 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 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 11F., No.167, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Period covered by GHG emissions verification: January 1, 2022 to December 31, 2022

Emissions data verified:

- Category 1 - Direct GHG emissions and removals: 13.3044 tCO2e
Category 2 - Indirect GHG emissions from imported energy: 169.2941 tCO2e
Category 3 - Indirect GHG emissions from transportation: 2.5482 tCO2e
Category 4 - Indirect GHG emissions from products used by organization: 1.0434 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

Assurance Opinion:

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, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Andrew Lee, Technical Reviewer
Originally Issue: 13/04/2023

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

Signature of Andrew Lee

Andrew Lee, CER Manager
Latest Issue: 13/04/2023



Page 1 of 3
Ver: 20220916



VERIFICATION STATEMENT GREENHOUSE GAS EMISSIONS

This is to verify that

Shin Kong Property Insurance Agency Co., Ltd.

31F., NO. 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 Shin Kong Property Insurance Agency 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 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 31 & 19F., No. 66, Sec. 1, Chung-Hsiao W. Rd., Taipei, Taiwan, R.O.C.
Period covered by GHG emissions verification: January 1, 2022 to December 31, 2022

Emissions data verified:

- Category 1 - Direct GHG emissions and removals: 21.2996 tCO2e
Category 2 - Indirect GHG emissions from imported energy: 20.6296 tCO2e
Category 3 - Indirect GHG emissions from transportation: 0.9447 tCO2e
Category 4 - Indirect GHG emissions from products used by organization: 0.0672 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

Assurance Opinion:

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.

Andrew Lee, Technical Reviewer
Originally Issue: 13/04/2023

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

Signature of Andrew Lee

Andrew Lee, CER Manager
Latest Issue: 13/04/2023



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Ver: 20220916



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 Taiwan

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 February 2021.

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

Page: 1 of 2



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Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, 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. Taipei City 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 September 2021.

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

Page: 1 of 2



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Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 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 106420 Taiwan

Holds Certificate No: **IS 524730**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

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, Bei-Wa server room, Banqiao data center, and network management for MasterLink Securities Corporation and MasterLink Futures Corporation within Information Division. This is in accordance with the Statement of Applicability, A-A07-0002, version 3.0 dated 27 October 2020.

For and on behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2008-01-25
Latest Revision Date: 2022-11-30

Effective Date: 2023-01-25
Expiry Date: 2025-10-31

Page: 1 of 2



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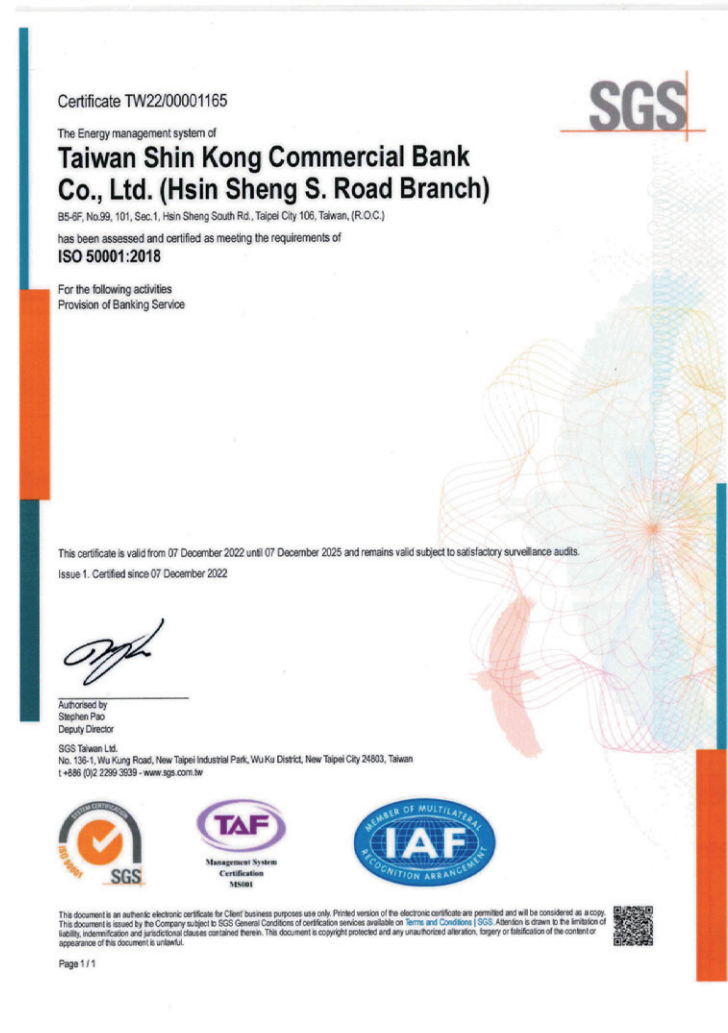
This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated [online](#). Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +886 (02)2656-0333.

Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C. A Member of the BSI Group of Companies.

ISO 27001 Information Security Management System - MasterLink Securities



ISO 50001 The Energy Management System -Shin Kong Life Insurance



ISO 50001 The Energy Management System -Shin Kong Bank

bsi. Opinion Statement



Water Footprint Verification Opinion Statement

This is to verify that: **Shin Kong Life Insurance Co., Ltd.**
No. 66, Sec. 1, Zhongxiao W. Rd.
Zhongzheng Dist., Taipei City
Taiwan

新光人壽保險股份有限公司
臺灣
台北市
中正區
忠孝西路一段 66 號

Holds Statement No: WfV 780592

Verification opinion statement

As a result of carrying out the verification of water footprint assessment, it is the opinion of BSI with reasonable assurance that:

- This verification is according to the water footprint assessment report of Shin Kong Life Insurance Co., Ltd.
- The system boundary is defined as an organizational boundary by operational control approach.
- The organizational boundary is defined as for the headquarters building of Shin Kong Life Insurance Co., Ltd., excluding tenants and Shin Kong Mitsukoshi. (新光人壽保險股份有限公司總部大樓，不含承租戶及新光三越)
- No material misstatements in this ISO 14046:2014 assertion was revealed.

The data quality of organizational water footprint assessment was verified to be acceptable against the requirements of ISO 14046:2014.

This statement shall be valid for a maximum period of two years after the latest issue date on this certificate. Should there be a change in the life cycle of the water footprint are being assessed, the validity of this opinion statement will cease.

For and on behalf of BSI: 
Managing Director BSI Taiwan, Peter Pu

Originally Registration Date: 2023-01-30

Effective Date: 2023-01-30

Latest Revision Date: 2023-01-30

Expiry Date: 2025-01-29

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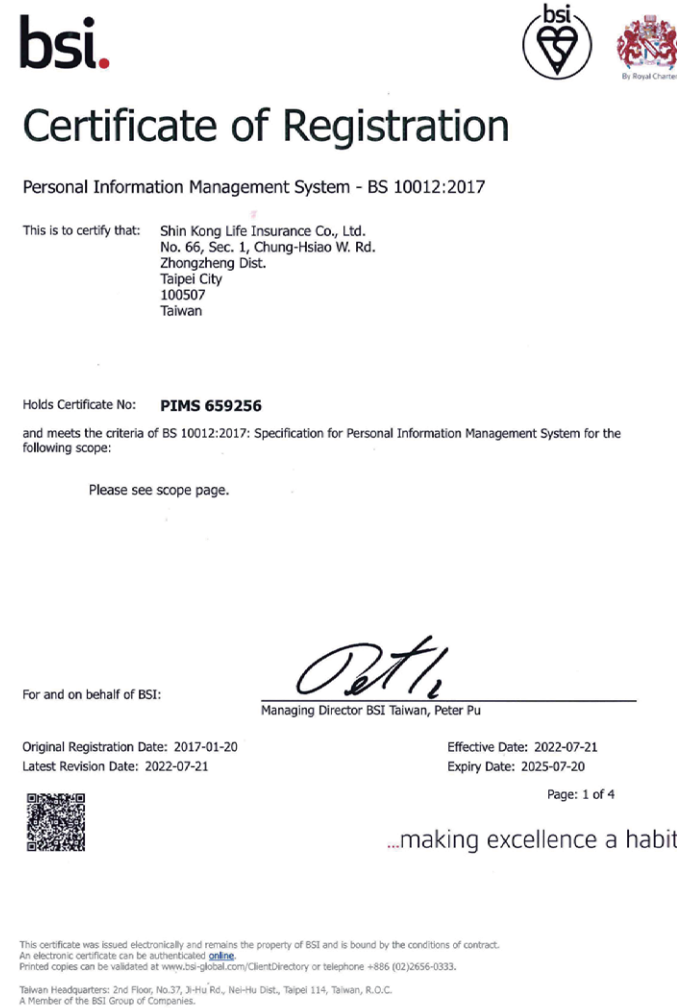
This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated online. Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +886 (02)2656-0333.

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A Member of the BSI Group of Companies.

ISO 14046 Water footprint - Shin Kong Life Insurance



ISO 20400 Sustainable Procurement - Shin Kong Bank



ISO 10012 Personal Information Management System - Shin Kong Life Insurance



Statement of CoC Conformity - Shin Kong Financial Holdings