

SKFH 2023 SUSTAINABILITY REPORT

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Message from the Chairman and President

Chairman

陈淮舟

coinciding with the 60th anniversary of the Shin Kong Group's establishment. This milestone is a testament to the dedication and diligence of our many employees who have faithfully upheld and advanced our legacy, step by step, earning the trust of our fellow citizens and shaping our present stature. We extend our profound gratitude to each employee whose unwavering efforts have contributed to our journey over the past six decades. Furthermore, we express our appreciation to our shareholders, customers, and all stakeholders whose unwavering support and encouragement have accompanied us throughout this odyssey, fostering Shin Kong's continued steady growth and enduring development. Meanwhile, in 2023, amidst geopolitical tensions, inflationary pressures, and interest rate hikes, the financial industry faced formidable challenges and disruptions. However, through the collective efforts of all our employees, SKFH achieved remarkable success by securing the prestigious positions of second globally and first in Asia for our performance as a constituent in the insurance category of the 2023 Dow Jones Sustainability World Index (DJSI World). We also earned our inaugural inclusion in the Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets), further underscoring SKFH's position at the forefront of international sustainable development, a testament to our enduring commitment to sustainability and the tangible results we have achieved.

2023 stands as a momentous and pivotal juncture for SKFH,

According to the World Economic Forum's "Global Risks Report 2024," half of the top ten risks in the next decade are related to climate and the environment. SKFH, in fulfilling our corporate responsibility for sustainability, aligns ourselves with international standards. We steadfastly adhere to the three core sustainable values of "low carbon," "innovation," and "mutual good," forging ahead to collaborate with stakeholders in fostering a just transition to a sustainable society and environment. Together, we strive to co-create a more sustainable environment and future.

I Low Carbon

The time has come for a global climate riskaccelerated decarbonization strategy. SKFH's carbon reduction targets, formally approved earlier this year by the Science-Based Targets Initiative (SBTi), signify international recognition of our commitment to mitigating climate change. In addition to implementing various internal energy-saving and carbon reduction measures, we are accelerating our transition to low carbon operations. Externally, we are continuously expanding our green investment and lending activities, fulfilling our duty of sustainable stewardship as an institutional investor. Through engagement actions and an accelerated coal phase-out process, we leverage our financial influence to drive customer transition towards low carbon solutions. Furthermore, in response to the growing international attention on issues of nature and biodiversity, Shin Kong has voluntarily positioned ourselves as an early adopter. Actively engaging with leading global enterprises, we explore global natural capital issues and future solutions, thereby enhancing transparency in corporate risk resilience and opportunity management through the development of natural risk management measures.



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I Innovation

Digital transformation is an indispensable foundation for sustainable corporate development. Faced with the onslaught of the digital wave, we must embrace change and innovation, continually hone our agility and corporate culture, and unwaveringly focus on customer needs. By harnessing innovative technologies, daring experimentation, and breaking through existing operational models and thought frameworks, we carve out our own transformative journey and value.

SKFH's core strategy for digital development, "Driving transition through digital roots," empowers all employees to accelerate the dual transformation of digital and sustainability, as well as showcasing SKFH's digital resilience. To adapt to the AI wave, we actively leverage AI technology to enhance competitiveness, including initiatives such as "AI-powered HR assistant," "intelligent antigreenwashing," "aggregation of negative news for anti-money laundering," and "document intelligent recognition service." These efforts are built upon a foundation of cybersecurity and compliance, optimizing business processes and leveraging operational advantages to provide diverse and innovative business models and service approaches for customers, employees, and society as a whole.

I Common Good

SKFH adheres to the four core principles of "Innovation, Service, Integrity, and Contribution," as well as "people-oriented" corporate culture and core values. We view employees as crucial assets for the company's sustainable operation, supporting their long-term career empowerment and development. Embracing a spirit of diversity, equity, and inclusion (DEI), we cultivate a friendly workplace environment. Moreover, we promote employee stock ownership trust, inviting employees to share in the company's performance, and provide various benefits and subsidies beyond legal requirements, including superior leave policies and maternity benefits, to tangibly support employees in achieving work-life balance. Furthermore, we consider benefiting society as our mission and vision. Leveraging our financial core competencies, we strive to create sustainable value by focusing on five major pillars of public welfare: "Health Promotion," "Care for the Disadvantaged," "Financial Education," "Environmental Symbiosis," and "Community Engagement." In addition to offering age-friendly products and establishing barrier-free, accessible service environments, we actively engage in public welfare activities such as telemedicine in rural areas, education for children in remote areas, and oral history projects. Our dedication is aimed at fostering a friendly financial environment and promoting positive social development.

I Future Prospects

Confronted with the swift shifts in global market dynamics, geopolitical complexities, and the urgent call of climate change, SKFH not only aspires for steadfast progress but also pledges to infuse sustainability ethos into our strategic decision-making process. With unwavering focus on executing pivotal strategies and fostering deeper engagement with stakeholders, we remain steadfast in our commitment to embodying the principles of sustainable business. Our mission is to actualize more sustainable aspirations and epitomize the spirits and values of sustainability encapsulated in the motto of "Our light and heart are always with you."

Natural

President

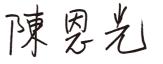






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About SKFH

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.

Company Profile

Brand Spirit

Management	Objectives
------------	------------



Note: In 2023, there was no significant change in SKFH's scale, structure, and ownership.





Service Locations

Branch

Regional Sales Office

and Branch Office

Service Center

SKFH Sustainable Practitioner of Development Accountable Strategy Governance

Area with low

population density^{Note}

SKL

2

15

1

Overview of Domestic Business Locations

Innovator of Financial Service

Unit: Number of Locations

Total locations

in Taiwan

23

317

32

103

44

3

1

Off-shore

islands^{Note2}

1

2

0

0

0

0

0

Business Scope

Full Range of Products and Services SKL Savings insurance, protection insurance, investment-linked insurance, medical injury insurance, group accident insurance, etc.

SKB

Deposits, loans, foreign exchange, wealth management, trust, credit card, derivative financial products, electror

Investing in industries with potential.

electronic financial services, etc.		SKB
MLS	Branch	1
Brokerage, underwriting, proprietary businesses, bonds, new financial commodities, wealth management, shareholder services agent, etc.		MLS
SKIT	Branch	1
Securities investment trust, discretionary investment, securities investment consulting, offshore fund sales, and futures trust.		SKIT
SKPIA	Location	0
Agency of vehicle insurance, fire insurance,		SKPIA
marine insurance, and liability insurance.	Company	0
SKVC		

Note 1: Calculated in accordance with the area table of Taiwan Administrative divisions and population data at the end of December 2023. These areas include administrative regions in municipalities, counties, and cities with a population density of fewer than 100 persons/ square kilometer including HualienCounty and Taitung County.

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

SKFH Overseas Deployment



Achiever of

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.

0

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.

0 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.

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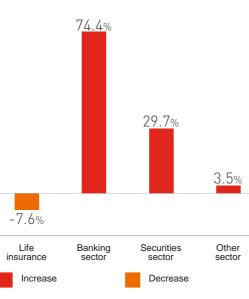
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I Business Performance

In 2023, the global economy continued to struggle in the post-pandemic era as inflation and exchange rate volatility challenged growth and contributed to profit volatility in the financial sector. Shin Kong Financial Holding (SKFH) posted a consolidated after-tax loss of NT\$7.324 billion, or NT\$-0.48 per share, short of the company's target. This owed mainly to a loss at Shin Kong Life Insurance (SKL) resulting from sharply higher foreign exchange hedging cost as the Taiwan-US interest spread widened. Other SKFH subsidiaries performed steadily, with banking and securities subsidiaries posting second highest profits ever. SKFH ended the year with a consolidated shareholders' equity of NT\$246.08 billion (NT\$15.56 per share), 16.0% higher year-on-year (YoY). Consolidated total assets rose 2.1% YoY to NT\$4.95 trillion, making SKFH the fifth-largest financial holding company in Taiwan ranked by assets.

In 2023, SKFH recorded a Profit from operations of NT\$25.4 billion. In particular, the life insurance sector contributed -7.6% of the profit, followed by the bankingsector and the securities sector with a contribution of 74.4% and 29.7% 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 3.5% of the profit, and SKFH doesn't operate the property insurance business.(For the operating performance and asset portfolio of SKFH in 2023, please refer to "Chapter 5 Business Overview" in the SKFH 2023 Annual Report.) Looking ahead to 2024, SKFH will continue to supervise and manage subsidiaries' strategic development to improve operating performance, maximize capital efficiency, and thereby increase overall profitability and strengthen capital adequacy. SKFH will also help subsidiaries to enhance highvalue and new business profit sources, expand the asset scale of its banking and securities subsidiaries, and supervise SKL's harmonization with the IFRS17 and ICS2.0 international standards to expand its business scope and depth and optimize subsidiaries' asset structures.

Profit from operations



Note: The banking sector includes corporate banking, personal banking, and wealth management business. The securities investment trust is an asset management business. The other sectors include SKFH itself but excluding the longterm investment income, as well as investment trust, venture capital and insurance agent.

SKFH Economic Performance in the Past Three Years

Unit: NT\$ millions

Category	Item	Unit	2021	2022	2023
Operating	Total assets	NT\$ millions	4,685,263	4,850,699	4,953,494
	Operating revenue(net revenue)	NT\$ millions	216,512	100,908	25,405
ability	Employee average income	NT\$ millions	13	6	2
	Employee average profit	NT\$ millions	1.35	0.13	(0.5)
	Life insurance sector	Revenue share(%)	86.5	76.7	(7.6)
	Banking sector	Revenue share(%)	8.5	17.7	74.4
Scale of Operation ^{Note 1}	Securities sector	Revenue share(%)	4.6	4.5	29.7
	Other sector	Revenue share(%)	0.4	1.1	3.5
	Non-Life insurance sector	Revenue share(%)	0	0	0
	Return on assets	%	0.50	0.05	(0.15)
Profitability	Return on shareholder's equity	%	9.00	0.91	(3.20)
	Earnings Per Share	NT\$	1.67	0.10	(0.48)
	Operating costs	NT\$ millions	29,411	27,128	29,510
	Employee wages and benefits	NT\$ millions	18,081	15,462	16,784
	Dividends for shareholders Note 2	NT\$ millions	5,471	6,728	0
Economic	Payments to the government Note 3	NT\$ millions	1,811	1,804	336
value	Charitable contributions and sponsorship	NT\$ millions	108	89	94
	Economic value retained Note 4	NT\$ millions	179,819	65,248	(4,441)
	Retained earnings	NT\$ millions	98,336	93,494	88,801
	Political contributions Note 5	NT\$ millions	0	0	0

Note 1: For total liabilities, please refer to "Financial Overview" in the SKFH 2023 AGM Annual Report.

Note 2: No stockholders' dividends were distributed in 2023 because there were no distributable earnings in 2022 after the appropriation of the net income after tax in accordance with the law.

Note 3: "Payments to the government" includes only "income tax paid." Other payments to the government (sales tax or other taxes, fines, etc.) are included in cost of operations.

Note 4: Economic value retained: 'direct economic value generated' less 'economic value distributed'. Direct economic value generated: revenues. Economic value distributed: operating costs, dividends for shareholders, and payments to the government, of which operating costs are inclusive of employee wages and benefits and charitable contributions / sponsorship.

Note 5: No political donations have been made in the past three years.



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I Tax Governance

In response to the trends in international tax governance, SKFH has established the "Tax Governance Policy" which clearly defines the principles of tax treatment, authority and responsibility, upholds the principle of integrity and transparency, and implements a tax management mechanism to ensure the effective operation of the tax system, in order to achieve the concept of sustainable development.

The principles of tax treatment



Duly understand and comply with the spirit as well as the letter of the tax laws and regulations in the countries in which we operate, complete tax filing honestly, and pay the taxes calculated



Comply with transfer pricing rules and implement arm's length principle for related party transactions.

Practicing Regular Trading



Upholding Economic Realities

Establishing Healthy

Communication

 Do not transfer value created to low tax jurisdictions or use tax havens for tax avoidance.

legally, prior to legal deadlines.

Do not use tax structures without commercial substance for tax avoidance.

Conduct honest and professional communication,

discussions or requests for explanation from the

competent authorities of taxation in a sincere

manner. Provide industry experience or

environment and systems.

practical insights where necessary to help the government improve the taxation



Regularly disclose taxation information in Financial Reports and disclose the Financial Reports publicly to ensure transparency.

Enhance Information Transparency



Consider the legal environment and international trends when making and implementing tax decisions, and carefully assess tax risks to take appropriate response measures.



Emphasize Risk

Control

Continue to enhance employees' professional skills in taxation matters and cultivate professional talents in taxation.

Cultivate Tax Talents

Income Tax Information

Unit: NT\$ millions

Item	2022	2023
Earnings Before Taxes	4,705	(12,708)
Reported Taxes	2,537	(5,383)
Cash Taxes Paid	1,804	336

Effective Tax Rate

Item	2022	2023	Average	Peer Average
Effective Tax Rate (%) Note 1	15.68	3.35	(3.91)	- 14.97
Effective Tax Rate After Adjustment (%) Note 2	20.00	20.00	20.00	- 14.97
Cash Tax Rate(%) Note 3	38.33	(2.64)	(26.74)	13.41

Note 1: Effective tax rate = Income tax benefits / Net profit before income tax.

Note 2: Adjustments consist primarily of the effect of deferred income taxes, loss carryforwards and tax-exempt income.

Note 3: Cash tax rate = Income tax paid / Net profit before income tax.



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Sustainable Honors and Recognitions





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Sustainable Performances

Practitioner of Accountable Governance	Innovator in Financial Services	Guardian of Natural Environment
		7 (10) 13 (20) 13 (20) 15 (10) 15 (10) 15 (10)
 Completed internal and external performance evaluations of the board, with internal performance rated as "excellent" and external performance scoring 4.62 out of 5. Completed risk assessment of dishonest conduct, with overall risk assessment indicating low risk. Implemented the trial operation of the overall information security governance maturity assessment system (FFIEC CAT) for SKFH and its subsidiaries. Subsidiary SKL has established the "IFRS 17 and ICS International Alignment Management Committee." 	 "GFiN Greenwashing Techsprint" competition organized by the Global Financial Innovation Network and was recognized as "The Globe Trotter." Customer Satisfaction reached 94.9% 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 3 million persons and won recognition from 24 domestic and international digital awards. About 372 thousand pieces of inclusive financial products brought NT\$235.55 billion business benefits to enterprises. 	 In 2023, SKFH and its subsidiaries emitted a total of 28,663.11 metric tons of CO2e in scope one and two greenhouse gases, a reduction of 2,828.15 metric tons, or approximately 8.98%, compared to 2022. A total of 47.6 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 323.59 tons. The Science-Based Targets (SBT) was approved. Green electricity procurement of 940.95 MWh, reducing 465.77 tCO2e
Driver of Value Chain	Achiever of Joyful Career	Promoter of Sustainable Prosperity
<image/> <image/> Example 2 Ex	<image/> 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". 	<image/> <image/> Image: A state of the stat



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O1 SKFH Sustainable Development Strategy

1.1 Blueprint of Sustainability Strategies **1.2** Sustainable Business Framework

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- **1.3** Identification of Material Issues
- 1.4 Sustainability Impact Valuation
- **1.5** Stakeholder Engagement



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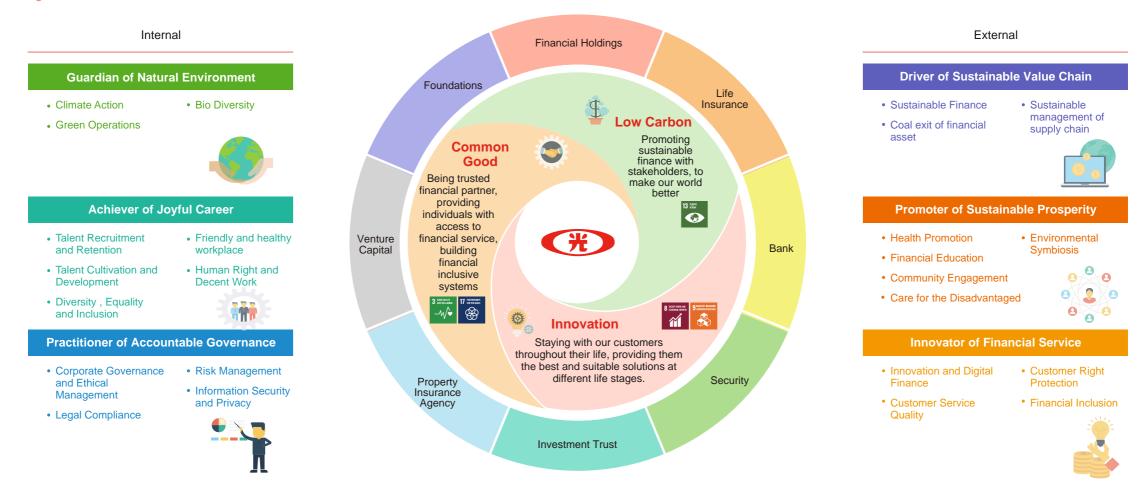
Prosperity

Blueprint of Sustainability Strategies

With the vision of "be a trusted financial partner," SKFH has developed six strategic dimensions developing from the "care for life." Actions cover ESG issues such as climate change, sustainable finance, talent retention and cultivation, diversity and inclusion, financial innovation, and integrity management. By leveraging the core functions of SKFH, its six subsidiaries and two foundations, we aim to jointly promote sustainable development internally and externally. We aspire to provide environmentally, socially, and customer-friendly financial products at all stages of life while adhering to the United Nations Sustainable Development Goals (SDGs), and achieving "low carbon, innovation, and common good" sustainable values with stakeholders.

Sustainability Vision: Be a Trusted Financial Partner

6 Strategic Dimensions



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1.2 Sustainable Business Framework

SKFH established the CRS Committee in 2017, and elevated it to a functional committee at the board level in 2018, in order to align with international standards and oversee active promotion of sustainable business practices within the Group and its subsidiaries.

SKFH Milestone of Sustainable Establishment



Member of Dow Jones Sustainability indices Powered by the S&P Global CSA







DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TN	Forum
FD	Member

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1.2.1 Corporate Sustainability (CS) Committee

The Company set up the "Corporate Sustainability Committee" in order to promote and fulfill corporate sustainability development. The 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 2023, and the attendance rate of the members is 100%. The CS Committee reported the corporate sustainability performance and future plans, as well as the corporate governance and integrity implementation status. For the Committee's 2023 operations in detail, please refer to SKFH website.

Corporate Sustainability Committee Organization Chart



Committee Operations in 2023

2023.07.20

- Appointment of Chairman for the 3rd term of the Corporate Sustainability Management Committee
- Progress on material issues, 2022 Sustainability Report, and business plans for the second half of the year
- · Progress on SBTi project and reduction targets

Execution Status

Relevant proposals submitted to the Board meeting on August 30

2023.11.28

- · Annual review of achievements in material issues and plans for the coming year
- Stakeholder communication updates
- Implementation status of ethical management

Execution Status

Relevant proposals submitted to the Board meeting on December 27

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 SKFH website for details of the SKFH "Sustainable Development Policy" and "Sustainable Development Best Practice Principles".



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1.3 Identification of Material Issues

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.

1.3.1 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 Harvard Business School's Impact-Weighted Accounts. 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 regularly monitor and manage materiality issues. Through these practices, we strive to uphold the sustainability values of low carbon, innovation, and common good.

I Methods and Process of Materiality Identification

Collect Sustainability Issues

1

Referred to international sustainable development trends, material issues in domestic and international financial and insurance industries, and the latest regulations and guidelines. Compiled 20 sustainability themes related to SKFH based on SKFH's strategic development directions.

Survey Stakeholders' Level of Concern

Gather stakeholders' level of concern about SKFH's sustainability issues. A total of 348 questionnaires were collected.

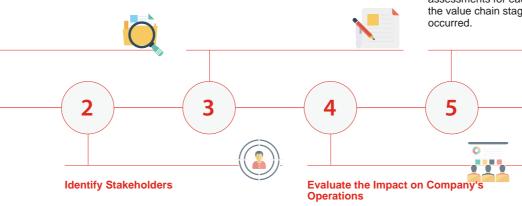
Analyze Impacts on Economy, Environment, Verify and People

6

Introduced impact assessment tools and invited the Executive Secretaries of the Corporate Sustainability Committee of SKFH and subsidiaries to jointly assess the linkage between economic, environmental, and societal impacts (including human rights) and the Company's sustainability issues. Conducted positive and negative impact assessments for each impact event and defined the value chain stage where the impact occurred.

Verify the Material Issues

Presented the prioritization of material issues to the management committee of SKFH for discussion and decision-making on the prioritization by senior executives. The results of the prioritization of material issues were verified by the third-party assurance provider and submitted to the Board of Directors.



Distributed questionnaires internally to identify individuals or groups who are or may be affected by the Company's economic activities. Identified eight major stakeholders: shareholders and investors, employees, customers, government agencies, suppliers, media, communities, non-profit/non-governmental organizations. Distributed operational impact assessment questionnaires to executives and employees of SKFH and subsidiaries. Evaluated the impact of various sustainability issues on the Company's revenue, costs, and risks. A total of 876 questionnaires were collected.



7

Integrated the impacts of sustainability issues on business operations and on external economy, environment, and people, and took into account the level of concern from external stakeholders to prioritize material issues.

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ollect Sustainability Issues

Following international sustainable development trends and material issues in the domestic SKFH and international financial insurance industry, and in compliance with the latest regulations and guidelines. SKFH has integrated 20 relevant sustainability issues based on the strategic development direction of the Company. Compared to the previous year, the names of "Information Security and privacy," "Customer Relationship Management," and "Gender Equality and Diversity Inclusion" have been changed to "Information Security and Privacy." "Customer Relationship and Service Quality." and "Diversity . Equality and Inclusion." respectively. Additionally. two new issues, "Biodiversity" and "Coal Exit of Financial Asset." have been added.

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 a total of 348 stakeholders participated in this process, including shareholders and investors (59), suppliers (104), employees (80), media (8), the general public (49), customers (43), non-profit/non-governmental organizations (3), and government agencies (2). The survey reveals that the most significant issue of concern for customers is "Information Security and Privacy." For other key stakeholders, the top five issues of concern are "Business Performance," "Customer Relationship and Service Quality," "Innovation and Digital Finance." "Information Security and Privacy." and "Talent Recruitment and Retention." For detailed results of stakeholder communication, please refer to "1.5 Stakeholder Communication. "

Accountable

Governance

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 876 managers and employees in the materiality analysis, assessing the impact of each sustainability issue on revenue growth, customer satisfaction, employee cohesion, and operational risks. Significance was determined by prioritizing the extent of influence of each sustainability issue on company operations. Results found the top five material issues, "Business Performance", " Talent Recruitment and Retention", "Corporate Governance and Ethical Management", "Customer Relationship and Service Quality", "Information Security and Privacy", "Innovation and Digital Finance" and "Digital Finance".

Achiever of

Joyful Career

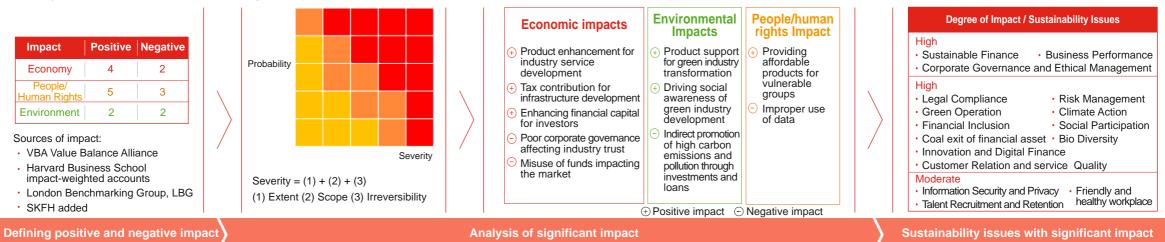
Note: The scores are tied, placing "Information Security and Privacy", "Innovation and Digital Finance" and "Digital Finance" in joint fifth place.



Impacts on economy, environment, and people

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 21 employees, considering the severity, scope of influence, irreversibility, and likelihood of occurrence for actual and potential impacts, 10 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," "Climate Action," "Supplier Sustainability Management," "Business Performance," and "Talent Recruitment and Retention," are the most significant issues. They primarily generate positive impacts, including gross value added (GVA), procurement demand to drive the relationship between industrial supply and demand, giving wages that take into account the guality of life, investment and lending to drive the supply and demand relationship of the industrial chain, and investment and lending to create employment opportunities in the industrial chain. Negative impacts are mainly derived from supplier environmental externalities and derived industry chain environmental externalities. For details, please refer to "1.4 Sustainability Impact Valuation."

SKFH's Impact Assessment Process -Non-monetary



新光金控SKFH	Table of Contents	SKFH Sustainable Development Strategy	Practitioner of Accountable Governance	Innovator of Financial Service	Guardian of Natural Environment	Driver of Sustainable Value Chain	Achiever of Joyful Career	Promoter of Sustainable Prosperity	Appendix

Material Issues and Prioritization

Through the assessment results of the impacts of various sustainability issues on business operations, as well as the impact on the external environment, society, and people, and summarizing the level of stakeholders' concern, 12 major issues were identified, namely: Business Performance, Risk Management, Corporate Governance and Ethical Management, Sustainable Finance, Information Security and Privacy, Customer Relationship and Service Quality, Innovation and Digital Finance, Legal Compliance, Climate Action, Talent Recruitment and Retention, Financial Inclusion, and Social Participation. We also examine the significance of each issue from the perspectives of external regulations and sustainability trends, the Company's medium and long-term development key points, and the 2023 Impact Valuation results. The prioritization of materiality issues as shown in the following table:

Prioritization	SKFH ESG Issues	Operational impacts to the Company	Level of Concern from Stakeholders	Impacts on economy, environment, and people	Mid and Long term Development Key Point	2023 IMV Result	Adjustment of M	aterial Issues, 2023
1	Business Performance	•••	•••	•••	•••	•••	Differences between years	Explanation on changes
2	Talent Recruitment and Retention	••0	•••	•00	•••	•••	Talent	Recruitment and Retention
3	Corporate Governance and Ethical Management	•••	•00	•••	•••		Increased	Due to heightened concern from stakeholders and increased external
3	Customer Relationship and Service Quality	●●○	•••	••0	•••		importance	sustainability impact, it has become a highly material issue
5	Information Security and Safety	●●○	•••	•00	••○	•00	Inform	ation Security and Privacy
5	Innovation and Digital Finance	•00	•••	••0	•••			Due to heightened concern from
5	Sustainable Finance			•••	•••	•••	Increased importance	stakeholders and increased external sustainability impact, it has become a highly material issue
8	Risk Management	••○	•00	••0	•••		Talent C	ultivation and Development
9	Climate Action			••0	••○	•••		
10	Legal Compliance	•00		••0	•••		Removed issue	Due to reduced impact on organizational operations and sustainability development, it has been removed
10	 Social Participation Social Participation 			•••		••0		from material issue status
12	Financial Inclusion		•00		••0			



SKFH Double Materiality

The following table shows the material impacts aspect of SKFH's material issues on the organizational operations or sustainability development.

Material Issues	Operational Impacts (Financial Materiality)				Economic, Environment, and People (Human Rights) Impacts (Impact Materiality)									
				⊕ Positive				O Negative						
	Revenue Growth	Customer Satisfaction	Employee Cohesion	Operational Risks	Financial Industry Development	Tax Payment / Net Profit after Tax	Increased Investor Profitability	Industrial Transformatior	Driving Green Industry Development	Providing Affordable Products	Undermining Trust in the Insurance Industry	Misuse of funds	Promoting Carbon- intensive Industries	Improper Use of Data
Governance														
Business Performance	0		0				0					0		
Risk Management	0						0				0	0		•
Corporate Governance and Ethical Management	0						0				0	0		0
Sustainable Finance					0		0	0		0		0		
Information Security and Privacy														
Customer Relationship and Service Quality	0									0				0
Innovation and Digital Finance							0	0		0				
Legal Compliance												0		•
Environment														
Climate Action														
Social														
Talent Recruitment and Retention	0													
Financial Inclusion										0				
Social Participation										0				

Note 2: SKFH defined 18 positive and negative impacts through international standards, ultimately confirmed by internal employees to have 10 impacts relevant to SKFH



SKFH Sustainable Practitioner of Development Accountable Strategy Governance

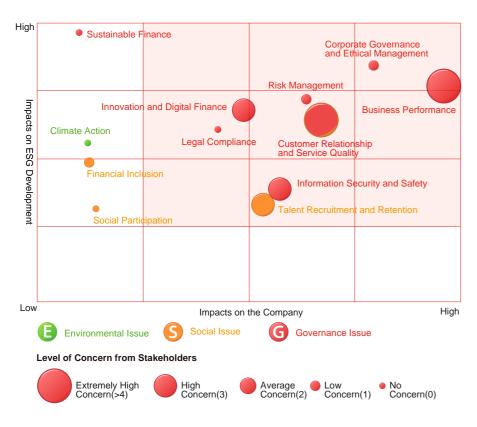
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Innovator of Financial Service Guardian of Natural Environment

Driver of Sustainable Value Chain Achiever of Joyful Career Promoter of Sustainable Prosperity Appendix

Materiality Matrix

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 operational impact is represented on the X-axis, while the external sustainability 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.



1.3.2 Impact Description and Management Policy of Material Issues

Materiality Prioritization High	Economic	Environmental Socia	I → Positive → Negative
Materiality Issues (Aspect of Impact) / Description of Im	npact	SASB / GRI Specific Topic	Management Policy
Business Performance (Economic) - Ineffective corporate strategies and poor performance can lead to inv decreased customer satisfaction, and reduced employee morale.	vestor withdrawal,	FN-IN-000.A GRI 2:General Disclosures2021 GRI 201:Economic Performance	Message from the Chairman and President, About SKFH
 Talent Recruitment and Retention (Economic) → SKFH focuses on people, because talent is the most important asset in t We not only rely on our employees to work together to achieve busin goals, but also utilize the strengths of the employees to bring the con advantages, create enterprise operation value, and ensure sustainab 	ess strategies and npany competitive	GRI 401:Employment	6.3 Talent Recruitment and Employee Care
Corporate Governance and Ethical Management (Economic — Poor governance or ethical breaches can heighten operational risks ar interests.	-	GRI 2: General Disclosures 2021 GRI 205: Anti-corruption	 Sustainable Business Framework Corporate Governance Ethical Management
Customer Relationship and Service Quality (People) High-quality services can boost customer trust and loyalty, indirectly i Failure to implement Fair Customer Treatment or address customers may lead to complaints and litigation.	0	FN-IN-270a.1 FN-IN-270a.2 FN-IN-270a.3 FN-IN-270a.4 GRI 417: Marketing and Labeling	3.2.2 Safeguarding Customer Privacy and Rights
Information Security and Privacy (People) — Improper use or management of data can lead to penalties, operational to brand trust.	I risks, and damage	GRI 418:Customer Privacy	 2.3 Information Security 3.2.2 Safeguarding Customer Privacy and Rights
Innovation and Digital Finance (Economic/Environmental/Per + SKFH leverages FinTech innovations to enhance overall operational data-driven transformation, reduce resource consumption, and prov convenient products and services to the general public, supporting susta and increasing digital competitiveness.	efficiency, escalate ride inclusive and	FN-IN-410b.2 GRI 203 : Indirect Economic Impacts	3.1 Innovation and Digital Finance
 Sustainable Finance (Economic/Environmental/People) In response to the development of sustainable finance, SKFH is under transformation, prioritizing the impact of sustainability issues on operatic while continuously integrating ESG factors into decision-making procepositively impacts the Company's allocation of funds, and investment and le but also favorably supports the development of green industries and in sustainable performance. Misalignment of the Company's capital utilization with sustainable investment of the provide the performance. 	ons and investments esses. This not only ending performances idustries with strong restment principles	FN-IN-410a.2 FN-IN-410b.1 FN-IN-410c.1 FN-IN-410c.2 FN-IN-410c.3 FN-IN-410c.4 GRI 203:Indirect Economic Impacts	5.1 Sustainable Finance Strategies
may foster the growth of high carbon industries, resulting in detrimen environment and society. Neglecting ESG risks in the investment pro negatively impact corporate investment returns.			11



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Materiality Prioritization Medium

	ronmental Social	+ Positive O Negative
Materiality Issues (Aspect of Impact) / Description of Impact	SASB / GRI Specific Topic	Management Policy
 Risk Management (Economic) Poor internal and external risk management can exceed the company's risk appetite, indirectly affecting customers, shareholders, and other stakeholders. 	FN-IN-550a.1 FN-IN-550a.2 FN-IN-550a.3 GRI 2: General Disclosures 2021	2.4 Risk Management
 Climate Action (Environmental/ People) 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 Underestimating the potential physical and transition risks of climate change on business operations can influence corporate decisions and exacerbate negative environmental and social impacts induced by relevant operations and investments. 	FN-IN-450a.1 FN-IN-450a.2 FN-IN-450a.3 GRI 201:Economic Performance GRI 305: Emissions 2016	4.3 Climate Action4.2 Low-carbon Operations
 Legal Compliance (Economic/ People) Violations of regulatory or local government laws can result in penalties, damage the brand's image, and erode customer trust, potentially causing operational disruptions and increased business risks. 	GRI 2: General Disclosures 2021 GRI 206: Anti-Competitive Behavior	2.2.2 Legal Compliance 2.2.1 Ethical Management
Social Participation (Economic/Environmental/ People) (+) Collaborating with stakeholders to take concrete actions that positively impact society and the environment, thereby fulfilling corporate social responsibility.	GRI 203: Indirect Economic Impacts	7.1 Social Welfare Strategy
 Financial Inclusion (Economic/ People) (+) Utilizing professional expertise to offer diverse, user-friendly financial products and services, ensuring all groups have access to basic, equitable, and convenient financial services. 	GRI 203: Indirect Economic Impacts	3.3 Financial Inclusion

1.3.3 Incorporating Material Issues into Risk Management

Achiever of

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 types : strategic risk, operational risk, financial risk, information risk, compliance risk, integrity risk, reputation risk, and other emerging risks. By inventorying key risk indicators and criteria are developed based on risk profiles, expressing the probability and the impact level of risk events.

Risk Types





Risk Management of Material Issues

Material Issues	Business Performance	Talent Recruitment and Retention	Corporate Governance	and Ethical Management	Sustainable Finance	Information Sec	urity and Privacy
Risk considerations	Company's capability for sustainable management	Excessive turnover of high- performing employees or failure to recruit necessary talent in a timely manner	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	Important information system having been compromised	Improper maintenance of customer data
Risk type	Finance	Operations	Operations	Integrity	Finance	Oper	ations
Risk assessment	Inability to achieve sustainable management could adversely affect customer rights.	Failure to fill talent gaps and retain outstanding talent could impair the company's management and business initiatives, potentially diminishing long-term development and service quality.	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	Threats today such as computer viruses 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 maintenance can lead to the leakage of customer personal information, causing harm to customer rights and violating personal information protection laws, which will have a significant impact on the company's operation
Risk mitigation measures	Hold regular performance review meetings with subsidiaries to ensure they meet annual business plans and goals in line with prudent management principles. Adjust group strategies or provide support wherever necessary to subsidiaries in response to changes in the financial environment.	Offer competitive salaries and rewards, maintain a comprehensive performance evaluation system, and provide extensive training programs to sustain high employee engagement and talent levels.	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 lending decision-making processes	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
Probability of risk occurrence ^{Note 1}	0000	••000	••000	••000	••000		000
Severity of risk ^{Note 2}	••••				••000		



Material Issues	Climate Action	Customer Relationship and Service Quality	Innovation and Digital Finance	Legal Compliance	Financial Inclusion	Social Participation
Risk considerations	Global net-zero emission pressure brought about by climate change	Risks associated with customer complaints or declining satisfaction related to products and services.	Risks associated with the introduction of new FinTech and the development of innovative service models	In the event of a material breach of laws and regulations	The risk of inability to meet the needs of resource-limited customers in terms of products and services	Decreased public recognition of the corporate brand and loss of external partners and customers
Risk type	Finance	Reputation	Operations	Legal compliance	Reputation	Reputation
Risk assessment	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 lending portfolios, it will likely be affected by increased carbon costs associated with high-carbon industries, thereby impacting investment and lending returns.	Poor handling of product/service quality issues or customer complaints could erode customer trust, damage the company's brand image, and negatively impact customer loyalty and brand reputation. If the development of AI applications lacks transparency, interpretability, or fails to adhere to the principles of being human-centric and human-controllable, it may lead to disputes regarding fairness. This will impact customer numbers, brand image, and industry competitiveness.	The introduction of new FinTech and the development of innovative service models represent new territories both in terms of technology and regulations. If the development of AI applications lacks transparency, interpretability, or fails to adhere to the principles of being human-centric and human-controllable, it may lead to disputes regarding fairness. This will impact customer numbers, brand image, and industry competitiveness.	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	The Treating Customer Fairly Principles and financial-friendly service guidelines are promoted by regulatory authorities as policies. Inadequate accessibility and inclusivity of the company's products and services, and failure to meet the needs of resource-limited customers not only deviate from regulatory policy directions but also diminish the company's image and industry competitiveness.	SKFH's main subsidiaries have operating locations spread across various regions in Taiwan. Failure to maintain good interactions with local communities and leverage corporate resources in public welfare may decrease public recognition of the brand and reduce potential collaboration opportunities with external charitable organizations, negatively impacting brand reputation and corporate image.
Risk mitigation measures	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	Conduct thorough content and process evaluations of new products and services in accordance with legal and internal regulations before launch or sales. Implement a "Subsidiary Companies Joint Marketing Management Regulations" for subsidiaries to ensure compliance in collaborative marketing efforts. Conduct customer satisfaction surveys and provide multiple complaint channels to address customer feedback promptly, ensuring high service quality.	The adoption of emerging new FinTech should be accompanied by a complete assessment and identification of the impact or risk of Al on the enterprise, the environment, and society, including the protection of privacy and customer rights and interests, ensuring system stability and security, and the implementation of transparency and explainability, in order to ensure the specificity of the risk and the extensibility of the existing control mechanisms	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	Implemented the "SKFH Financial Inclusion Policy" and adhered to the "Treating Customer Fairly Principles" to offer diverse, innovative, and friendly products and services tailored to different customer needs, especially those with limited resources, thus protecting customer rights and satisfying their financial demands.	Established the "Shin Kong Life Foundation" and "Shin Kong Bank Culture and Education Foundation," integrating resources from subsidiaries to engage in long-term "strategic charity plans." Formulated five major pillars of public welfare: "Health Promotion," "Care for the Disadvantaged," "Financial Education," "Community Engagement," and "Environmental Symbiosis" to fully leverage group strengths and engage employees and volunteers in social welfare activities.
Probability of risk occurrence ^{Note 1}	••000		••000		0000	0000
Severity of risk ^{Note 2}						•0000

Note 1: Rated from 1 to 5, indicating "almost impossible" to "very likely" Note 2: Rated from 1 to 5, indicating "very minor" to "extremely severe

Promoter of Sustainable Prosperity

1.3.4 Material Issue Strategies and Short-, Mid- to Long-Term Goals

SKFH has set short-, mid-, and long-term goals for material sustainability issues and tracks their implementation on an annual basis.

Strategies	Short-term Goals (2024)	Mid- and Long-term Goals (before 2030)	Strategies	Short-term Goals (2024)	Mid- and Long-term Goals (before 2030)
Business Performance			Corporate Governance and Ethi	cal Management	<u>-</u>
 Enhance high-value and new business profit sources Boost profitability and strengthen capital adequacy Expand business scale and optimize subsidiary asset structures Deepen synergies through strategic products and crossselling Increase digital revenue and improve digital efficiency 	 Assist subsidiaries in enhancing high-value and new business profit sources, diversifying revenue streams to increase profit momentum Expand the business scale of banking and securities subsidiaries, optimizing asset structures to enhance profit stability Efficiently manage and supervise subsidiaries to improve operational performance and capital utilization, thereby increasing overall profitability and strengthening capital adequacy Guide insurance subsidiaries in aligning with IFRS17 and ICS2.0 international standards to achieve sustainable corporate operations 	• Strengthen subsidiaries' core profitability to enhance their own capital	 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 	 Optimize the planning and execution of director and supervisor training programs to better meet needs and enhance professional competencies Maintain "excellent" internal performance evaluation results for the Board and functional committees Continuously implement the mechanism for evaluating the risk of unethical conduct to maintain a risk matrix score (the overall frequency x amount of operations) below 3 points (the highest risk score being 9 and the lowest being 1) 	 With the target year set as 2026, goals to be achieved: Establish a Nomination Committe 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 Regular internal and external performance evaluation of the Board of Directors, with an evaluation result of ≥ 4.6
Talent Recruitment and Retentio	n	THE	Sustainable Finance		<u></u>
 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 	 Maintain 90% retention rate for outstanding talent Complete at least one strategic human resources management and development plan Optimize at least one existing employee support program 	 Targets to be achieved by 2027: Maintain a retention rate of over 90% for outstanding talent Conduct an engagement survey every two years and gradually improve employee engagement 	Gradually improve sustainable finance-related policies and regulations, increase the amount of sustainable investment and lending, promote project financing for solar power plants, and develop products such as sustainable bonds and green industry-related funds to support the development of green industry	 SKFH and the subsidiaries (based on 2023): Maintain ESG-themed investment and lending amount. Maintain Green-themed investment and lending amount. The subsidiaries aim to achieve the following goals by 2024: SKL • A five-year CAGR of 3% for securities investment that meets the PRI • Based on base year, the growth rate 	SKFH and the subsidiaries Increase the ESG- and green- themed investment and lending amount gradually. The subsidiaries aim to achieve the following goals by 2027: SKL • Continuously seek investments in ES G-theme with potential profit and impact
Risk Management	lanagement Carl			of investment amount in green energy- related businesses is 400%. SKB • The growth rate of sustainable investment	SKB • The growth rate of sustainable
 Integrate group risk information to enhance management transparency Strengthen risk management mechanisms in response to climate change and environmental issues 	 Implement the ALGO market risk management system Continuously review progress towards SBTi scientific carbon reduction targets 	 Develop IFRS17 risk control systems Enhance expertise in climate change and environmental issues within the Group, train professionals in climate risk management, and build resilient risk management teams 		 amount is 3% The growth rate of sustainable lending amount is 20%, NT\$13.8 billion. Solar power plant project lending balance reaches NT\$4 billion Two ESG net-zero transition customer briefing session to promote green lending. 	 investment amount is 4% The growth rate of sustainabl lending amount is 80%, NT\$20.5 billion. ESG net-zero transition customer briefing session to promote green lending.

risk management teams

(%)	新光金控SKF	ł
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Strategies	Short-term Goals (2024)	Mid- and Long-term Goals (before 2030)	Strategies	Short-term Goals (2024)	Mid- and Long-term Goals (before 2030)
Climate Action			Innovation and Digital Finance		
 emission plans following SBTi carbon reduction targets to lower operational carbon emissions and engage with investee targets to promote financial decarbonization, reducing the carbon intensity of financed emissions. Scope 1 and Scope 2 carbon emissions reduced by 8.4% compared to 2022 Financial decarbonization: To achieve a ratio of 30% of investment and lending engagement Emission intensity (kg CO_{2e}/MWh) for newly contracted power generation industry corporate loans lower than the 2030 emissions intensity target (214.274COco(MWh) 	 Scope 1 and Scope 2 carbon emissions reduced by 8.4% compared to 2022 nancial decarbonization: To achieve a ratio of 30% of investment and lending engagement Headquarters and main Office locations to achieve net zero by 2030 By 2030, Scope 1 and Scope 2 carbon emissions to decrease by 42% compared to 2022 (SBTs) By 2030, Scope 3 carbon emissions decrease by 42% compared to 2022, with a specific reduction of 20% in emissions from fuel and energy-related activities. Financial decarbonization: By 2027 Bercentage of listed stocks and bonds achieving SBTs 		 Enhance the effectiveness of digital finance promotions: Number of SKFH digital accounts > 3.2 million Maintain a life insurance e-application ratio > 95% Digital transaction ratio in banking > 88% Digital transaction ratio in securities > 83.5% 	Goals to be achieved:20272030• Number of SKFH digital accounts> 3.8 million> 4.4 million• Maintain a life insurance e-application ratio> 95% > > 95%> 95% or ation banking• Digital transaction ratio in banking> 89% > > 85% > > 88% or atio in securities> 85% > > 88%	
	loans lower than the 2030	 reaches 50.3% Percentage of fossil fuel, service/commercial building, and 	Legal Compliance		
	 Emission intensity (kg CO₂e/MWh) for newly contracted power plant project loans lower than the 2030 emissions intensity target (178.9kgCO₂e/MWh) Emission intensity (kg CO₂e/m²) decreased by 13.8% for Emission intensity 	 other long-term loans achieving SBTs reaches 31.6% By 2030 Emission intensity (kg CO₂e/MWh) decreased by 40.8% for power generation industry corporate loans Emission intensity (kg CO₂e/MWh) decreased by 52.1% for power plant project financing Emission intensity (kg CO₂e/m2) decreased by 49.8% for commercial real estate loans 	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	 Achieve a 100% training rate for the education on the Code of Ethics within the Company Validate the effectiveness of external verification of code of ethics 	 With the target year set as 2027 goals to be achieved: Implement 100% digitalization of the lega compliance processes Reduce the number of violations of code ethics to zero for both SKFH and subsidiar
Information Security a	and Privacy	10101101 0101100 10110110	Financial Inclusion		
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	 nation security rnance plans of and its subsidiaries establish a network rity framework to bye information security governance maturity improvement targets for SKEH and its subsidiaries 27001 international information security management systems (ISMS) Achieve the planned annual information security governance maturity improvement targets for SKEH and its subsidiaries Establish a comprehensive information security governance organization Improve the drill and operation of Compute Incident Response Team (CSIRT) Establish a mechanism for sharing information security and threat intelligence within the G 		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	Main subsidiaries develop or enhance at least one inclusive financial product or service each year	In medium term, enhance non-financial support and diversify activities to expand the target demographic of Financial Inclusion, thus maximizing the financial impact; In long term, collaborate with various industries to jointly build a sustainable ecosystem for mutual benefit becoming a benchmark for financial friendliness within the industry
environment integrating business development and security protection	 Continuously optimize shared information security monitoring rules, configuration standards, and operational guidelines 	Develop an information security career path and competency map to continuously cultivate information security talent	Social Participation		0 0 0 2 0 0
Customer Relationship and Service Quality			With the five major pillars of public welfare: "Health Promotion," "Care for the Disadvantaged," "Financial Education," "Community	Achieve 3.29 hours of corporate volunteering per capita for SKFH and subsidiaries	 Achieve 3.98 hours of corporate volunteering per capita for SKFH and subsidiaries by 2027 Achieve 4.3 hours of corporate
Continue to use financial echnology to improve our service quality and optimize the customer experience to meet customers' diverse inancial needs and create value for the	 SKFH and subsidiaries overall customer satisfaction maintain above 90% 	 Annual NPS of subsidiaries improve compared to previous years, or a reduction in the proportion of those scoring 0-6 	Engagement," and "Environmental Symbiosis," integrate corporate resources, establish foundations, and encourage corporate volunteers to join hands and actively participate in charitable and public welfare activities, contributing back to society.		 Achieve 4.3 hours of corporate volunteering per capita for SKFH and subsidiaries by 2030

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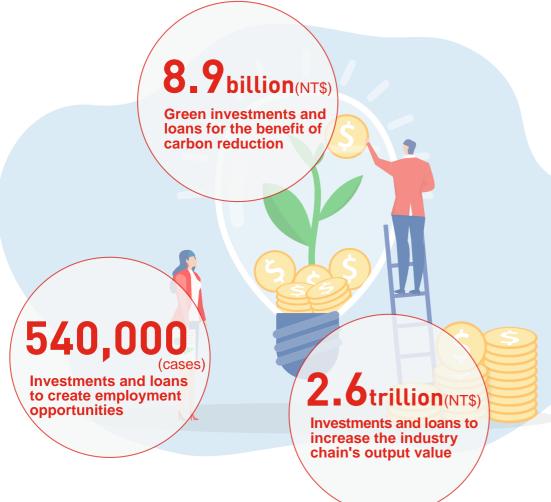
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1.4 Sustainability Impact Valuation



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 downstream of the value chain, specifically in investment and lending activities. In 2023, financial support through investments, lending and credit extended to various entities drove the overall industry chain to generate approximately NT\$2.6 trillion in production value. This, in turn, generated approximately NT\$540,000 in indirect employment opportunities and NT\$332.1 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\$31.5 billion.

In response to the sustainable issues arising from industrial development, SKFH actively engages in renewable energy development through green project equity investments and green bond investments. This commitment supports the industry's acceleration towards a low-carbon energy transition, advancing towards a mutually beneficial society with net-zero emissions. In 2023, the promotion of renewable energy generation amounted to NT\$11.1 billion kWh, mitigating the social and environmental impacts derived from greenhouse gas emissions and yielding a reduction benefit of NT\$8.9 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 lending. 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 <u>Chapter 5 Driver of Sustainable Value Chain</u> for details about the company's sustainable finance.

(光)新光金控SKFH Table of Contents	SKFH Sustainable Development Strategy	Practitioner of Accountable Governance	Innovator of Financial Service	Guardian of Natural Environment	Driver of Sustainable Value Chain	Achiever of Joyful Career	Promoter of Sustainable Prosperity	Appendix
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The Sustainability Impact Pathway of SKFH - 2023 IMV Result

Cause of the Impact	\rangle	Management of ESG Issues	\rangle	Output Metric	\ /	Impact Item	Type of Impact	Impact Rating		NTD thousand		Impact Stakeholders	Share of Value Chai Impact	
				Procurement demand driving industry supply and demand relationship		Social externalities - Boosting supply chain output value	Positive +		▼	14,727,730	χ.	Society		
Supply Chain	$ \setminus$	Supplier Sustainability Management		Procurement demand creating supply Chain employment opportunities	$ \rangle$	Social Externalities - Income of employees in the supply chain	Positive (+)	$\bullet\bullet\bullet\bullet\bullet\circ\circ\circ\circ$		1,333,768		External employees	0.54%	
		Climate Action		Supply chain-derived greenhouse gas emissions]/	Environmental externalities - Supply chain greenhouse gas emissions	Negative -	••••00000	▼	85,143		Environment	0.34%	
	/		/	Supply chain-derived air pollution emissions	/	Environmental externalities - Supply chain air pollution emissions	Negative -	••••0000	▼	107,830	/	Environment		
				Net operating profit								Shareholders/ Investors		
		Business Performance		Taxation		Value-added income(GVA)	Positive (+)			19.844.822		Society		
				Interest and lease			F USILIVE (+)			19,044,022		Suppliers		
				Depreciation and amortization								Suppliers		
		Climate Action		Energy use resulting in greenhouse gas emissions		Environmental externalities -	Negative -	••••00000	▼	41,136		Environment		
				Use of renewable energy to avoid greenhouse gas emissions		Greenhouse gas emissions	Positive +	0000000		556		Environment		
				Water use leading to water scarcity			Environmental externalities - Use of water resources	Negative -	0000000		8	\mathbf{x}	Environment	
Business	$ \setminus$	Green Operation	$ \rangle$	Use of gasoline and diesel resulting in air pollution			Environmental externalities - Air pollution emissions	Negative -	••000000		2,868		Environment	1.42%
Operation	/			Environmental impact of waste disposal processes			Environmental externalities - Waste	Negative -	••000000		3,633		Environment	1.42%
	/	Talent Recruitment and Retention	/	Providing livable wages	1/	Social externalities - Employee salaries	Positive +			19,803,705	/	Employees		
		Information Security and Privacy		Costs directly and indirectly resulting from personal data breach		Social externalities - Personal data breach	Negative -	0000000		10		Customers		
				Employee occupational accidents		Social externalities - Occupational accident	Negative -	0000000		13,380		Employees, Society		
		Friendly and healthy workplace		Number of individuals with cardiovascular and risk factors		Social externalities - Employee health risks	Negative -	••••00000	▼	27,411		Employees, Society		
				Number of individuals benefiting from health management improvements		Social externalities - Employee health management	Positive +	●●●○○○○○		12,672		Employees, Society		
		Talent Cultivation and Development		Training leading to skills and income growth		Social externalities - Employee future benefits	Positive (+)	•••••	-	2,055,188		Employees, Society		
		Social Participation		Resource and cost input for social participation		Social externalities - Social investment value	Positive +	●●● 00000		90,718		Society		
				Investments and loans driving industry supply and demand relationship]	Social externalities - Boosting industry chain output value	Positive +	••••••		2,567,460,392		Society		
	$\left \right\rangle$	Queteinstelle Finance	$\left \right\rangle$	Investments and loans creating industry chain employment opportunities	$\left \right\rangle$	Social externalities - Income of employees in the industry chain	Positive (+)	••••••		332,074,795	\backslash	External employees		
Product and Service	$ \rangle$	Sustainable Finance Climate Action	$ \rangle$	Industry chain greenhouse gas emissions derived from investments and loans	$\left \right\rangle$	Environmental externalities - Industry chain greenhouse gas emissions	Negative -	••••••		12,929,067		Environment	98.04%	
DEIVICE	//			Industry chain air pollution emissions derived from investments and loans]/	Environmental externalities - Industry chain air pollution emissions	Negative -	••••••		18,595,585		Environment		
			ľ	Investments in renewable energy to avoid greenhouse gas emissions	ľ	Environmental externalities - Benefits of green investments and loans	Positive +			8,877,052		Environment		

Monetary value (million NTD)

0000000	●● 0000000	●●● 000000	$\bullet \bullet \bullet \bullet \bullet \circ \circ \circ \circ \circ$	$\bullet\bullet\bullet\bullet\bullet\circ\circ\circ\circ$	$\bullet\bullet\bullet\bullet\bullet\bullet\circ\circ\circ$	$\bullet\bullet\bullet\bullet\bullet\bullet\bullet\circ\circ$	•••••
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

▲ Increase in monetary value by more than 10% compared to the previous year ■ Increase or decrease in monetary value by within 10% compared to the previous year

Decrease in monetary value by more than 10% compared to the previous year

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1.5 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 27, 2023.

Methods and Issues of Stakeholder Engagement

Main Communication Channel / Frequency of Communication	Modes of Communication	Communication Results in 2023	Main Communication Channel / Frequency of Communication	Modes of Communication	Communication Results in 2023
Shareholders and investors	Friendly and healthy workplace • Tale	s nt Recruitment and Retention nt Cultivation and Development tomer Relationship and Service Quality	Employees	 Business Performance Friendly and healthy workplace 	Issues Talent Cultivation and Development Talent Recruitment and Retention
 Company website / Permanent Institutional investors' conference / Quarterly Credit ratings / Annually Spokesperson / Permanent Investors' conference / Irregular Email / Permanent Service hotline / Permanent Shareholders' Meeting / Annually 	 Set up an Investor Relation section on the company website to provide comprehensive information for investors Host quarterly investor conference to fully communicate with investors Set up a dedicated contact window and email investor Relations Department contact email: ir@skfh.com.tw. To answer questions from investors and analysts via telephone and email and collect feedback 	 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 3 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 	 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 	 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 	 Employee Engagement 68% The Leader Campus of Commonweal Magazine courses have been viewe 2,047 times in 2023 Held 9 lectures on financial trends, social care and other related topics Quarterly labor-management meetings were held, and 4 meetings were held in 2023
Suppliers	Business Performance Supply Chain Management	rmation Security and Privacy	 Meetings / Irregular Training / Irregular Seminars / 4-5 times/year Unions / Irregular Labor-management meeting 	 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 	
 Supplier Management Regulations / Irregular Price negotiation meetings / Irregular Project meetings / Irregular Contract negotiations / Irregular 	 Business seminars and price negotiation meetings Onsite audit, inspection and acceptance, and education of labor safety and health awareness 	 100% of new suppliers have signed the Supplier's ESG Commitment Letter 		 establishment of the "health center" Organize one labor-management meeting every 3 months to actively interact with employees and maintain good relations 	





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Main Communication Channel Frequency of Communication	Modes of Communication	Communication Results in 2023	Main Communication Channel / Frequency of Communication	Modes of Communication	Communication Results in 2023
Customers	 Information Security and Privacy Innovation and Digital Finance 	 Sues Customer Relationship and Service Quality 	Government and Regulatory Authorities	Legal Compliance Informa	Issues tion Security and Privacy ate Governance and Ethical Manageme
 Physical service locations. exclusive services, VIP activities, satisfaction surveys, care for policyholders / Permanent Online: Company website, 0800 customer service hotline, fans page, APP / Permanent 	 Counter services, automatic service equipment Web/app online service functions 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 	 Overall satisfaction with SKL, SKB, and MLS: 94.9% 	 Official letters / Irregular Attend meetings organized by the competent authority / Irregular Court activities / Irregular Seminars / Irregular 	 Cooperate with the competent authority's verification, policy promotion, and related activities Directors and Supervisors have attended continuing education courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies Comply with policies of the competent authorities, attend related meetings, provide recommendations where necessary, and promote financial knowledge education 	 Publish the General Shareholders' Meeting Annual Report both in Chinese and English Top 6% to 20% in corporate governate evaluation Attend regulators' policy publication and public hearings
Communities.			Media	 Innovation and Digital Finance Customer Relationship and Servi 	 Financial Inclusion
General public Lectures / Irregular Press conferences / Irregular Local art and cultural	 Social Participation Financial Inclusion Participate in seminars Organize press conferences Sponsor art and cultural performances Organize related activities in the public 	 Hold "protecting Forests: Creating Forest Vitality Together', "Coral Conservation for a Sustainable Ocean", completing reef checks and ocean clean-ups. 	 Rating and surveys / Irregular Seminars / Irregular Interviews / Irregular Press conferences / Irregular Press Releases / Irregular 	 Participation in rating and surveys organized by various institutions Invite the media to participate in material activities 	 SKFH and its subsidiaries issued a total of 198 press releases SKFH held 8 investor conferences and 4 media gatherings, open to media questions SKFH and its subsidiaries held pre conferences irregularly
activities and activities in the public interest / Irregular .	 Organize wealth management, health, and general seminars 	 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 		Social Participation Innovat Financial Inclusion	ion and Digital Finance
	Held more than 200 lectures on financial management, health and life	 Seminars in the public interest / Irregular Charity Activities / rregular Environmental conservation activities / Irregular Cash donations / Irregular Sponsorship and collaboration / Irregular 	 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 	 Cooperate with more than 30 social service units in Taiwan Volunteers: 14,235 people Total service hours: 44,085 hours 	



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O2 PRACTITIONER OF ACCOUNTABLE GOVERNANCE

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

Completed internal and external performance evaluations of the board, with internal performance rated as "excellent" and external performance scoring 4.62 out of 5



Completed risk assessment of unethical conduct, with overall risk assessment indicating low risk

Implemented the trial operation of the overall information security governance maturity assessment system (FFIEC CAT) for SKFH and its subsidiaries

SKL has established the "IFRS 17 and ICS International Alignment Management Committee" under the Board of Directors

- 2.1 Corporate Governance 2.2
- 2.2 Ethical Management
- **2.3** Information Security
- 2.4 Risk Management





Short, Mid, and Long-Term Goals and Achievements in 2023

Sustainable Issues	Indicators in 2023	Achievement in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
Corporate Governance and Ethical Management ^{Note}	 Evaluation results of board performance Risk assessment results of unethical conduct 	 Completed internal and external performance evaluations of the board, with internal performance rated as "excellent" and external performance scoring 4.62 out of 5 Completed risk assessment of unethical conduct, with overall risk assessment indicating low risk Newly appointed directors and senior executives have issued the "Statement of Compliance with the Ethical Management Policy" 	 Optimize the planning and execution of director and supervisor training programs to better meet needs and enhance professional competencies Maintain "excellent" internal performance evaluation results for the Board and functional committees Continuously implement the mechanism for evaluating the risk of unethical conduct to maintain low risk of overall risk assessment 	 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 Regular internal and external performance evaluation of the Board of Directors, with an evaluation result of ≥ 4.6
Legal Compliance ^{Note}	Code of Ethics completion rate	 All employees of SKFH and its subsidiaries completed 100% of education and training courses on the Code of Ethical Conduct 	 Achieve a 100% training rate for the education on the Code of Ethics within the Company Validate the effectiveness of external verification of code of ethics 	 With the target year set as 2027 goals to be achieved: Implement 100% digitalization of the legal compliance processes Reduce the number of violations of code of ethics to zero for both SKFH and subsidiaries
Information Security ^{Note}	Progress of information security management projects	 Implemented the trial operation of the overall information security governance maturity assessment system (FFIEC CAT) for SKFH and its subsidiaries Established vulnerability management for information security, quantifying and verifying the implementation of information security operations using "attack surface management indicators" and "vulnerability patch management indicators" Established an information security joint defense management plan and procedure to prevent potential threats, mitigate risks, and reduce harm Signed a "Memorandum of Understanding on National Information Security Joint Defense and Intelligence Sharing" with the Investigation Bureau of the Ministry of Justice to establish public-private cooperation channels with law enforcement agencies 	 Complete the preparation of ISO 27001 international information security management systems (ISMS) Achieve the planned annual information security governance maturity improvement targets for SKFH and its subsidiaries Continuously optimize shared information security monitoring rules, configuration standards, and operational guidelines 	 With the target year set as 2026, goals to be achieved: Establish a comprehensive information security governance organization Improve the drill and operation of 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
Risk Management ^{Note}	IFRS 17 and ICS Alignment Progress	 Subsidiary SKL has established the "IFRS 17 and ICS International Alignment Management Committee" under the Board of Directors to assist the Board in reviewing company decisions and financial and business plans related to IFRS 17 and ICS. It also supervises their implementation to ensure compliance with relevant regulations and corporate governance standards 	 Implement the ALGO market risk management system Continuously review progress towards SBTi scientific carbon reduction targets 	 Develop IFRS17 risk control systems Enhance expertise in climate change and environmental issues within the Group, train professionals in climate risk management, and build resilient risk management teams

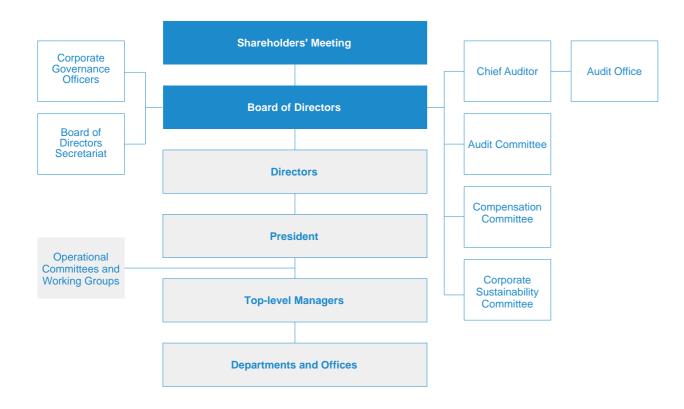
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2.1 Corporate Governance

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. In 2023, SKFH was ranked in the top 21% to 35% companies in the "Corporate Governance Evaluation" conducted by Taiwan Stock Exchange Corporation, indicating external recognition of our governance achievements.

Corporate Governance Framework



2.1.1 Composition and Operation of the Board of Directors

SKFH Board of Directors comprises 15 members, including 3 independent directors. The average tenure of directors serving on the board is 5.6 years. The Chairman of the Board does not hold any other executive position within the management team.

I Professionalism, Independence, and Diversity of the Board

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.





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Board Member

Diversified Core		Executive Director/	Tenure as			d Expertise ^{Note 3}	Holding Positions in	Note 4
Name of Competences	Director Title	Non-Executive Director	Director (Year) ^{Note 2}	Experi In Financial Industry	ences In Other Industries	Qualifications	Fewer than 4 Other Companies	Independence ^{Note 4}
👌 Hwai-Chou Chen	Chairman	Non-Executive Director	1	AC	I	MN		0
🗗 Tung-Ming Wu	Vice Chairman	Non-Executive Director	22	AB	FGHIJ	NOQ		⊘
♀ Olivia Wu	Director	Non-Executive Director	7	AC	-	MN		0
O [¶] Tseng-Chang Lee	Director	Non-Executive Director	3	AC	-	MNQ		⊘
♀ Hui-Min Lai	Director	Non-Executive Director	1	-	G	MN		0
o [¶] Tun-Jen Lin	Director	Non-Executive Director	1	BD	HL	MNQ	0	⊘
O [¶] Michael Hung	Director	Non-Executive Director	23	ABCE	GKL	MN		⊘
O [¶] Hsin-Ta Wu	Director	Non-Executive Director	5	AB	GI	MN		0
o ^r Mark Wei	Director	Non-Executive Director	1	BCD	GH	MNQ	0	
O ¹ Benson Wu	Director	Non-Executive Director	12	AB	L	NQ		⊘
♀ Shih-Mei Lin	Director	Non-Executive Director	1	-	GH	PQ	0	⊘
O ¹ Chun-Hong Chen	Director	Non-Executive Director	1	D	-	MN	0	⊘
Q Min-Chiu Chien	Independent Director	Non-Executive Director	1	-	G	NO	0	v
O [¶] Edgar Y. Chen	Independent Director	Non-Executive Director	1	-	G	Р		⊘
O ¹ Yung-Ming Shiu	Independent Director	Non-Executive Director	4	AB	-	MR	0	⊘

I Board Operations

In 2023, SKFH's Board of Directors convened 15 meetings, with an attendance rate of 94% among its directors. Three functional committees: The Remuneration Committee, the Audit Committee, and the Corporate Sustainability Committee have been established under the Board of Directors, with all members served by Independent Directors of SKFH.

The main task of the Compensation 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, and to convene at least two meetings per year. Through the division of professional work and keep the independence stance, the Audit Committee assisted 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. Corporate Sustainability Committee assisted the Board of Directors in supervising the effectiveness of the Company's sustainable business operations, ensuring corporate social responsibility and sustainable business practices are implemented.

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 tenure of the board member was calculated from the year in which the director first serves as a director of SKFH.

Note 3: The director's experience is according to GICS Level 1 sector classification: Financial Industry (A: Financial Holding, B: Insurance, C: Commercial Banking, D: Securities, E: Asset Management); Other Industries (F: Consumer Staples, G: Consumer Discretionary, H: Information Technology, I: Industrials, J: Materials, K: Communication Services, L: Utilities); Qualifications: (M: Finance, N: Business Management, O: Accounting, P: Law, Q: Information Technology/Information Security, R: Risk Management)

Note 4: The independence of directors is defined as according to the S&P Global Corporate Sustainability Assessment (CSA). 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: 1. The director must not have been employed by the company in an executive capacity within the last year. / 2. The director must not accept or have a "Family Member who accepted not straight accepted in the company of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company's securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed. / 3. 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." / 4. 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. / 5. The director must not be affiliated with a significant customer or supplier of the company. / 6. The director must have no personal services contract(s) with the company or be a member of the company's senior management. / 7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company. / 8. The director must not have been a partner or employee of the company's outside auditor during the past year. / 9. The director must not have any other conflict of interest that the board itself determines to not be considered independent.

Number of Board Meeting convened in 2023 15 Average Attendance Rate 94 %



Functional Committees^{No}

(Est. 2011)

Compensation Committee

Functional Committee Operations in 2023

Main Responsibilities

Number of Meetings Held

10

SKFH Sustainable **Practitioner of** Development Accountable Strategy

Average Attendance Rate

Governance

97 %

Innovator of Financial Service

Guardian of Natural Environment

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Appendix

2.1.2 Evaluation of Board Performance

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 annually 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. In addition, an external performance evaluation is conducted every three years to continually enhance board effectiveness and reinforce corporate governance mechanisms. The evaluation method, frequency, and results are described below;

(Est. 2011)			evaluation method, frequency, and results are described	Delow.	
	Evaluates the compensation policies	Shin Kong Financial Holding Co., Ltd.	Aspects	Most recent results	
All independent directors	and systems for Directors and the President of the Company from a professional and objective standpoint, providing recommendations to the Board of Directors for their decision- making process.	Remuneration Committee Organizational Regulations	Internal performance evaluation	Once a year	
Audit Committee	e (Est. 2014) Number of Meetings H	Held 16 Average Attendance Rate 98 %	 The board's performance evaluation includes five aspects: participation in company operations, enhancing the quality of board decisions, board composition and structure, director selection and continuous education, internal control. 	The self-evaluation score for board internal performance was 4.8. The self-evaluation score for individual director performance was 4.7, and the average self-evaluation score for functional committee performance was 4.9. According to	
All independent directors	Matters concerning the powers to be exercised by the supervisors in accordance with the Securities Exchange Act, the Company Act, and other legal regulations, as well as the items listed in Article 14-5, Paragraph 1 of the Securities Exchange Act.	Shin Kong Financial Holding Co., Ltd. Audit Committee Organizational Regulations	 Board member performance evaluation includes six aspects: understanding of company goals and missions, awareness of director responsibilities, participation in company operations, internal relationship management and communication, director professionalism and continuous education, internal control. Functional committee performance evaluation includes five aspects: participation in company operations, awareness of committee responsibilities, enhancing the quality of committee decisions, committee composition and member selection, 	Article 8 of the Company's Board of Directors and Functional Committees Performance Evaluation Regulations, all scores fall within the "Excellent" category (5-4.6 points).	
Corporate Susta (Est. 2017)	inability Committee Number of Meetings H	Held 2 Average Attendance Rate 100 %	internal control.		
All independent	Supervising and managing the overall sustainable operation of the Company and its subsidiaries, committed to	Shin Kong Financial Holding Co., Ltd. Corporate Sustainability Committee Organizational Regulations	External performance evaluation	Once every three years	
directors	promoting sustainable development in economic, environmental, and social dimensions.	Shin Kong Financial Holding Co., Ltd. Sustainable Development Policy	Board professionalism	In 2023, we appointed the Taiwan Institute of	
	Shin Kong Financial Holding Co., Development Best Practice Prin		 Board decision-making Board's emphasis on and supervision of internal control Board's attitude towards sustainable operation 	Ethical Business to conduct an external performance evaluation of the board. The evaluation result was 4.62 points (maximum 5 points). Furthermore, through open-ended interviews with directors by external evaluators,	
te: The date of information	tion is December 31, 2023.			objective suggestions were gathered. The company deliberated on and implemented	

Relevant Regulations and Supervisory Measures

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

improvement measures to continuously enhance board effectiveness and strengthen corporate governance mechanisms.



2.1.3 Remuneration of Directors and Managers

I Remuneration Linked to Organizational Performance

Directors

- 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.



President and executive management

To link financial performance to bonuses, 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.

Contents of Indicators	Link to Material Issues	Achievement Rate in 2023	Proportion
Financial in	dicators		
The business performance (such as financial revenue, business 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)	Business Performance	88%	50 %
Risk and capital adequacy ratio (NPL Ratio, CAR/RBC/BIS)	Risk Management		
Non-financial	indicators		
Effectiveness of customer relationship management/Fair customer treatment initiatives	Customer Relationship and Service Quality		
Digital platform management (number of SKFH digital account, digital platform development), and Digital transformation effectiveness	Innovation and Digital Finance		
Effectiveness of information security initiatives	Information Security and Privacy	100	50
Effectiveness of corporate governance (such as legal compliance and internal audit/control effectiveness, corporate governance evaluation)	Corporate Governance and Ethical Management, Legal Compliance	106%	50 %
 ESG Ranking and effectiveness of sustainability projects: Retention rate for outstanding talent Sustainable finance indicators (the ESG-themed investment and lending amount, the green-themed investment and lending amount) Joining SBTi, high carbon emissions engagement ratio Development of financial inclusion products and services, corporate volunteer hours 	 Talent Recruitment and Retention Sustainable Finance Climate Action Financial Inclusion, Social Participation 		



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I Long-term Incentive Measures

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. The 2023 annual remuneration of the SKFH President, was 10 times the employee average, or 12 times that of the employee median.

us is based on net profits e adjusted by referring to ve table, and then paid v choose to acquire the	SKFH President Remuneration Structure in 2023	Cybersecurity Risks, Gender Equality," and "IFRS 17 Mar Practical Case Analysis." The total training hours for all no amounted to 207 hours, with an average of approximately In addition to engaging external organizations to conduct d
the annual performance Illy based on individual's	Fixed Compensation	education and training courses at the Company, the Comp course information on director and supervisor training to
s awards is based on net the award quota is paid	Percentage of total compensation	selecting courses for further education based on their indi
y's long-term development inting the awards and set inishes, the unlocking return (TSR) growth rate	63.5 %	List of main training courses attended by Direct
conditions as well as the he longest time vesting	Variable Compensation	Course Title
ing conditions for granting are as follow: the ranking ancial holding companies if sustainability projects nsformation effectiveness ors each year (10%), and nce financial holding	Valiable Compensation	Risk Management
	Percentage of total compensation 36.5 %	Risk-oriented Audit System and Climate Change Risk Manageme
s Articles of Incorporation,	Cash Rewards Percentage of variable compensation: 53.8%	Overview of Insurance Capital Standard (ICS)
0.01% but no more than nployees' compensation. may also be included in	Stock Rewards Percentage of variable compensation: 46.2%	Corporate Governance
Il first reserve the amount of the profit for employees' and Bonus Distribution rives violates the terms of oss negligence, or causes horities, and such action or part of the long-term erm incentive bonuses		Green Energy Innovation Business Models in Corporate Governa FinTech and Cybersecurity Risks, Gender Equality
		Integrity in Business, Fair Treatment of Customers, and Friendly F Services, AML/CFT Regulatory Trends
		IFRS 17 Management Issues and Practical Case Analysis
		Big Data Analysis and Fraud Prevention

 Annual performance bonus: The budget for annual performance bon (40%) and the increase in shareholders' equity (60%), and it shall b the achievement of the performance indicators specified in the abo depending on individual's performance. In addition, individuals may company's shares by means of trust within a certain percentage of bonus, and the company shall allocate the shares to be acquired fu deposit amount.

- Long-term incentive bonus: The budget for long-term incentive bonu profits (40%) and the increase in shareholder's equity (60%), and depending on the individual's performance. In response to the Compan strategies, the Company shall establish unlocking conditions for gra up individual shareholding requirements. After the waiting period f condition shall be adjusted based on the three-year total shareholder and paid according to the achievement of the Company's unlocking ratio of individual performance, shareholding, and serving period. T period of long-term incentive bonus is 3 years. The Company's unlock long-term incentive bonus during the waiting period FY2023-FY2025 of the total shareholder return (TSR) relative to other life insurance fin for the years 2023 to 2025 (50%), ESG ranking and effectiveness of (10%), achievement rate of digital platform management and digital tra each year (10%), achievement rate of capital adequacy ratio indicate ranking of annual average after-tax ROE relative to other life insura companies (20%).
- Compensation for employees: According to Article 32 of the Company if the Company recorded profit for the respective year, no less than 0.05% of the Company's profit of such year shall be reserved for er Employees of affiliated companies who meet certain qualifications the distribution. Where the Company has accumulated deficits, it sha needed to make up the losses before utilizing the remaining amount of compensation at the aforementioned ratio.
- · Cancel or claw back: According to "SKFH Long-Term Incentives a Guidelines for Senior Executives," if the President or senior executives the employment contract or the Company's work rules, commits a gro material financial losses to the Company or fines by competent aut is verified by the Company, the Company has the right to cancel all incentive bonus previously granted or request the return of long-te already paid.

2.1.4 Director Training

To enhance the risk management expertise and legal literacy of the Company's Directors, cultivate their decision-making abilities, and facilitate exchange of experiences among them, the Company arranges director education and training annually based on their learning needs. This is aimed at strengthening the Board's understanding of issues related to corporate sustainability development, corporate governance, risk management, and information security. The Company conducted courses in 2023 on topics such as "Integrity in Business, Fair Treatment of Customers, and Financial Friendliness, AML/CFT Regulatory Trends," "Green Energy Innovation Business Models in Corporate Governance," "FinTech and nagement Issues and on-executive directors 14 hours per director. lirector and supervisor any periodically sends facilitate directors in ividual needs.

ors in 2023

Course Title	Courses Hours
Risk Management	
Risk-oriented Audit System and Climate Change Risk Management	1
Overview of Insurance Capital Standard (ICS)	1
Corporate Governance	
Green Energy Innovation Business Models in Corporate Governance, FinTech and Cybersecurity Risks, Gender Equality	3
ntegrity in Business, Fair Treatment of Customers, and Friendly Financial Services, AML/CFT Regulatory Trends	3
FRS 17 Management Issues and Practical Case Analysis	3
Big Data Analysis and Fraud Prevention	3

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2.2 Ethical Management

2.2.1 Ethical Management and Code of Ethics

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. Aligned with our "Ethical Corporate Management Policy and Best Practice Principles," the Company has implemented a system to assess the risks associated with unethical behavior. Regular analyses and evaluations of business activities with heightened risks of unethical practices are conducted within SKFH's operational purview. Measures to prevent such behavior are then developed based on these assessments.

I Anti-corruption and bribery

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 and Anti-Bribery Statement" for compliance by all employees and all business partners.

Regarding anti-corruption and anti-bribery for avoidance of conflicts of interest among shareholders, cases not covered by general Board authorization shall be individually reported to the Board for deliberation, and disclosed in Chapter 3. Corporate Governance Report/ III. Corporate Governance/(I) The state of operations of the board of directors in the SKFH's Annual Report.

I Code of Ethics



To achieve the core value of honesty and integrity, and to expect that the SKFH'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, SKFH 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. To ensure the effectiveness and adherence to established mechanisms, SKFH undergoes annual external verification of our ethical management systems, all verified by third-party.

SKFH actively promotes the concept and Code of Ethics among our employees. In addition to publishing the code on the company intranet and providing elaborations during employee training, it is integrated into compliance performance assessments, which gauge compliance with standards outlined in the code, including procedures for managing legal changes and selfassessment of compliance. The results contribute to each employee's performance evaluation, impacting their performance rating, and deepening communication. Furthermore, SKFH adopts a zero-tolerance policy towards violations of the Code of Ethics. In cases of misconduct, SKFH adheres to our personnel management regulations and relevant laws, imposing disciplinary actions as follows: Minor infractions result in a warning. More serious infractions result in a demerit. Severe infractions result in a major demerit or demotion/downgrading of job responsibilities. The disciplinary outcomes serve as the basis for the annual performance evaluation, influencing the upper limit of the performance rating, which consists of five levels, with A+ being the highest, followed by A, A-, B, and C. This means that individuals with the most severe infractions will receive a performance rating no higher than B or C. The severity of the infraction also impacts the employee's annual bonus, ranging from 4% to 33% of their monthly salary, thereby ensuring strict adherence to the Code of Ethics. In 2023, all employees of SKFH and its subsidiaries completed 100% of education and training courses on the Code of Ethics. Further details regarding communication on anti-corruption with suppliers can be found in section 5.5.1 Supplier Management.



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In 2023, SKFH and its subsidiaries did not experience any incidents of corruption, bribery, or other forms of unethical behavior. However, five violations of the Code of Ethics were identified within our subsidiary companies. These cases involved instances of sexual harassment, conflicts of interest and anti-money laundering related violations. Appropriate disciplinary measures, such as job transfers and demerits, have been taken in response to these incidents. To prevent the recurrence of similar violations, the subsidiaries have taken proactive measures to address harassment. In addition to internal announcements reiterating policies against harassment and seeking assistance from compliance supervisors for dissemination, in 2023 SKL made Diversity, Equity, and Inclusion (DEI) mandatory training for all employees to further address these issues. Employees will be appointed as "DEI Ambassadors" in their respective jurisdiction to participate in unconscious bias training. Furthermore, for management personnel, labor law courses have been arranged to help them understand various workplace scenarios and cases that may arise and how to assist employees promptly. Starting from 2024, SKB will require individuals subject to complaints not only to face disciplinary action by the evaluation committee but also to undergo "Gender Equality Education Courses" so as to instill correct gender perspectives and practice respect for the dignity and freedom of individuals of different genders. In addition, concerning conflicts of interest and anti-money laundering violations, the subsidiaries have utilized the recent violation incident as an internal case study for dissemination. They have strengthened internal management mechanisms to ensure that all employees understand and comply with legal regulations.

Breaches of Code of Ethics

Area of breaches	Number of cases in 2023
Corruption or Bribery	0
Discrimination or Harassment	3
Customer Privacy Data	0
Conflicts of interest	1
Money laundering or insider trading	1
Total cases for the year	5



I Establishment of whistleblower mechanism

To encourage anyone who detects potential criminal activity, fraud, or violations of laws committed by our employees to report such acts, SKFH 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.

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

In addition to the internal and external whistleblowing and complaint channels, SKFH 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.





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2.2.2 Legal Compliance

As a highly regulated industry operating under government supervision, SKFH places great importance on adhering to laws and regulations during business implementation. To promote a culture of compliance in SKFH and its subsidiaries, policies and regulations, such as the "Legal Compliance Policy," the "Legal Compliance System," the "Legal Compliance Critical Incident Reporting Regulations," and the "Regulations for the Assessment for Subsidiaries' Compliance Operations" have been established. These frameworks ensure that all our operations align with legal requirements and earn the trust of our customers.

In 2023, SKFH and its subsidiaries were fined by regulatory authorities a total of 6 cases, with a total amount of 7.58 million. Among them, there were 4 cases with fines exceeding 1 million, and there were no major fines exceeding 3 million. For details of the fines and improvement measures, please refer to section 8.2.9 of the subsidiary's major fine cases and improvement measures.

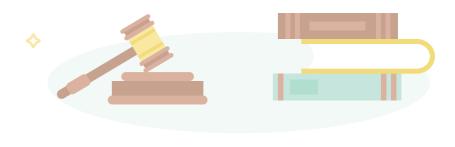
I Governance structure and operation for compliance with laws and regulations

SKFH and its subsidiaries have dedicated units or personnel responsible for compliance with laws and regulations. They oversee and promote compliance activities based on industry-specific laws and regulations. To ensure effective supervision of subsidiaries' compliance efforts, SKFH has established the following governance policies:

Legal Compliance Policy	Legal Compliance System	Legal Compliance Critical Incident Reporting Regulations	Regulations for the Assessment for Subsidiaries' Compliance Operations
Outlining the roles and responsibilities of the compliance unit and the supervisory measures for subsidiaries.	Including procedures for managing regulatory changes, conducting self-assessments, and convening meetings to oversee compliance efforts within subsidiaries.	Defining the types of critical incidents related to compliance with laws and regulations, as well as the procedures for reporting and handling such incidents.	Each year, SKFH conducts compliance performance assessments on the quality of internal units and subsidiaries' efforts in promoting legal compliance, as well as their planning for anti-money laundering and counter-terrorism financing measures. The results of these compliance assessments, conducted in accordance with relevant evaluation criteria established by SKFH and its subsidiaries, include evaluations of operations related to legal changes and self-assessments of legal compliance. These assessment outcomes are included as one of the performance evaluation indicators for each employee in the Group so as to enhance the effectiveness of SKFH and its subsidiaries in carrying out legal compliance operations.

Regular meetings are held between SKFH and its subsidiaries to discuss compliance activities and review their effectiveness. Through open dialogue and consensus-building, we ensure that all subsidiaries within the Group adhere to shared legal requirements and operate in accordance with the law.





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I 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 2023. 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 2023 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 2023. 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 enhance the awareness of anti-money laundering (AML) and counter-terrorism financing (CFT) within SKFH and its subsidiaries, the Company organized an "Training Session for Directors, Supervisors, and Senior Executives of SKFH and Its Subsidiaries" in September 2023. An FSC prosecutor was invited to give a presentation on "AML/CFT Regulatory Trends". A total of 55 directors, independent directors and supervisors (including the President) 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 36 AML training sessions in 2023. 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.

I 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.



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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, with the highest level of oversight vested in the Board of Directors, SKFH has established the Information Security Department as the dedicated unit in charge for information security, and also established the Information Security Committee, where the Company's Chief Information Security Officer (CISO), Kuo-Bin Lin, 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.

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. In order to proactively address domestic and international threats, including those monitored by F-ISAC, SKFH and its subsidiaries have introduced an external Attack Surface Management cybersecurity product called Security ScoreCard. This tool allows for the identification of vulnerabilities in the attack surface from the perspective of potential attackers, thereby preventing exploitation of zero-day vulnerabilities that may be uncovered through Dark Web sources or other means. Furthermore, SKFH has commissioned external information security providers to conduct penetration testing on external-facing systems. Simulated hacker attacks, relevant personnel training, and Red Team/Blue Team exercises are conducted to detect any security gaps early and strengthen overall cybersecurity posture. These measures are essential for preemptive threat mitigation and fortifying the information security defenses of SKFH and its subsidiaries.

In line with the national strategic direction of "information security as national security," SKFH is committed to enhancing cybersecurity defenses and collaborating with relevant authorities to combat digital financial crimes. To this end, on April 20, 2023, we signed a memorandum of understanding with the Investigation Bureau of the Ministry of Justice. Through this partnership, we aim to strengthen our overall information security resilience by engaging in activities such as exchanging threat intelligence, analyzing attack behaviors, and conducting digital forensics. These collaborative efforts between SKFH and its subsidiaries, along with the Investigation Bureau, will enable us to stay ahead of emerging threats and demonstrate our determination to safeguard customer assets and the digital financial transaction environment. The cooperation model with the Investigation Bureau encompasses proactive identification, assistance in investigations, and countermeasures against fraudulent webpages and phishing text messages. These initiatives are undertaken to protect customer interests, fulfill corporate social responsibilities, and contribute to societal stability and the sustainability of the financial environment.



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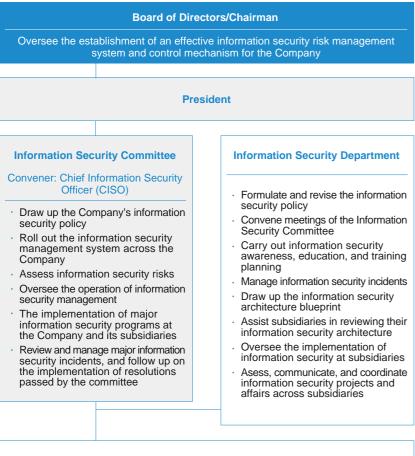
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SKFH Information Security Governance Structure and **Responsibilities**



2.3.2

Information Security Education and Training

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

The Information Security Department of SKFH and its subsidiaries continued to evaluate related emerging online technical systems and information security issues, such as: financial security incidents, information security vulnerabilities with high risks, hacking techniques, fake financial websites and apps, and commercial emails frauds (Business Email Compromise, BEC), AI popularization, 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. In 2023, relevant information security education and training programs were conducted for management, all employees, and information security personnel across SKFH and its subsidiaries. The completion rate of training and passing the test has reached 100%.

2.3.3 Reporting of Information Security Incidents and Simulation

SKFH has established the "Information Security Management Regulations for Shin Kong Financial Holding Co., Ltd.", 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", "SKB Information Security Incident Notification and Response Management Guidelines", "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 predefined protocols. The highest level of management who accepts the report shall be the President or Chairman depending on the severity of the incident. 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 2023, no information security penalty occurred in SKFH and its subsidiaries. We will continue to improve information security management in 2024.

Information security penalties in the last four years

Indicators of SKFH and subsidiaries	2020	2021	2022	2023
Violation of information security or network security (number of cases)	0	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\$)	0	0	0	0

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

mation Security	 Formulation of Information Security Standards 	 Information Security Education and Training

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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 Culture

In order to enhance the effectiveness of risk management, SKFH strategically promotes a culture of risk awareness. This involves educating all non-executive directors, management, and all employees, and connecting performance evaluation systems with risk concepts and internal audit control effectiveness. SKFH has also established an emergency event and risk-related reporting system to gradually strengthen communication on internal risk information and enhance overall risk awareness among employees.

I Risk-adjusted performance system

SKFH and its subsidiaries adopt the spirit of Risk-Adjusted Performance Measure (RAPM) to balance risk and reward. Based on risk culture, maturity of risk measurement, business nature, and actual needs, a risk-adjusted incentive mechanism has been established. Past performance is used as the basis for evaluation and payment of short-term incentives is minimized to ensure balance between risks and returns.

I Risk education and training

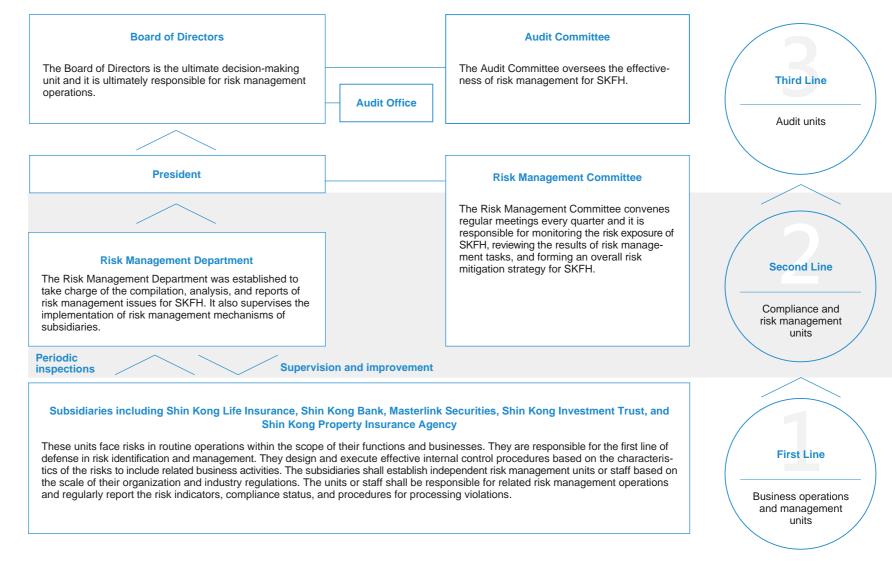
In addition to risk management education and training provided annually to Directors and senior management to help them grasp risk trends, SKFH conducted risk education and training for all employees in 2023. The training covered topics such as compliance with regulations on transactions involving stakeholders, and business continuity management. Furthermore, each subsidiary was required to plan educational training courses for management and general employees based on specific risk management themes according to their business nature. This ensures that each unit can internalize risk management into various business processes, thereby enhancing the risk management capabilities and awareness of personnel at all levels within the subsidiaries.

Company	Course Name	Attendees	Course Hours	Training Completion Rate
	Compliance with Regulations on Transactions Involving Stakeholders	All employees	0.5	100%
	Business Continuity Management	All employees	0.3	100%
SKFH	On-the-job Training for Compliance Personnel	Compliance officers	15.0	100%
	Training for Audit personnel	Audit personnel	15.0	100%
	Training for Audit Supervisors	Audit supervisors	13.0	100%
	Business Continuity Management (BCM) General Course	All office staff	0.3	100%
	Annual Compliance Training (including Customer Rights Protection and Business Solicitation Regulations)	All office staff	6.0	100%
SKL	Risk Selection and Practice, Risk Management Case Analysis, and Related Regulations	All field personnel	4.0	100%
SKL	Study on Risk Patterns and Case Analysis of Real Estate Mortgage Loans Derived from Asset Disposal	Audit personnel	2.0	100%
	Briefing on Ethical Behavior Risk Assessment Operations and BCM Project Exercises	Risk Management Personnel	4.0	100%
	2023 Risk Management Course for Senior Management	Management	0.5	100%
	Education and Training for Operational Risk, Exchange Rate Risk, and Bank-wide Behavior Risk Prevention	All employees	2.4	100%
SKB	Training Course on Foreign Exchange Business Awareness, Risk Prevention, and Development	Overseas personnel	7.0	100%
UND	Risk Management Essentials for IT Systems and Service Providers	Information security personnel	0.2	100%
	Corporate Finance Risk Management	Risk Management Personnel	12.0	100%
MLC	Risk Management On-the-job Training	Sales personnel	3.0	100%
MLS	Risk Management Departmental Training	Risk Management Personnel	2.0	100%
SKIT	Personal Data Risk Assessment and Corrective Action Education and Training	All employees	1.0	100%
SIXH	CRS and FATCA Compliance and Stakeholders Transactions Education and Training	All employees	1.5	100%
SKPIA	On-the-job Training for Compliance Personnel	Sales personnel	3.0	100%

2.4. 2 Risk Management Policy and Governance Framework

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

The highest decision-making unit for risk management in SKFH is the Board of Directors, which establishes an Audit Committee subordinate to the Board of Directors. The Audit Committee is composed of independent directors and is responsible for supervising the effectiveness of group-wide risk control. To implement risk control and management operations, SKFH has also 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:





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First Line -Business operations and management units

To build top-down risk management and integrate risk management awareness into daily decision-making and operations, SKFH and its subsidiaries have 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.

Second Line - Compliance and risk management units

To carry out risk management operations, SKFH has established the Risk Management Committee and a dedicated Risk Management Department, responsible for the overall risk management of the company. The Risk Management Department is responsible for planning and implementing risk management mechanisms, identifying, assessing, and monitoring overall operational risks. It is also responsible for regularly reporting risk management reports to supervisors at all levels, preparing integrated risk assessment reports, and convening meetings of the Risk Management Committee every guarter to review risk control status, discuss recent risk issues, and report to the Board of Directors. This enables the top management to have a clear understanding of the company's current risk landscape and serves as a reference for management decisions. At the same time, the company also has a dedicated unit for legal compliance, which oversees the planning, implementation, and anti-money laundering activities of the regulatory compliance system of SKFH and its subsidiaries. For more information on the relevant organization and achievements, please refer to Section 2.2 on Ethical Management.

Third Line - Audit unit

SKFH has established an audit system and an Audit Office 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 Audit Office, consisting of a Chief Auditor, department head, and seven audit personnel, is responsible for auditing the internal control operations of SKFH and its subsidiaries. The audit procedures maintain an independent and objective stance, conducting internal audits on an annual basis. They provide timely recommendations for improving risk management, operational processes, and internal control mechanisms to various business units. They also track the progress of addressing significant deficiencies identified in both internal and external audit reports to ensure the effectiveness of the internal control system.

In 2023, the internal audit operations of SKFH and its subsidiaries were deemed appropriate, and routine audits were completed in cooperation with the competent authority. Regarding the audit opinions raised by internal and external audits for the Company in the fiscal year 2023, the Company has included them as tracking items, regularly monitoring the progress, and reporting to the Audit Committee and the Board of Directors on a guarterly basis.

Key Points of Audit in 2023

Risk aspect	Legal compliance aspect
 Stakeholder and quasi-stakeholder transactions Capital adequacy Risk management Internal control management Information management 	 Legal compliance system Anti-money laundering, countering the financing of terrorists, and Non-proliferation of weapons Personal data and financial consumer protection Whistleblowing system Subsidiary audit operations and regulatory sanctions

Audit Reports Submitted to the Board of Directors in 2023

Report Contents	Frequency	Subject
Monthly audit report	Monthly	Audit Committee
Quarterly audit report	Quarterly	Audit Committee and the Board of Directors
 Minutes of the meetings between the Audit Committee Members (Independent Directors) and Auditors Results of the effectiveness evaluations on the internal audits of subsidiaries 	Annual	Audit Committee and the Board of Directors



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2.4.3 Risk Management Process and Identification Results

To ensure that SKFH attains the goal of "optimization of risks and returns", SKFH utilizes management procedures such as risk identification, risk measurement, risk response, and risk monitoring. Through these procedures, SKFH 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) in accordance with the requirements of adequate capital within the group, taking into consideration related laws and regulations as well as the nature of their businesses. We also established related risk control regulations, risk limits, early warning mechanisms, and other related regulations.

process through the semi-annual risk management project audit.

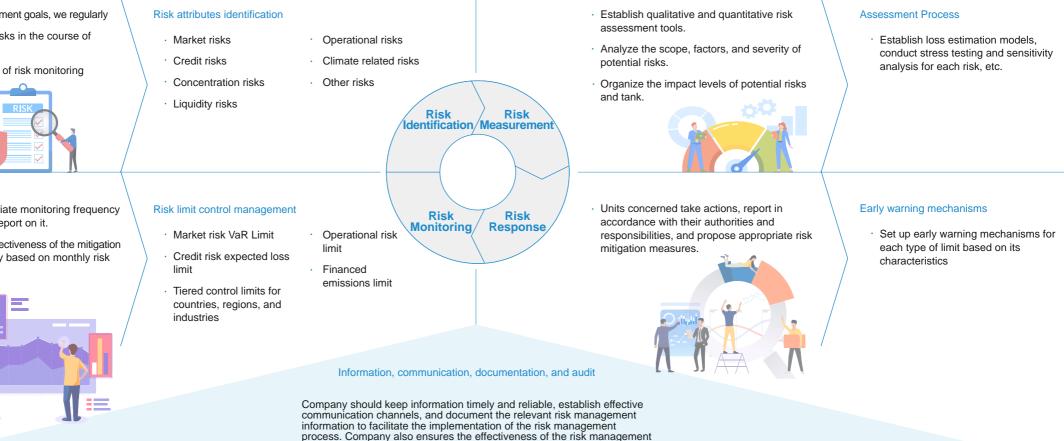
To achieve risk management goals, we regularly

- · Identify potential risks in the course of operation
- Review the results of risk monitoring



- Formulate appropriate monitoring frequency for each risk and report on it.
- · Re-examine the effectiveness of the mitigation measures regularly based on monthly risk monitoring data.







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Risk Identification

SKFH considers various risk exposure scenarios based on asset positions and analyzes the impact on company operations in terms of risk severity and scope (likelihood and magnitude). The main identified risk for the Company are "Capital Adequacy," "Credit Risk," and "Market Risk." The definitions, mitigating actions, and measurement indicators for these three major risks are described as follows:

Ranking of Risk/Type of Risk	Definition	Mitigating Actions	Measurement Indicator
1. Capital adequacy	Refers to the ratio of qualified capital determined by competent authorities in relation to risk-weighted assets.	• Set warning and limit ratios in accordance with legal regulations and operational objectives, and implement appropriate measures based on different circumstances, including capital increase and reduction of risk-weighted assets	Group capital adequacy ratio, an indicator that measures whether the financial holding company has sufficient capital
2. Credit risk	Refers to the risk of counterparties being unable or unwilling to fulfill obligations, experiencing credit rating downgrades, or being unable to repay debts.	 Set different maximum limits for the amounts based on the credit ratings of counterparties before making investments Monitor the credit ratings of counterparties after making investments. In case of an increase in credit risk, convene response meetings according to internal management procedures and implement corresponding mitigation measures 	Expected credit loss limit ratio
3. Market risk	Refers to the risk that the value of assets may incur losses during a certain period due to uncertain changes in market prices.	 Set tolerable warning stop-loss ratios based on the asset characteristics Set risk appetite based on Value at Risk limits 	Value at Risk

Risk Measurement- Establishing a Quantitative Assessment Models

The risk assessment process of the Company is to establish appropriate quantitative loss assessment models for different risks based on their characteristics. It regularly adopts methods such as simple sensitivity analysis and scenario analysis to conduct stress testing on the investment positions, in order to understand the impact of risks on operational results. This serves as a reference for formulating risk monitoring and risk response measures. For detailed stress test results, please refer to page 573-574 of the SKFH 2023 Annual Report.

Risk Response - Establishing Adequate Early Warning Mechanisms:

The assessment scope and focus of risk indicators lie in detecting market risk, credit risk, liquidity risk, concentration risk, climate-related risk, legal risk, etc., that Company faces, and timely providing risk information to the management as decision-making reference. In addition to regularly monitoring the changes in various indicators, the Company also retains relevant verification traces to make trend analysis and prevention for future risk occurrences.

Risk Monitoring - Risk Limits (Appetite) and Controls

The company sets risk appetite, risk limits and loss limits based on the risk attributes of various major risks, taking into consideration the business strategy and objectives. Examples of these limits include market risk value at risk limit (VaR Limit), credit risk limit, concentration risk limits for individual countries, regions, and industries, limits for controlling relationships with related companies, VaR Limit of foreign exchange exposure, and stock stop-loss limits, as well as capital adequacy ratio control. The risk management department proposes the important risk limits and risk appetite on an annual basis, which are then submitted to the risk management committee for review and subsequently presented to the board of directors for further examination and appropriate adjustments as necessary.

Following the establishment of appropriate risk limits and loss limits, SKFH and its subsidiaries conduct regular assessments of various risk exposures, such as capital adequacy, market risk, and credit risk. The results of these risk controls are linked to performance evaluation indicators for senior executives and responsible units, aiming to achieve an optimal balance between risk and reward.





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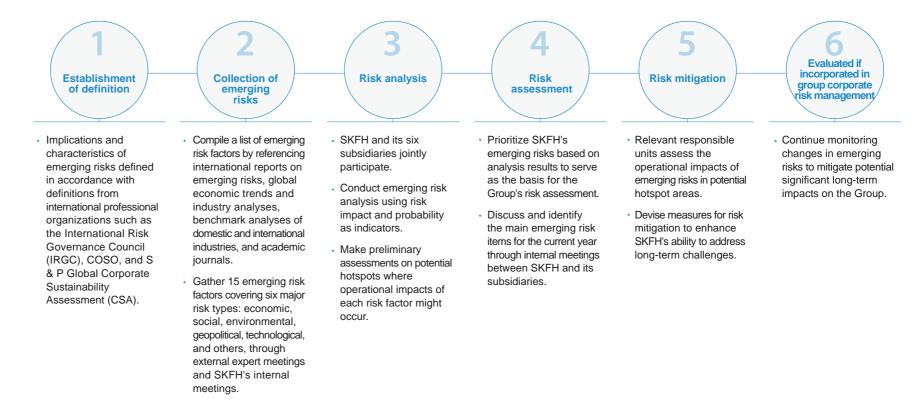
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2.4.4 Emerging Risks

The rapidly changing business environment, continuous technological breakthroughs, developments in deglobalization, and societal changes bring numerous uncertain factors to the operation of capital markets. To proactively address the potential impacts of emerging external risks on SKFH's key businesses, the Company identifies key emerging risk items through processes such as risk identification and analysis. Possible risk mitigation and response measures are examined to strengthen the Group's ability to adapt to changes in the external environment.

Emerging risks are considered issues of potential significance that may not have been fully understood and evaluated. Therefore, emerging risks may not necessarily be accurately quantified and may have high levels of uncertainty. However, these risks may evolve into significant risks over time. Given these characteristics, SKFH has established a systematic process for identifying and assessing emerging risks to prepare for risks that may be encountered in the future, and assist the Group in making decisions that align with long-term value and business strategies.

I Emerging Risk Management Procedure





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I Emerging Risks and Mitigation Measures

As a result of the foregoing procedures, SKFH identified two key emerging risks: Business Structural Transition Risk and Risk of Complex Challenges to Global Security. The descriptions, impacts, and mitigation measures for these risks are outlined as follows:

Description	Impacts	Mitigating Actions
	Business Structural Transition Risk	
Various emerging technologies are driving the transition of business models, streamlining repetitive tasks, and making processes and systems faster, cheaper, and less error-prone. However, the continuous development of digital technologies accelerates the substantial growth of virtual micro-enterprises and the participation of numerous non- traditional financial players in the market. This decentralization of the industry value chain alters consumer habits and expectations, reshaping the overall business structure. Dependence on generative AI technology applications may enable deepfakes or misinformation to replace the necessary facts for making correct business decisions, thus affecting company operations and investment judgments.	 Increased costs for technology updates and research and development: The participation of non-traditional financial players in the financial market will increase the costs for SKFH in terms of digital technology updates and research and development. Impact of customer loss on profitability: Failure to adapt to evolving market conditions and engage in collaborations with non-traditional financial entities or dynamically adjusting service and product structures may result in individual or corporate clients shifting their financial transactions to entities with higher financial technology capabilities. This could lead to the loss of customer relationships for SKFH and impact profitability. Legal liability for AI decision failures: As financial market trading strategies increasingly rely on AI-executed decisions and machine learning dynamic adjustment models, the legal responsibility for AI decision failures remains unclear. This ambiguity may subject SKFH to complex legal liability and regulatory issues. 	 Prioritize investments in innovative startups or traditional enterprises capable of digital transformation and strengthen post-investment management. Leverage SKFH's digital technology advantages to provide products and services closely aligned with customer needs and develop new forms of digital marketing tailored to changing business models. Diversify business operations to mitigate the impact of reliance on a single business. Enhance risk management mechanisms. Regularly monitor the operation of AI systems. Pay close attention to legislative dynamics from the competent authority and adhere to relevant regulations.
	Risk of Complex Challenges to Global Security	
From geopolitical power struggles among international superpowers to regional conflicts, cyber warfare, and trade wars in the economic domain, and even space warfare, global security faces a myriad of complex challenges encompassing various purposes, scales, levels, and methods. Apart from traditional military conflicts, geopolitical tensions indirectly contribute to the fragmentation of financial markets, hindering the global flow of capital, strategic resources, and essential raw materials, and extending to restrictions on the mobility of talent, information, and professional expertise. Extreme phenomena such as hyperinflation and deflation represent two extremes of economic imbalance, both of which severely disrupt the economic system. Given the vulnerability of financial markets and the interdependence of the global economy, any economic issues in one country can swiftly spread to a global scale. All the aforementioned risk descriptions have the potential to lead to security issues in military, economic, and information domains, adversely affecting business operations.	 Economic turbulence eroding Group profitability: A global economic collapse increases market risks for investments in stocks, bonds, or other financial products, leading to a rapid decline in security prices due to deteriorating fundamentals. As of the end of 2023, SKFH's exposure to emerging markets accounted for 28% of its foreign exposure. However, emerging markets have a lower tolerance for significant economic volatility, thus directly eroding the Group's profitability. Risk of asset value decline and business operations disruption: Various types of attacks on SKFH itself or its clients may result in significant damage to asset values and pose a risk of business operations disruption. Global security concerns triggering economic instability and impacting Group profitability: Severe conflicts disrupt global supply chains and capital flows, leading to significant volatility in financial markets. Without enhanced risk management measures, this could affect the overall profitability of Shin Kong Group, resulting in: Economic recession, leading to a substantial increase in various financial risks. Decline in consumer investment confidence, reducing clients' willingness to invest. Increased difficulty in selecting investment targets. Increased credit or country risk in high-risk areas, triggering the Group's impairment assessment mechanism. 	 Pay close attention to political and economic situations and continuously conduct scenario analysis. Establish country risk score 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. Implement portfolio diversification strategies to reduce exposure to individual risks. Support and guide customers in appropriate transitions, aligning with customers to respond to global supply chain restructuring by relocating production bases or establishing backup production facilities. Closely monitor policy changes from regulatory authorities and adjust business models and operational strategies in a timely manner.



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3.1 Innovation and Digital Finance 3.2 Customer Relationship Maintenance 3.3 Financial Inclusion

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, actively implement the principle of fair dealing between all customers, and are committed to improving customer satisfaction by establishing mechanisms for conducting customer satisfaction surveys and promoting inclusive financial products and services. In the face of the rising tide of Financial Technology (FinTech), SKFH embodies a spirit of innovation and adaptability. We consistently refine our digital business processes with a central focus on enhancing customer experience. By embracing emerging technologies such as artificial intelligence (AI), cloud platforms, and automation, we introduce novel processes, products, and services to satisfy customer demands.

GFIN "GFiN Greenwashing Techsprint" competition organized by the Global Financial Innovation Network and was recognized as "The Globe Trotter"

Customer Satisfaction reached 94.9% 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 3 million persons and won recognition from 24 domestic and international digital awards

About 372 thousand pieces of financial inclusion products brought NT\$ 235.55 billion business benets to enterprises





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Short, Mid, and Long-Term Goals and Achievements in 2023

Strategic Focus Goals		Achievement in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
			Enhancing the effectiveness of Digital Finance promotions	2027 2030
	Number of SKFH digital accounts	SKFH • Number of SKFH digital accounts achieved over 3 million	SKFH • Number of SKFH digital accounts > 3.2 million	SKFH • Number of SKFH digital accounts > 3.8 million • Number of SKFH digital accounts > 4.4 million
	Life insurance e-application ratio	SKL • Life insurance e-application ratio achieved 96.7%	• Maintain a life insurance e-application ratio > 95%	SKL • Maintain a life insurance e-application ratio > 95% • Maintain a life insurance e-application ratio > 95%
Innovation and	Digital transaction ratio in banking	• Digital transaction ratio in banking achieved 89.4%	• Digital transaction ratio in banking > 88%	 SKB Digital transaction ratio in banking > 89% Digital transaction ratio in banking > 90%
Digital Finance [№]	^{te} Digital transaction ratio in securities	MLS • Digital transaction ratio in securities achieved 83.3%	MLS • Digital transaction ratio in securities > 83.5%	MLS • Digital transaction ratio in securities > 85% • Digital transaction ratio in securities > 88%
Customer Relationship Management	Overall customer satisfaction Net promoter score (NPS) of subsidiaries	 Overall satisfaction of SKFH and subsidiaries 94.9% Overall NPS of SKL 89.2%, an increase of 6.4% from the previous year NPS of SKB's OU digital account 74.4%, an increase of 14% from the previous year NPS of MLS's intelligent customer service 80.8%, an increase of 4.4% from the previous year 	 SKFH and subsidiaries overall customer satisfaction maintain above 90% 	 Subsidiary's annual NPS increases compared with the previous period or the proportion of critics with a score of 0-6 decreases
Financial Inclusion Note	Inclusive product service development and number of optimization	• Develop SKL's GO Inclusive Term Life Insurance, SKB's OU Wealth Investment, MLS' Digital API and Virtual Transactions Platform, digital financial services for the small capitalist community, savings and products and services designed for the disadvantaged, remote areas and young people	 Our main subsidiaries will at least develop or optimize at least one inclusive financial product or service each year 	 In medium term, enhance non-financial support and diversify activities to expand the target demographic of inclusive finance, thus maximizing the financial impact In long term, collaborate with various industries to jointly build a sustainable ecosystem for mutual benefits, becoming a benchmark for financial friendliness within the industry

Note: SKFH sustainability materiality issue.

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3. Innovation and Digital Finance

In 2023, SKFH set "Driving transition through digital roots," as our strategic goal. persistently advancing the Group's digital transition under the goal of "Seamless digital journeys for hassle-free customer experiences" through a customer-centric experience strategy. We implemented the Customer FIRST (Focused, Intuitive, Rapid, Streamlined, Thoughtful) guidelines at the group level, providing products that meet customer needs and optimizing customer journeys, laying a solid foundation for sustainable development in three main areas: customer centricity, accelerated operational innovation through technology, and all- staff transformation. In 2023, SKFH achieved fruitful results in digital finance. In addition to surpassing 3 million digital customers, key digital product and service applications reached 80% (YoY +8%) digitalization, and process automation reached 93% (YoY +9%). SKL's e-application ratio reached 96.7%; SKB's digital transaction ratio reached 89.4%, launching a new mobile banking app upgrade experience; MLS's digital transaction ratio reached 83.3%, launching a new OU Wealth Investment app upgrade experience. MLS partnered with SKB to launch a new digital investment account "OU Wealth Investment," helping customers to apply for banking, securities, sub-brokerage accounts, and credit cards simultaneously, providing a one-stop shop for a variety of financial products, and creating a more high-guality and convenient digital financial journey. Furthermore, under the guidance of the FSC, SKFH participated in the "GFIN Greenwashing Techsprint" competition organized by the Global Financial Innovation Network (GFiN) and was recognized as "The Globe Trotter," the only financial institution in Asia to receive an award. To enhance internal regulatory efficiency, we established the SKFH AI compliance platform, which was recognized with the "IDC 2023 Future Enterprise Awards -Special Award for Digital Innovation." Through data sharing, we established a group-wide risk prevention mechanism to assist in real-time risk information sharing across companies. We also combined resources with ecosystem partners to expand the synergies of technology research and development. In 2023, SKFH and its subsidiaries have won a total of 24 digital awards in Taiwan and abroad.

I Accelerating Operational Innovation with Technology

In response to the wave of AI financial technology development, SKFH has formulated a blueprint for technological development based on five key aspects: ABCDE, considering perspectives of the customers, employees, and investors. In 2023, we accelerated the deployment of AI application scenarios, deepened cooperation with technology ecosystem partners, continued to build group-wide digital financial innovation capabilities, and expanded development synergies.

Data —

SKFH has introduced AutoML automated machine learning technology, which automates the steps of data processing, model training, hyperparameter tuning, and model evaluation. This technology allows data scientists or analysts to enhance their model development efficiency, enabling them to focus their time and energy on business application scenarios. 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.

Cloud ←

Deployment in a cloud-native architecture environment, introducing cloud-based digital office scenarios, proof of concept (POC) for cloud resource utilization, responding guickly to market demands, agile development cooperation to drive innovative business model applications, and promoting Cloud Ready.

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.



Artificial Intelligence

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From the introduction of analytical AI services to assist in optimizing business processes, such as Al image recognition research center (graphic verification code, handwritten signature comparison), intelligent customer service, process automation assistant and other applications to improve customer service; to the current implementation of generative AI to enhance group productivity and risk control through POC, and the experimentation of AI innovation scenarios such as NLP natural semantic analysis and RAG retrieval-enhanced generation, the introduction of LLM integrated platform solution has created an enterprise knowledge management platform.

Ecosystem

Collaborating with subsidiaries and leading Taiwanese and international tech giants and startups such as Microsoft, Google, beBit TECH, Lawsnote, and DataRobot, SKFH has deepened connections between industry, government, and academia, responded to government green finance policies, participated in the T Ambassador program of the Administration for Digital Industries, MODA, and joined the FinTech Space, the financial technology innovation park, to share innovative resources and expand collaborative synergies.



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I AI Applications

Solution	Contents	Achievements in 2023	Solution	Contents	Achievements in 2023
SKL			SKB		
Al-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 	 Achieved a 98% accuracy rate in AI-enabled smart address correction, effectively recognizing nearly 570,000 communication addresses 	OU micro-enterprise loan - Al quick screening diagnosis	 Introduced a cloud-based AI screening and calculation platform digital tool to simplify application document processes. The platform reduced the complexity of customer application processes and minimized invalid cases and data calculation errors, thereby improving process efficiency. 	 A total of 1,120 OU micro- enterprise loan cases were approved, with 572 cases screened out as ineligible for application, resulting in approved loan amounts totaling NT\$3.25 billion. A total reduction of 0.496 tCO₂e
Smart customer services monitor customers' digital tracks	 "Smart Contact 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 93 thousand times Smart reminder service: Provided services 7,000 times Shin's Smart Customer Services 2.0 has served 394,000 customers 	Automated monitoring mechanism for non-repaid reserve funds	 Established an automatic monitoring mechanism for post-loan management of credit insurance cases. Utilized a virtual data platform to aggregate information from different channels and developed automated verification technology. Leveraged RPA to send cases involving "non-repayment of reserve funds" to designated personnel via email. 	 Achieved 100% coverage of automated monitoring mechanism Saving over 500 person- days per month Preemptively prevented 59 default cases
MLS Smart customer services	• 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.	 Total usage exceeded 357,000 times 	Credit loan quick screening robot	 Developed a "Quick Screening Robot" embedded in credit loan application business to act as a "virtual AO". 	 Total disbursed amount for the year was NT\$170 million
Smart mobile stock selection	 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. 	 Total downloads reached 98,679 	Image recognition	 Improved account opening efficiency through document image recognition. 	Launched by the end of December



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		I Digital Finance	e Applications SKL			Technological process
	Being cu		s to designing various products rward to attain the goal of provi			applications
Mobile experience and convenient life • Mobile version of authorized electronic funds transfer service.	FIDO identity	perience enhancement	Digi	tal sales support	CIS customer data	Claims risk screening system Claims risks analysis system: The architecture of the analysis system and the analysis is system and the analysis
 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. Provided eACH online loans instant payment service, allowing policyholders to flexibly manage funds by transferring funds from SKB to eACH partner banks immediately. 	 verification service Replaced passwords with biometric identification to address password forgetfulness. FIDO verification utilizes encrypted public-private key authentication, offering enhanced security compared to traditional login methods. Designed for cross-screen verification, adhering to the principles of fair treatment and inclusive finance. 	Optimize customer experience in the member area • Brand-new member section as well as simple and intuitive operating interface are deeply praised by customers.	Mobile experience and convenient life • Utilized digital sales support tools to integrate various business services with policyholder health management.	 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. 	integration system In line with the FSC's "Friendly Financial Innovation" policy, we became the first life insurance company to utilize internal big data. Within the system, we introduced the "Friendly Care Tagging" feature, enabling service personnel to identify "vulnerable customers" and provide timely care to protect their policy rights, fulfilling our social responsibility.	 information platform are constructed to improve the hit rate during an investigation, thereby improving the overall investigation performance and preventing fraudulent claims. Quick claims advanced risk analysis system: Quantify claim risks to improve the accuracy of case classification and improve claims processing efficiency. Achievements in 2023 Claims risks analysis system: . The claim inspection rate^{Note 1}
 Achievements in 2023 Mobile authorized transfer service: already used 150,000 times Mobile Phone Code Verification application rate: 79% 417 Quick ID Verifications The online service processed 41,372 transactions with a loan amount of NT\$1.13 billion 	 Achievements in 2023 The first in the life insurance industry to launch the service FIDO usage accounted for 40% of app logins after its launch 	Achievements in 2023 Membership Count: accumulative 1,060,000 members Annual Transaction Volume: over 828,000 transactions 	Achievements in 2023 Shin Kong Life app: Totaling 664,000 downloads Mobile e-Payment: Processed 56,360 payments, with a utilization rate of 92.7% 	Achievements in 2023 Served approximately 1,170,000 customers Made approximately 1,180,000 plans 	 Achievements in 2023 Awarded the patent for the "Friendly Care Tagging Customer Service Assistance System" Customer service and counter staff rated various functionalities of the CIS system with a satisfaction rating of 4.6 stars (maximum 5 stars) 	 dropped to 1.7% compared to last year The claim detection rate^{Note 2} rose to 31.6% from last year Quick claims advanced risk analysis system: The average processing time for normal cases was reduced to 1.1 days, a decrease of 0.2 days compared to the previous year, indicating improved processing speed The average monthly review cases per person increased to 438 cases, up by 32 cases from the previous year, indicating improved productivity per person

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.

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 Mobile payment Payment for various services or goods through mobile devices makes payments more convenient. Achievements in 2023 A total of 685,691 connected credit cards A total of 685,691 connected credit cards A total of 360,669 connected accounts Accumulated transaction amount is about NT\$ 32.58 billion Accumulated amount of stored value consuption is about NT\$170.73 billion 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 rewards, managing transactions, and ensuring security. This will optimize the quality of credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card rewards, managing transactions, and ensuring security. This will optimize the quality of credit card the year Added 162,467 new downloads throughout the year Average monthly usage per person approximately 33,674 Average monthly usage 	and upholds the state of the st	en by innovative thinking, a	SKB actively embraces digital finating close to life and putting cu interprise and putting cu interprise Credit Guarantee Fund Automatic Subrogation Tracking System • Used for tracking compliance with the credit guarantee fund's non- subrogation criteria, including modules for data search, download, storage, processing, and message generation. • Obtained a new patent for the "Enterprise Credit Guarantee Fund Automatic Subrogation Tracking System"	ustomers first.	 Digital and automated transactions account for a significant 89.41% of total transactions Digital and automated transactions account for a significant 89.41% of total transactions Digital and automated transactions account for a significant 89.41% of total transactions Digital and automated transactions account for a significant 89.41% of total transactions Provide customers with financial account 24-hour services, and such accounts can be used to conduct general financial transactions for a significant 89.41% of total transactions Provide customers with financial account 24-hour services, and such accounts can be used to conduct general financial transactions, foreign exchange, fund purchase, securities investment, etc., as well as irregular various preferential activities. Achievements in 2023 Over 250 thousand OMNI-U digital deposit account 	 Corporate customers' cross-region online banking services feature diversified payment methods, customized authorization control, and integrated real-time account information. Achievements in 2023 More than 13,000 customers applied Local transactions amounted to NT\$2,363 billion Cloud service counter Provides online applications for digital account opening, loans, credit cards, and other wealth management services. Achievements in 2023 Over 750,000 people have been served Interactive electronic statements Integrated billing information, notifications regarding consumer interests, and a wide variety of offers and other information. Achievements in 2023 The electronic billing ratio is as high as 95.61%

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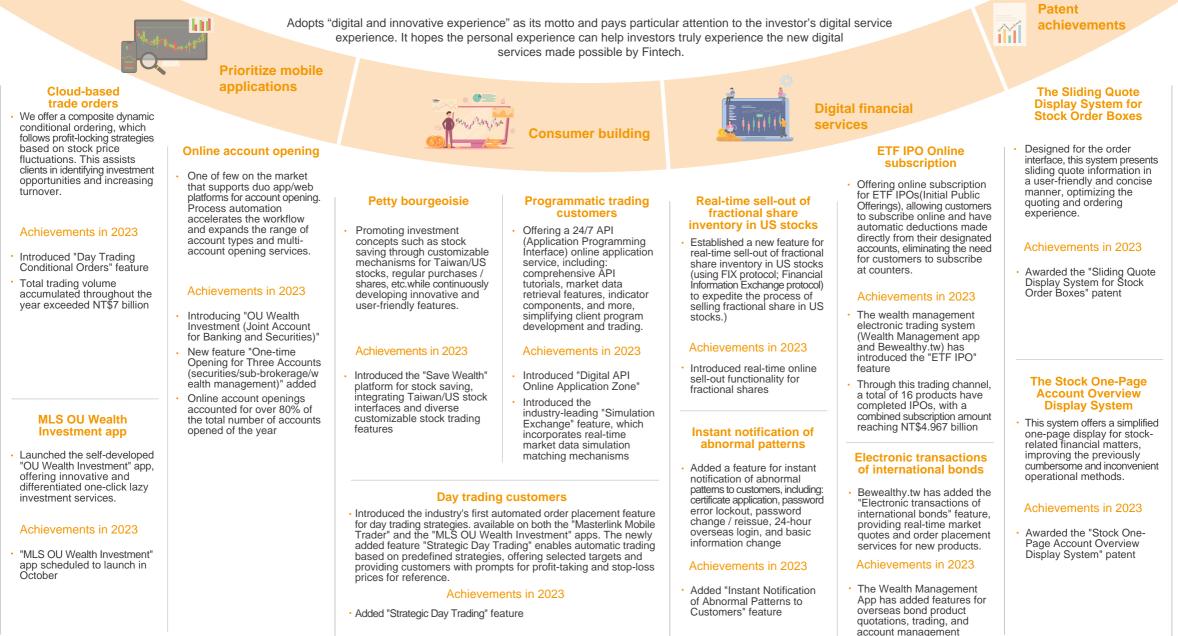
Appendix

MLS

Practitioner of

Accountable

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Promoter of Sustainable Prosperity

		SKIT		I Social Media
		vely invests in the developmen and pays attention to the com- continues to dev		Social Networks
SKIT Online Account Opening • Provide new customers with full online account opening and authorized debit services. Customers	Finance and wealth management EDM		Prioritize mobile applications	LINE Official Account
no longer need to send back the paper account opening form and wait for verification. Through online account opening, customers can achieve	 Provide investors with free e-newsletter service to help investors to quickly grasp the market pulse and investment trends, and improve customer 	SKIT's electronic trading website • The new version of the SKIT online trading	The SKIT Website The SKIT website has	Facebook Fan Page
a high-quality service experience of opening an account today and placing an order tomorrow.	satisfaction.	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.	been redesigned into a wealth management website that can be used on mobile devices and is constructed with RWD technology to optimize customer mobile	LINE Official Account
Achievements in 2023	Achievements in 2023	Achievements in 2023	experience. Achievements in 2023	Facebook Fan Page
 150 new account openings Electronic transactions account for 30% of the total number of transactions 	 We send a weekly themed financial EDM (Electronic Direct Mail). The recipients include SKIT beneficiaries and newsletter subscribers, totaling over 16,500 	Over 24,952 electronic transaction inquiries	 622,678 views 205,932 users Average user page views: 3.02 	MLS LINE Official Account
	individuals			Facebook Fan Page
				C Youtube Official Account
				SKIT

Social Networks		Operating Status in 2023	Goals for 2024
SKL			
LINE	LINE Official Account	 Number of friends: 4.57 million (+7.3%) Number of accounts linked: 203,000 (+25.9%) 	 Number of friends: 4.9 million Number of accounts linked: 240,000
Ģ	Facebook Fan Page	 Number of fans: 208,000 (+2.5%) Annual Posts: 301 Post Reach: 3.69 million Post Interactions: 195,000 	 Number of fans: 210,000 Annual posts: 300 Post reach: 1 million Post Interactions: 50,000
SKB			
LINE	LINE Official Account	 Number of friends: 2.47 million (+76%) Number of accounts linked: 200,000 (+100%) 	Number of accounts linked: 278,000
Ģ	Facebook Fan Page	 Number of fans: 153,000 Annual Posts: 96 Post Reach: 6.78 million Post Interactions: 146,000 	 Number of fans: 158,000 Post reach and post interactions: 5 million
MLS			
LINE	LINE Official Account	 Number of friends: 101,000 (+220%) Number of accounts linked: 9,000 (+25.4%) 	Ranked 6th in fan numbers among competitors
ß	Facebook Fan Page	 Number of fans: 24,000 (+15.82%) Annual Posts: 157 Post Reach: 1.84 million Post Interactions: 32,000 	Ranked 6th in fan numbers among competitors
	Youtube Official Account	 Number of Videos: 253 Views: 424,000 Shares: 4,961 	 Ranked 6th in fan numbers among competitors
SKIT			
LINE	LINE Official Account	• Number of friends: 5,946 (+65%)	Number of fans: 7,000

Whistleblowing Regulations" etc., carefully

plan and implement the fair treatment of

customers

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3.2 Customer Relationship Maintenance

3.2.1 Implement Rules and Policies for Treating Customer Fairly Principles

to the needs of users with disadvantages

Enhance the content of MLS Financial inclusion webpage

and achieve the highest level of AAA accessibility to cater

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 2023. The significant development policies, operational mechanisms, and achievements for each subsidiary in 2023 are as follows:

Policies and Operating Mechanisms	Achievements in 2023	Policies and Operating Mechanisms	Achievements in 2023
SKL		SKB	
 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. Regularly submit the related business execution content to the board of directors for deliberation 	 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 10 training sessions with internal and external instructors Received outstanding performance award from the FSC in Fair Customer Treatment Principles Evaluation, third place in the Micro-insurance Competition in the Insurance category, Outstanding Business Performance Award, and Disability Care Award in the Aging Insurance Competition, totaling five awards, highlighting remarkable achievements 	 Established policies such as the "Fair Treatment of Customers Policy," the "Code of Conduct on the Fair Treatment of Customers Principles," the "Regulations on the Establishment of the Fair Treatment of Customers and Consumer Protection Committee," among other related business regulations Convened by the President, the "Fair Treatment of Customers and Consumer Protection Committee" oversees the execution and deliberation of matters related to the "Treating Customer Fairly Principles", , and reports regularly to the Board of Directors 	 Reported to the Board of Directors seven times of fair treatment of customers' initiatives, including submission of meeting minutes of the Fair Treatment of Customers and Consumer Protection Committee, annual review of the bank's self-assessment results on fair treatment of customers, and reports on the implementation of fair treatment of customers to the Board of Directors Conducted a "Fair Treatment of Customers Seminar" chaired by the Board of Directors and senior executive, inviting Chinese National Association of the Deaf R.O.C. and social enterprises to discuss how to reduce financial information disparity for people with disabilities. Shared experiences and provided suggestions for the bank's free online video translation and service Organized the "Service Excellence and Fair Treatment of Customers Outstanding Branch Selection Activity," which added a criterion for fair treatment of customers' performance in individual assessments and introduced a new procedure for selecting outstanding branches in fair treatment of customers to evaluate branch performance
MLS		SKIT	
 Formulated the "Policies and Strategies for the Fair Treatment of Customers Principles" .Convened by the President, established the "Fair Treatment of Customers Project" under the Corporate Sustainability Committee to actively promote the implementation of relevant principles, and regularly report the execution status to the board of directors to enhance the board's supervisory role Formulated the "Major Issues Accountability System Implementation Measures" and the "Internal and External 	 Directors were provided with relevant training on the principles of fair customer service, and senior executives as well as all employees have completed training programs The Corporate Sustainability Committee plans and promotes fair customer treatment measures on a quarterly basis; regularly reports to the Board of Directors on the progress of fair customer treatment, including fair customer treatment indicators and achievements, self-assessment results, penalties, and complaint review and handling Organize the "Fair Customer Service Behavior" selection event to enhance employees' awareness and importance of fair customer service.principle of fair treatment of customers from the institutional level 	 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 	 Education and training for Directors, supervisors and senior executives on the "Fair Treatment of Customers Principles" Conducted online education and training for all employees as well as evaluation and verification mechanism to educate department heads / employees on how to integrate the core values of fair treatment of customers into their daily operations 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 No penalty cases or complaint reviews were reported in 2023; Any cases will be regularly reported to the Board of Directors

system has been established, and overall

implementation has been supervised

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3.2.2 Safeguarding Customer Privacy and Rights

I Legal Compliance of Products and **Marketing Strategies**

SKFH's subsidiaries conduct rigorous evaluation procedures for all new products and services in accordance with laws and regulations, industry associations, and internal regulations before they are officially put on the shelves for sale or launched. At the same time, risk assessment and management are conducted at the design stage of insurance products. Before the launch of banking products or services, details of the projects are assessed in terms of market, risk, operational processes, and post-loan management to ensure compliance with laws and regulations and consumers' rights and interests. In addition, all subsidiaries disclose complete, truthful and clear information related to financial products in their business offices, websites, public statements and product brochures, and when the content relates to interest rates, fees, returns and risks, it is presented in a balanced, easy-to-understand and conspicuous manner. Where interest rates, fees, returns and risks are involved, they are presented in a balanced, easy-to-understand and conspicuous manner to ensure that customers understand the product features, risks and protection 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 gualifications and duly comply with the "Subsidiary Companies Joint Marketing Management Regulations."

I Protection of Customer Privacy

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Governance

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 "Reference Guidelines for Privacy Protection Statements 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 head of the Group's Compliance Department serving 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





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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 2023, 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 2023 accounted for approximately 49.4%.

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. In addition, a privacy zone has been set up on our official website to help customers solve their personal data-related problems, and ensure that customers have a clear understanding of their rights and interests.

Personal data breach incidents

Guardian of

Natural

SKFH and its subsidiaries comply with personal data protection laws and regulations in relevant operations. In the event of any personal data breach, immediate contingency measures are taken to prevent the situation from escalating, and appropriate measures are implemented to address the incident.

In 2023, there were 4 reported incidents of personal data breaches. These cases were reported either through the assessment center or internal complaint channels and were not caused by cybersecurity issues. Among these incidents, 2 involved personal information leaks due to the erroneous delivery of account statements and data misplacement by an outsourced printing vendor, affecting a total of 18 customers. The remaining two cases were data loss incidents and did not involve the leakage of personal information. All previously disclosed cases were properly resolved and did not affect the rights and interests of customers.

Furthermore, the companies have reinforced data protection through education and training, enhanced business inspections, and data inventory checks to prevent similar incidents. All incidents in 2023 have been resolved, and control measures have been strengthened.







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3.**2**.**3** Highlighting Service Quality

SKFH 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 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.

Service Measures	Achievements in 2023	Service Measures	Achievements in 2023
SKL		SKB	
 0800 Customer Service Hotline: Handled nearly 470,000 calls in 2023, integrating omni-channel customer service channels (Omni-Channel) to collect Voice of Customer (VOC) feedback. This feedback is utilized to improve operational processes and create competitive edge, providing customers with quality service and enhancing satisfaction Dedicated Customer Service Team: Upholding the "3D Service Policy" of enthusiasm, professionalism, and digital capabilities to implement the fair treatment of customers' principles, delivering suitable services to financially vulnerable policyholders. Through diverse education and training programs that combine virtual and real-world elements, customer service specialists are empowered to adapt to digital transition. This effort received recognition as the "Best Customer Service Training Star" at the 2023 CSEA in the individual category Continuous innovation of "Shin's Smart Customer Services 2.0" by developing the "Training, Sorting, and Analysis Tool" from a comprehensive perspective of points, lines, and surfaces, to enhance the intelligence of Shin, enabling more precise and accurate responses 	 Our customer service quality has been honored with the prestigious "Best Customer Service Enterprise" award at the 2023 CSEA The customer service team has been awarded the "Best Customer Service Team" accolade in the team category at the 2023 CSEA Shin's Smart Customer Services served 394,000 users and won awards for "Best Intelligent System Application Enterprise," and "Service and Solution" at the International Innovation Awards (IIA) Representing Taiwanese enterprises, SKL participated in the "2023 GCCA Greater China Excellent Customer Service Awards" and won two major awards: the "Comprehensive Customer Service Excellence Award" and the "Excellence in Innovative AI Customer Service Award" 	 New official website: With the theme "SKBphotosynthesis," the website emphasizes the motto "Our light and heart are always with you," breaking away from the traditional image of the financial industry being cold and rigid Revamped mobile banking app: Introduces various personalized settings and enhances device linking for increased security. Moreover, customer satisfaction surveys and feedback are conducted by external professionals from Nielsen to ensure comprehensive service Service expert selection: The "Top 10 Best Service Professionals" selection, customer counter voting, head office preliminary selection, fan page voting and sharing, and final selection interviews with superiors, the top 10 best service professionals are selected based on comprehensive evaluation Comprehensive customer service channels: The OU Digital Account offers 24/7 online financial services, supplemented by online personnel and Al-powered customer service to ensure appropriate responses to customer needs 	<text></text>
MLS		SKIT	
Optimized account opening process and app order placement	· Add 'Lightning Fast Securities Trading'	Continuously conducts satisfaction surveys among our over-the-	Customers have expressed satisfaction with

- service: Continuously refining operational procedures and introducing additional services (such as SMS document submission reminders) to improve account opening efficiency and streamline the order placement process.
- Offers 24/7 online smart services

- function
- Both online account opening and the "Masterlink Mobile Trader" app achieved a Net Promoter Score (NPS) of nearly 70% in 2023, with overall customer service satisfaction exceeding 90%
- counter customers. These surveys serve as essential feedback for future product and service improvements
- 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
- the branch environment, the courtesy of our service personnel, and their professionalism. There were no financial consumer dispute cases reported in 2023



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I Customer Satisfaction

SKFH and its subsidiaries continuously conduct satisfaction surveys and collect feedback on various service channels to understand customers' actual perceptions of the Company's service quality and suggestions. This serves as a reference for future improvement plans to enhance the customer service experience. In 2023, the overall satisfaction rate of the SKFH's services reached 94.9%, representing a 0.1% increase from the previous year.

	Action Plan	Execution Unit	Action Plans	Achievements in 2023
*****	Overall SKFH satisfaction survey	SKFH	Annual satisfaction and feedback surveys conducted for three subsidiary companies	Overall service satisfaction for life insurance, banking, and securities : 94.9%.
*****	Policyholder service satisfaction survey	SKL	Ongoing satisfaction surveys for "Administration Center Counter Services" and "Customer Service Center"	 The Net Promoter Scores for Administration Center Counter Services reached 90.4% The NPS for Customer Service Center reached 89.4%
****	Satisfaction with online account opening and order placement services	MLS	Continued satisfaction surveys and feedback from customers who use online account opening and place orders through the "Masterlink Mobile Trader" app	 Net Promoter Score (NPS) for online account opening reached 69.2% The Net Promoter Score for order placement through the "Masterlink Mobile Trader" app reached 67.7%
	Satisfaction	SKB	Continued satisfaction surveys for "OU Digital Account" and "Mobile Online Banking" services	 The NPS for OU Digital Account reached 74.4% The NPS for Mobile Internet Banking reached 60.8%
****	rate with digital product services	MLS	Continuing satisfaction surveys for "Smart Customer Service" and "Stock Depository Platform" services	 The NPS for Smart Customer Service reached 80.8% The NPS for Stock Depository Platform reached 63.3%
7	Service Expert Contest	SKB	The bank holds an annual "Best Service Expert" contest	 A total of 10 Best Service Experts and 104 exemplary branch representatives were selected
	We provide professional financial services.	MLS	We live stream the Flipped Classroom on YouTube to assist customers in asset allocations	The number of unique viewers exceeded 41,000, with over total 59,000 views

Comprehensive Statistics of SKFH Customer Satisfaction

	2020	2021	2022	2023	2023 Target
Customer Satisfaction	90.76 %	93.17 %	94.80 %	94.90 %	90 %
Coverage	100 %	100 %	100 %	100 %	100 %

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

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

I Customer Complaint and Communication

SKFH and its subsidiaries prioritize customer rights by providing diverse services and complaint channels, making it convenient for customers to seek advice or provide suggestions and feedback. Upon receiving customer complaints, we actively assist in problem resolution. Cases that cannot be resolved immediately are transferred to dedicated departments for handling, with continuous follow-up to ensure that customer issues are effectively addressed to safeguard customer rights.

Complaint Pipeline	Processing Method
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	If a complaint is received from a policyholder, it will be handled immediately by a dedicated department and a call will be made to the policyholder to confirm the case, and the case will be identified and closed within 30 days from the date of acceptance.
SKB	·
SKB takes customer complaints seriously and provides multiple channels of redress, including customer service telephone number 0800-081108, branch offices and authorities, etc.	After receiving a complaint, the Bank immediately processes of 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. 2023 All cases received have been handled properly to the satisfaction of our customers : In the future, we will continue to strengthen our operations and service measures in order to provide better services to our customers.
MLS	provide better services to our customers.
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.	When a front-line colleague receives a customer complaint, he/she must first calm the customer, quickly obtain information of the customer complaint and then actively providing assistance to resolve the issue. If the customer is satisfied with the results of the procedures, the case may be closed. If the front-line colleague cannot resolve the customer complaint, he/she shall fill out the "Customer Complaint Notice" and report to the supervisors of related units to control customer complaint progress and resolve customer issues. In addition, confidentiality measures are implemented on customer data to protect the rights and interests of customers.

SKIT

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.

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. 🛞 新光金控SKFH



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3.3 Financial Inclusion

SKFH is committed to promoting financial inclusion and is 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 microenterprises, economically disadvantaged groups, women, senior citizens, remote and underresourced 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.

SKFH and its subsidiaries utilize both financial and non-financial support means to integrate resources and technology from the financial inclusion ecosystem while collaborating with external organizations to promote financial inclusion development. For instance, we offer Microbusinesses Loans, Youth Easy Loans, and Light of Hope Family Assistance Loans to microenterprises, youths, and economically disadvantaged groups respectively. In 2023, a total of 4.029 individuals benefited from these programs, with a total loan amount of NT\$18.9 billion. Moreover, we organize digital and financial literacy courses to enhance customers' financial knowledge and skills, reducing urbanrural and digital divides while improving service quality and customer satisfaction. 376,000 financial inclusion products have been offered in 2023, and brought NT\$235.55 billion in business benefits to enterprises.

Beneficiary groups		Products and Services Uni		202	21	2022		2023	
			Unit	Commercial Benefits	Social Benefits	Commercial Benefits	Social Benefits	Commercial Benefits	Social Benefits
C .	Middle- or low-income households and disadvantaged social groups	Microinsurance	Premium income (million) / Number of policyholders	7.49	38,939	9.26	46,863	12.44	88,048
		"Light of Hope" Family Support Credit Loan	Loan amount (million) /Number of loans	14.52	40	29.02	90	28.71	86
		Online insurance	Premium income (million) /Number of policies	29	9,613	12.63	21,393	13.19	32,581
	Residents in Remote Areas	OU Wealth Investment ^{Note2}	Number of projects	-	-	-	-	-	29,206
		"Light Speed Insurance" remote insurance application	Premium income (million) /Number of policies	1.93	3,793	0.48	146	0.24	21
	Elderly people and people with disabilities	Long-term care products	Premium income (million) /Number of policies	284	9,347	249.67	9,834	213.13	7,351
		Retirement planning products	Premium income (billion) /Number of policies	3.11	5,727	6.06	6,804	17.60	20,443
00		Small-amount whole life insurance	Premium income (million) /Number of policies	93.77	3,558	139.28	5,010	124.45	3,963
		Youth Easy Loan	Loan amount (billion) /Number of loans	14.81	2,497	15.81	2,632	15.90	2,608
000	Support Youth Group	Small-scale Wealth Management - Dollar-Cost Averaging for Stock Investing Note1	Transaction amount (billion) /Number of projects	2.07	123,808	2.16	123,262	2.61	122,179
XX		Digital API ^{Note2}	Transaction amount (billion) /Number of projects	-	-	-	-	6.24	22,359
		Spillover-effect products	Premium income (billion) /Number of policies	1.33	25,363	1.37	52,622	0.81	40,104
		Housing Subsidies Project	Project amount (million) /Number of policies	798.07	527	957.81	620	851.70	585
202	Small and medium-sized enterprise (SME), Microbusinesses and Community Development	SME loans	Loan balance (billion) /Number of loan	157.25	4,021	163.96	3,875	181.69	4,916
		Microbusinesses Loans	Loan balance (million) /Number of loan	127.36	190	137.86	272	2,971.85	1,335
		Loans for reconstruction of urban unsafe and old buildings	Loan balance (billion) /Number of loan	2.05	20	4.08	30	6.48	44
	Financial in	nclusion products	Total Business Benefits (billion) / Total number of pieces	181.97	227,443	194.97	273,453	235.55	375,829

Note 1: The small-scale equity wealth management platform was discontinued in November 2023, and its stock saving function was transferred to the "Save Wealth" platform, hence the name change to "Small-scale Wealth Management - Dollar-Cost Averaging for Stock Investing."

Note 2: Digital API and OU Wealth Investment were newly launched services in 2023, so there are no performance data for 2021-2022.

Note 3: Adjustments were made to the statistical methods and scope of defining customers for Small-scale Wealth Management - Dollar-Cost Averaging for Stock Investing, hence the recompilation of historical data.



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3.**3**.**1** Financial Inclusion Products and Services



Middle- or low-income households and disadvantaged social groups

Microinsurance

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, dependent girl, and those with physical or mental disabilities. This expands the social safety net, achieving corporate sustainability development and meeting our social responsibilities. 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. The social safety net is thus expanded while the corporate sustainability development is achieved and our social responsibilities are fulfilled. From 2014 to 2023, a total of 168,862 individuals have benefited from this initiative.

"Light of Hope" Family Support Credit Loan

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. These programs aim to provide effective and tangible help to those in need.

S S NTS

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.

Achievements in 2023

Premium income NT\$ 12,439,800 Number of beneficiaries 88,048



Has been donated since program launch

NT\$ 32.11 million



Online Insurance

Residents in Remote Areas

anywhere, without being limited by time or space.



Achievements in 2023

New contracts

32,581



Premium income

"Light Speed Insurance" Remote Insurance Application

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,

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, singing 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.

OU Wealth Investment

To enhance our online services without geographic limitations, we introduced the "One Account, Three Services" (securities + trading + wealth management) feature. We also developed the "OU Wealth Investment" integrated account opening platform, allowing customers to complete both bank and securities account applications online in just 5 minutes. This initiative aims to improve convenience for residents in remote areas, strengthen inclusive finance, and provide more financial-friendly services.

New contracts

.

21

Premium income

NT\$ 236,317

Opened online accounts 29,206





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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.

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. As of the end of 2023, we have processed over 29,000 new contracts, amounting to nearly NT\$690 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.

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.

Achievements in 2023

New contracts 20,443 Premium income

NTS 17.6 billion

New contracts 3.963 Premium income NTS 120 million

Elderly Financial Planning Advisors certification Δ1



Small and medium-sized enterprise (SME), Microbusinesses and Community Development Achievements in 2023

SME loans



Achiever of

Loan Cases 4.916 I oan balance NTS 181.69 billion



Loans for reconstruction of urban unsafe and old buildings

small and medium enterprises (SMEs), accounting for 98% of all

businesses. These SMEs contribute to 80% 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

SMEs, with a loan balance of NT\$181.69 billion.

support the growth of SMEs and foundational economic development,

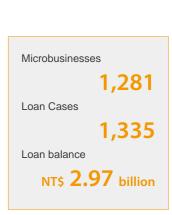
we provide resources such as startup loans and local business loans to facilitate the establishment and operation of new and local enterprises. In 2023, a total of 4,916 loans were disbursed to small and startup

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 2023, a total of 44 projects were approved, with a loan balance of NT\$ 6.48 billion.



Microbusinesses loans

In pursuit of profitability while upholding our commitment to social sustainability, since March 2021, SKB has collaborated with the Credit Guarantee Fund to offer operational revolving financing services to microenterprises, providing up to NT\$6 million for a maximum loan term of five years. This initiative assists in obtaining operational funds, stimulating economic momentum, and creating job opportunities. As of 2023, a total of 1,281 microbusinesses have benefited, with a total of 1,335 loans and a balance of NT\$2.97 billion. While actively promoting consumer finance business, we will continue to fulfill our corporate social responsibility by promoting financial inclusion to benefit every corner of society.





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Achievements in 2023

328

Loan Cases

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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 2023, a total of 328 loans with the amount of approximately NT\$3.86 billion were disbursed. In 2023, there were 328 applications, bringing the total to 2,608 since inception. The total loan balance amounted to NT\$15.9 billion.

Small-scale Wealth Management - Dollar-Cost Averaging for Stock Investing

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. Since inception, we have served 54,375 customers.

Digital API

To meet the growing demand for API programmatic trading among younger generations, and make it easier for investors to apply online 24/7, we've lowered the development threshold by providing comprehensive component function explanations and sample programs. With the addition of market data recovery features, customers can conduct backtesting to validate their strategies. We've also launched a new simulated trading platform, which leads the industry by employing real-time market simulation matching mechanisms, enabling investors to closely simulate market conditions when validating their strategies.



Promotion of Health Protection

SKL continues to fulfill its core mission and respond to the policy of inclusive finance. Following the introduction of the "food safety insurance policy" in September 2022, where food safety issues were integrated into the design scope of insurance products, in June 2023, we launched the "SKL GO Inclusive Term Life Insurance" with the concept of "premium of NT\$10,000 per policy" as we hope to provide affordable protection to the public. This product not only covers life insurance, accidents, and health, but also includes a spillover-effect mechanism, aiming to encourage policyholders to live healthier lives as they age. In September of the same year, we introduced the revised product "SKL GO NEW Inclusive Term Life Insurance", which includes term life insurance, accident insurance, double coverage for specified accidents, accident medical treatment, and specified illnesses. It can be insured from ages 0 to 65, and emphasizes concepts such as "compensation for accidents, refund for staying alive, money for walking, exemption from payment for illness, and change for a thousand NT dollars". It integrates with the SKL app to record points accumulation digitally, and encourages policyholders to improve their health through the spillover-effect mechanism. In 2023, the number of new contracts for health-related products reached 188,637, with new contract premiums totaling nearly NT\$1.518 billion, of which new contract premiums of spillover-effect products accounted for NT\$808 million, about 50% of the total.

Product types	New contract premiums (in NT\$100M)	Number of new contracts
 Food safety products	0.01	201
GO inclusive series products	0.63	4,932
Spillover-effect products	8.08	40,104
Total premiums for health-related products	15.18	188,637

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3.**3**.**2** Financial Inclusion Non-Financial Support

Middle- or low-income households and disadvantaged social groups

Heartwarming Demand Savings Deposit Program

SKFH provides the "Heartwarming Demand Savings Deposit Program" for vulnerable groups such as the physically and mentally challenged and lowincome households. This program offers a higher interest rate on savings to enable disadvantaged groups to earn more interest and improve their savings measures. Individuals holding governmentissued documents certifying disabilities or lowincome status, such as "disability certificates," "disability cards," or "low-income household cards," are eligible to open accounts at SKB. Each individual is limited to one account, preferential interest rate 1.625%, with a maximum deposit limit of NT\$2 million per account.

Note Regular TWD current account interest rate: 0.525%

Achievements in 2023

Number of Accounts

Increase from the previous year

13 %

449

Residents in Remote Areas

OMNI-U digital deposit account

To cater to remote communities and young individuals, OMNI-U Digital Account offers "Online Account Opening" without the need for in-person visits, breaking geographical barriers and enhancing financial service convenience and accessibility. With this digital account, customers can easily access deposit incentives, such as participating in the OU Account TWD Savings Project, which offers a boosted savings account interest rate with a maximum additional annual rate of 5.28%. With a minimal deposit of NT\$10,000, customers can enjoy a 9.73% boosted USD savings rate. By providing convenient services and incentivized interest rates, we assist young people and underserved populations in remote areas in developing saving habits. In 2023, 116,377 new accounts were opened.

Note:

Regular TWD current account interest rate: 0.525% Regular USD current account interest rate: 1.35%

Achievements in 2023

Number of Accounts

116,377



Financial Education-Be friend

SKFH adheres to the belief of transforming

remote rural area education, paving attention

to children's equal right to education, so that

To help underprivileged rural students establish

correct financial management concepts, set

savings goals and understand personal financial

status, we have help disadvantaged families'

children from Boyou Social Welfare Foundation.

China Andrew Charity Association, Replenishment

class for Shi Nuying in Renai Township, Nantou,

Gengxin after-school classes, etc. By combining

experience, student can learn thinking before

professional financial knowledge with daily

management tools to easy-to-understand.

simple and practical life and financial management,

let education become the best investment for

Achievements in 2023

150

Number of beneficiaries

spending money, transformingfinancial

Zhongzheng Elementary School

every child has fair opportunities to learn.

with Money

enterprises.



New Study Buddy—A pen pal project

Taiwan rural children not only face challenges in writing and reading, but also often lack proper financial knowledge, leading to incorrect money concepts that can affect their future development. Writing is the best way to express oneself, and SKFH connects professionals from various fields in society with rural children, becoming their New Study Buddy in life and spirit. Through letter exchanges, we aim to increase opportunities for rural students to practice short writing and language skills, cultivating their ability to express themselves. Through consultations and answers from their " older pen pals." we also enrich the life experiences of the young pen pals and enhance their imagination for the future. In addition, to help improve the financial literacy of rural children who may have weaker financial concepts due to their family circumstances, the foundation has specially selected the book " Money FOR BEGINNERS " to be distributed to the young pen pals to read during the winter vacation. This helps them develop their reading abilities and establish a foundation of financial knowledge, such as saving, income, and expenses.





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In financial services, blockchain can be

fund clearing, and financial transactions,

providing faster, safer, and cost-effective

and transaction costs. In supply chain

management, it improves traceability,

and sharing supply chain data on the

and verification.

financial services while reducing intermediary

transparency, and verification by recording

blockchain, enabling real-time monitoring

Expanding interpersonal networks, initiating

a network portfolio, maintaining good social

interactions with stakeholders, and expanding

entrepreneurial opportunities by establishing

personal brand advantages and thresholds.

applied to payments, cross-border remittances,

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Support Youth Group

Supports Entrepreneurship

SKFH supports innovation and entrepreneurship skills, combining its own financial capabilities with the practical experience of industry experts to build a training module on five entrepreneurial skills, including "financial control, project control, market observation, block chain application, and social networking maintenance." This module assists young people and micro-entrepreneurs in entrepreneurial planning training and consulting services, while also enhancing their business management skills.

Five entrepreneurial skills

Understanding costs and pricing, learning about income statements, balance sheets, and cash flow statements to mitigate risks arising from internal and external factors, ensuring cash flow and avoiding imbalances in income and management expenses.

Project management

والواوال

Market

observation

Financial

Achievements in 2023

Entrepreneurship series courses 21

Number of beneficiaries

19,271



Ensuring specific goals are accomplished within a set timeframe. everse-engineering goals to control each step and cost, with particular emphasis on human resource evaluation to ensure effective goal achievement.	Blockchain technology applications
Objectively understanding market demands through observation and analysis, identifying	0 0 0 0 0 0

target audiences, validating product value. understanding supply chain demands to mitigate risks, analyzing competitors, grasping industry trends, identifying opportunities, and positioning in the market.

Feedback and Reflections

Reflections from Young Entrepreneurs

Mr. Chen: I'm thrilled to have the chance to take part in SKFH's entrepreneurship-focused courses. The instructors' real-life case studies have provided valuable insights into the entire journey of starting and running a business. These financial courses have been instrumental in expanding our professional knowledge and practical skills as aspiring entrepreneurs. They have also allowed us to optimize our ongoing projects at the same time.

Feedback from Microbusinesses

Social

networking

maintenance

Company A: Thank you, SKFH! The course material is really comprehensive, especially the part about how blockchain technology can be applied. It's been really helpful for us because it allows us to cut down on unnecessary costs and make our processes more efficient, even with limited staff and resources. It's also given us some fresh ideas for our company's approach to supply chain management, opening up new possibilities for our future business operations.

Digital Youth T Ambassador Promotion Program by MODA: Digital Skills Cultivation in Finance

SKFH responds to the government's promotion of the "Digital Youth T Ambassador Promotion Program" by making preemptive arrangements for future digital interdisciplinary talent and enhancing the cross-disciplinary skills of young people in non-digital fields, fostering their digital transformation capabilities. Through regular discussions and guidance with domestic and international regulatory agencies, we not only gained insights into global trends but also, under the guidance of the FSC, participated in the competition held by the Global Financial Innovation Network (GFIN), which is composed of 15 international regulators including the Financial Supervisory Commission (FSC), the World Bank (WB), and the Financial Conduct Authority (FCA) of the United Kingdom. Our "Anti-Greenwashing Genie" technology solution stood out among 49 participating teams worldwide, making us the only financial institution from Asia to be selected. This achievement has earned us the prestigious title of "The Globe Trotter" and received significant international recognition.

Achievements in 2023





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Appendix

O4 GUARDIAN OF NATURAL ENVIRONMENT

4.1 Environmental Commitment and Management

4.3 Climate Action **4.2** Low-carbon Operations

4.4 Nature Action

Promoter of

Sustainable

Prosperity

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.

By 2050, achieving net zero emissions has become a global consensus. SKFH and its subsidiaries are committed to implementing various decarbonization measures and renewable energy procurement projects. Through low-carbon operations, we aim to promote the reuse of water resources, waste recycling, and financial decarbonization efforts, all in pursuit of creating a sustainable future for the next generation.



In 2023, the total GHG emissions of SKFH and its subsidiaries in Scopes 1 and 2 decreased by 8.98% compared to 2022



A total of 47.6 million sheets of paper were reduced by the digitized paper reduction action, and the carbon footprint was reduced by 323.59 tons.



Green electricity procurement of 940.95 MWh, reducing 465.77 tCO₂e

Science-based targets were approved





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Short, medium and long-term goals and achievement in 2023

Sustainable Issues	2023 Indicators	Achievement in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
Climate Action	 Scope 1 and Scope 2 carbon emissions to decrease by 4.2% ^{Note3} Scope 3 carbon emissions to decrease by 4.2% ^{Note3} 	 Net Zero Plan Scope 1 and Scope 2 carbon emissions reduced by 8.98% compared to 2022 Scope 3 carbon emissions reduced by 8.75% compared to 2022 	Net Zero Plan Scope 1 and Scope 2 carbon emissions reduced by 8.4% compared to 2022 	 Net Zero Plan Headquarters and main Office locations to achieve net zero by 2030 By 2030, Scope 1 and Scope 2 carbon emissions to decrease by 42% compared to 2022 (SBTs) By 2030, Scope 3 carbon emissions decrease by 42% compared to 2022, with a specific reduction of 20% in emissions from fuel and energy-related activities
	• Joining SBTi (Financial Decarbonization)	 Established net-zero emissions and financial decarbonization goals, completed carbon reduction path plans for 15 investment and lending portfolios in SBT Scope 1, Scope 2, and Scope 3 categories and submitted them for review; related goals were reviewed and approved in February 2024. 	 Financial Decarbonization To achieve a ratio of 30% of investment and lending engagement Emission intensity (kg CO₂e/MWh) for newly contracted power generation industry corporate loans lower than the 2030 emissions intensity target (314.7kgCO₂e/MWh) Emission intensity (kg CO₂e/MWh) for newly contracted power plant project loans lower than the 2030 emissions intensity target (178.9kgCO₂e/MWh) Emission intensity (kg CO₂e/m²) decreased by 13.8% for commercial real estate loans 	In 2027 In 2030 • Percentage of listed stocks and bonds achieving SBTs reaches 50.3%. • Emission intensity (kg CO2e/MWh) decreased by 40.8% for power generation industry corporate loans. • Percentage of fossil fuel, service/commercial building, and other long-term loans achieving SBTs reaches 31.6% • Emission intensity (kg CO2e/MWh) decreased by 52.1% for power plant project financing • Emission intensity (kg CO2e/MWh) decreased by 52.1% for power plant project financing • Emission intensity (kg CO2e/m²) decreased by 49.8% for commercial real estate loans
Low-Carbon Operation Note2	 Electricity decreased by 4.2% Total water consumption decreased by 8% Per capita waste generation decreased by 8% 	 Overall electricity consumption (including green electricity procurement of 940.95 MWh and self-generated 12.520 MWh) reduced by 6.45% Total water consumption increased by 9.00% compared to the base year Per capita waste generation decreased by 56.54% compared to the base year Has obtained 7 labels for green buildings and 2 pending labels for green buildings 	 Cumulative reduction in general electricity consumption by 8.4% (including green electricity procurement compared to 2022) Cumulative reduction in total water consumption and per capita waste generation by 10% compared to 2022 	 Scope 2 carbon emissions decreased by 42% compared to the base year of 2022 by 2030 By 2025, total water consumption and per capita waste generation to decrease by 12% compared to 2019 Continuously acquire green building certifications

Note 1: SKFH sustainability materiality issue.

Note 2: For 2023 indicators, the base year for water consumption and waste generation is 2019, while the base year for other reduction targets is 2022.

Note 3: In accordance with the SKFH's net zero emissions plan, the emission reduction targets for 2023 are as follows: Scope 1 is 3,485.23 tCO2e; Scope 2 is 26,683.40 tCO2e; Scope 3 is 2,345,771.01 tCO2e.





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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. implementing environmental protection and ecological conservation principles and activities and strive to reduce the negative impact on the environment.

Sustainability Milestones in Recent 5 Years

2019

First-time purchase of renewable energy certificates (T-REC)

2020

· First-time participation in CDP Climate Change and inclusion in the DJSI Dow Jones Sustainability Index assessment

2021

Implementation of Internal Carbon Pricing (ICP) mechanism

Membership in the Taiwan Alliance for Net Zero Emission

2022

- Signing on to the SBTi
- · Installation of solar panels for self-consumption on the rooftops of six branches of SKB, making them the first carbon-neutral branches
- Adoption of ISO 20400 Sustainable Procurement Guidelines
- · Carbon footprint certification for SKB ESG credit card operations

2023

- · Awarded the "NET ZERO 3050 Certification" Green Level Label
- SKB ESG credit card obtained PAS2060 carbon neutrality certification
- · Implementation of carbon footprint of New Taipei customer service counters at SKL
- · Construction of the first solar-powered rooftop at the Dayu branch of MLS
- · Adoption of green electricity procurement by SKFH and its subsidiaries

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 2023.

SKFH also formulated the "Environmental Sustainability Commitment" to establish appropriate environmental management measures. To achieve the target of 2050 Net Zero, SKFH and its subsidiaries actively replace old equipment, organize energy-saving competitions and environmental initiatives. We also 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.

Implementation of Environmental Management Systems

- Shin Kong Life Tower introduced the ISO 50001 Energy Management System in 2014 and obtained ISO 50001: 2018 certification in2020, and the new version will continue to be valid after verification.
- In 2022, Shin Kong Bank Xinsheng South Building introduced the ISO 50001 Energy Management System.
- In July 2023, MLS Dunnan Tower introduced the ISO 50001 Energy Management System, and passed the verification in March 2024.

Environmental Management System

Energy Management System

ISO

50001

ISO

ISO

14067

- In 2022, Shin Kong Bank Xinsheng South Building 14001 introduced the ISO 14001 Environment Management System
 - In July 2023, MLS Dunnan Tower introduced the ISO 14001 Energy Management System, and passed the verification in March 2024

Carbon Footprint Standard

- In 2022, Liou jia Branch of Shin Kong Bank passed the verification of ISO 14067 carbon footprint standard.
- In 2022, New Taipei City service counter passed the verification of ISO 14067 carbon footprint standard.





ISO

14064-1

Water Footprint Assessment

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

GHG Inventory

In 2015, Shin Kong Life Insurance completed the first GHG inventory and verified, and in 2018 expanded the inventory scope to SKFH and its subsidiaries. Since 2020, the new version of ISO 14064-1:2018 has been adopted and verified.

Sustainable procurement



In 2022, SKB adopted ISO 20400 to implement sustainable procurement practices



In 2023, SKB obtained the PAS2060:2014 Carbon Neutrality Verification Statement, officially implementing zero-carbon credit cards.

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Unit: tCO2e

4.2 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. We aim to reduce greenhouse gas emissions and implement low-carbon operations through energy resource management and carbon reduction initiatives.

4.2.1 GHG reduction

In response to the SBT review approval, we set a net-zero target for 2050 with a 1.5°C reduction scenario, using absolute reduction methods and promise to reduce the total emissions of Scope 1 and Scope 2 by 42% compared to the base year of 2022 by 2030, with a goal of reducing carbon emission by at least 4.2% annually in Scope 2.

I Greenhouse Gas Emissions in 2023

Scope 1 GHG emissions of SKFH and its subsidiaries primarily come from the use of company vehicles, emergency generators running on diesel, and refrigerant leakage. In Scope 2, the main emission source is electricity consumption. For Scope 3 emissions, refer to the table below.

In 2023, the total greenhouse gas emissions of SKFH and its subsidiaries in Scope 1 and Scope 2 amounted to 28,663.11 metric tCO2e, a decrease of 2,828.15 tCO2e compared to 2022, representing a reduction of 8.98%. In recent years, we have gradually replaced fuel-powered vehicles with hybrid vehicles, accelerated the replacement of old lighting and air conditioning equipment to utilize renewable energy and promote changes in daily behaviors among employees to achieve long-term decarbonization goals.

In 2023, due to the increasing adoption of hybrid vehicles, there has been a downward trend in the use of fuel and electricity resources. However, during the replacement process of air conditioning equipment, there has been an upward trend in refrigerant leakage in recent years. In addition, in Scope 3, emissions from Category 15 Investments are the primary source. SKFH has concurrently set reduction targets for Scope 3 emissions, using 2022 as the base year. In 2023, the carbon emissions from Scope 3 for SKFH and its subsidiaries amounted to 2,234,238.16 tCO₂e, representing a reduction of 8.75% compared to 2022. This reduction is primarily due to SKFH's decrease in exposure to high-carbon industries and an increase in investments in low carbon industries, as detailed in <u>Chapter 4.3.4</u>

GHG emissions and intensity

Scope	2020	2021	2022	2023				
Scope 1	2,831.94	2,915.24	3,279.60	3,479.89				
	Location-Based							
Scope 2	29,875.16	27,260.46	28,211.66	25,314.90				
	Market-Based							
	29,866.51	27,251.43	28,211.66	25,183.23				
	Location-Based							
Scope 1 + Scope 2	32,707.10	30,175.70	31,491.26	28,794.78				
	Market-Based							
	32,698.45	30,166.67	31,491.26	28,663.11				
Inventory bases coverage of the number of regular employees	16,255	16,139	15,469	15,058				
Emission Intensity (t-CO2e /NT\$ million)	0.12	0.14	0.31	1.13				
Scope 3	2,508,422.75	2,953,940.44	2,448,612.74	2,234,238.16				

Note 1: Starting in 2020, SKFH and its subsidiaries have adopted the ISO14064-1:2018 standard. Emissions were summed up by operational control methods.and incorporated into all business sites of the company.

Note 2: The source of GHGs emission include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs) and other GHGs. In 2023, SKL converted emissions to carbon dioxide equivalents (CO₂e) following the GWP values from the 2021 IPCC Sixth Assessment Report (AR6). SKFH and other subsidiaries used the GWP values from the AR5 for their CO₂e conversions.

Note 3: The carbon emission per kilowatt-hour of electricity announced by the Bureau of Energy in 2020-2022 was 0.502 kg CO₂e, 0.509 kg CO₂e, and 0.495 kg CO₂e respectively. For the year 2023, the coefficient was calculated based on the values used in 2022 for the time being.

Note 4: Beginning in 2020, the inventory of electricity consumption (category 2) of Shin Kong Financial Holdings, Shin Kong Bank and Shin Kong Investment Trust in the Taipei Gas Building will be added. From 2021, SKB invented more sites, so we adjust the Scope 2 emissions of 2020.

Note 5: In 2023, the full time employee of SKFH and its subsidiaries was 15,058 persons, for more detaila about employee, please refer to 6.1.

2023 Scope 3 GHG Emissions

Categories Categories 2023 Emissions 2023 Emissions 2023 Total 1 Purchased Goods and Services 108.4 10 Processing of sold products 58.50 (Category 1~15) 3 Fuel- and Energy-Related Activities 11 Use of sold products 5 294 06 187.68 5 Waste Generated in Operations 12 End-of-life treatment of sold product 2,234,238.16 159.58 54.79 tCO₂e 6 Business Travel 247.12 15 Investment 2,228,128.00 Downstream Transportation and 9 0.03 Distribution

Note 1: For the calculation and description of the emissions for each category of Scope 3, please refer to Appendix 8.2.3.

Note 2: Regarding the emissions in categories 1 to 9, verification was conducted in accordance with ISO 14064-1:2018. Emissions in categories 10 to 12 were calculated **70** based on emission factors at various stages, including raw material acquisition, manufacturing, use, and waste disposal, as per ISO 14067, referencing bank credit card processes.

Unit: tCO2e



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4.2.2 Energy Resource 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	2020	2021	2022	2023		
Non-renewable energy							
Outsourced non-renewable electricity	MWh	55,014.72	54,165.31	55,425.65	50,901.27		
Gasoline	L	112,320.94	99,829.54	94,169.03	90,449.79		
	MWh	1,019.48	906.10	854.72	820.97		
Diesel fuel	L	6,978.33	6,540.00	14,649.34	6,288.78		
	MWh	68.21	63.93	143.19	61.47		
Total Non-renewable energy	MWh	56,102.41	55,135.34	56,423.57	51,783.71		
Renewable energy							
Generated renewable electricity for self-use	MWh	0	0	5.55	12.52		
Outsourced renewable	MWh	0	0	0	940.95		

Electricity consumption per capita	kWh / year	3,384.48	3,356.18	3,583.37	3,443.67
Total energy consumption	MWh	56,119.41	55,153.34	56,429.11	52,737.18
Total renewable energy	MWh	17	18	5.55	953.47
Outsourced renewable electricity certificates	MWh	17	18	0	0
Outsourced renewable electricity	MWh	0	0	0	940.95

Note1: 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 was revised. 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 2020. In 2022, the amount of generated renewable electricity for self-use in SKB's operations was updated.

Note2: Electricity consumption per capita(kWh/year)= Outsourced non-renewable electricity in Non-renewable energy+ Generated renewable electricity for self-use+ Outsourced renewable electricity)/ Inventory bases coverage of the number of regular employees

I Energy Management Goals and Implementation Status

Originally, SKFH and its subsidiaries set 2019 as the base year and established the goal of reducing cumulative electricity consumption by 12% by 2025. In response to the SBT verification, a goal of reducing electricity consumption by at least 4.2% annually in Scope 2 emissions has been set, with a reduction of 42% by 2030. Our primary measures will focus on changing employee behavior and improving energy efficiency, with the use of renewable energy as a supplementary measure to achieve carbon reduction goals.



Internal Carbon Pricing

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. We set an internal carbon price using a shadow pricing model and established the "Measures for the Administration of Greenhouse Gas Reduction and Carbon Pricing " and actively implementing the pricing actions that internalizes external costs. The measure focuses on Scope 1 and Scope 2 carbon emissions as the main inspection targets. In 2023, following the signing of the SBT, the carbon pricing base year was adjusted from the originally set 2019 to 2022. SKFH encourage its subsidiaries to identify emission hot spots, implementing energy-saving projects, using green energy and gradually transition towards becoming a low-carbon enterprise through the measures. 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



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Energy-saving Goals and Measures

Strategy	Implementation	Electricity saved (kWh)	Annual Emissions Reduced (tCO2e)
Changing employee behavior	Tracking electricity usage quarterly, turning off lights during lunch breaks, branches underwent mergers,organizing energy-saving competitions among branches ^{Note1} , participating in demand bidding with Taipower	561,470.22	277.93
Improving energy efficiency	 Replacing outdated lighting fixtures with LED energy-saving lights Replacing air conditioning units^{Note2}, and improving the efficiency of the chiller units 	1,987,230.27	983.68
The use of renewable energy	Installation of solar rooftops and introducing bundled renewable energy certificates	953,473	471.97
Total		3,502,173.49	1,733.58

Note1: For details regarding the carbon reduction achievements and rewards of the energy-saving competition held by MLS, please refer to 4.3.1 of this report

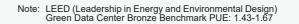
Note2: In 2023, SKB replaced 11 large air conditioners. However, due to the lack of data preservation before the equipment update, the electricity savings cannot be calculated

Promoting Energy Efficiency in The Server Room

Shin Kong Life

As the space of the original computer room is almost full, SKL adopts energy-saving and carbon 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 2023 was steadily maintained at between 1.36 and 1.66, reaching the silver 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 960 virtual servers with a coverage rate of 81.4%. The establishment of virtual servers reduced cabinet spaces by 1,920 U (approximately 43 cabinets), reduced nominal power consumption by 1,924,733 kWh, and reduced emissions by approximately 953 tCO₂e.





Utilizing Renewable Energy

To enhance the use of renewable energy, SKFH and its subsidiaries have signed green energy transfer agreement with renewable energy electricity suppliers to procure green energy with "bundled renewable energy certificates" to substantially reduce carbon emissions and supply green electricity to Shin Kong Life Tower, Nanjing Technology Building, and Shin Kong Xinyi Financial Tower used totaling 940.95 MWh of green electricity. This is equivalent to reducing 465.77 tCO₂e. We aim to gradually increase the proportion of renewable energy usage in the future to achieve the SBT.



Installation of solar rooftops

Following the installation of solar panels for self-use on the rooftops of six branches of SKB in 2022, MLS has collaborated with SKFH's "ESG Net Zero Carbon Reduction" plan. In October 2022, solar panels were installed on the rooftop of the Dayu branch building, with a capacity of 82.325 kWp. The solar panels were connected and tested in April 2023. Due to the favorable climate and ample sunlight in the Taichung area, they generated 68,250 kWh of electricity in 2023, resulting in an annual reduction of approximately 33.7 tCO2e.





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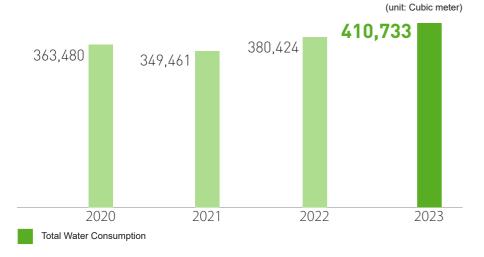
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I Reducing Water Consumption

According to the Aqueduct Water Risk Atlas by the World Resources Institute, multiple watersheds in Taiwan are projected to face "extremely high" water stress by 2030, indicating a looming water scarcity issue. SKFH and its subsidiaries are financial service industry and do not produce water-containing products. 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. with no significant water consumption. and does not pose a risk of leakages or pollution entering water sources.

We will actively promote, advocate, and implement water-saving actions, and set a water-saving goal to reduce water consumption by 12% by 2025, with 2019 as the base year. In 2023, water consumption increased by 9.00% compared to 2019. 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. For details regarding the Water consumption, <u>please refer to 8.2.3 of this report</u>.

Total Water Consumption of SKFH and its subsidiaries



I Waste Resources and Management

SKFH and its subsidiaries provide financial services, and the waste mainly consists of domestic waste produced by employees during their daily operations. Household waste is properly handled through incineration facilities. We have set up recycling stations in our office building, teach employees about waste reduction, classification and recycling, and how to implement resource recycling and reuse. Furthermore, we are actively involved in waste recycling and reuse. 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 base year for setting a goal of reducing waste generation per capita by 12% in 2025 from levels in 2019. In 2023, successfully resulting in a total of 56.54% reduction by 2023.



Waste output of Shin Kong Financial Holdings and its subsidiaries

Un	i ts (metric ton)	2020	2021	2022	2023
Total waste recycled / reused		189.97	331.98	592.09	350.05
	Total waste disposed	2,257.31	2,038.52	1,799.88	1,373.41
	Waste landfilled	0	0	0	0
Total waste	Waste incinerated with energy recovery	0	0	0	0
disposed	Waste incinerated without energy recovery	2,257.31	2,038.52	1,799.88	1,373.41
	Waste otherwise disposed	0	0	0	0
	Waste with unknown disposed method	0	0	0	0
Total waste generation (recycled + disposed)		2,447.28	2,370.51	2,391.97	1,723.46
Waste generation per capita		0.14	0.13	0.12	0.09

Note 1: 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 has been publicly disclosed in previous years has been adjusted in accordance with the above methods.

Note 3: The waste generation per capita in the base year of 2019 was 0.21 tons/person, and the total waste disposal amount was 3,450.4 tons.

Note1: Total Water Consumption in the base year 2019 were 376,808 m3





I Creating Green Offices

Headquarters and main offices

locations to achieve Net Zero by 2030

In line with UN and international 2030 carbon

Alliance for Net Zero Emission in 2021, aiming

to achieve Net Zero at headquarters and main

offices locations by 2030 under the "Taiwan Net

To improve air quality in the office region, SKFH

replaced five copiers with non-heating models in

2022, reducing carbon emissions by an estimated

1.0 ton annually. Moreover, in 2023, SKFH

received the "Green Level Label" from the Taiwan Net Zero Emission Association.

reduction goals, SKFH joined the Taiwan

Zero 2030/2050 Initiative."

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4.2.3 Carbon Reduction Action

To achieve deep decarbonization, SKFH and its subsidiaries are taking concrete actions to reduce carbon emissions. Action include creating green offices, promoting energy-efficient green buildings, offering green products and services, and expand environmental initiatives to minimize workplace carbon footprints.

4 steps for carbon emission reduction





Promoting energy-efficient green buildings



Offering green products and services

Expand environmental initiatives



Low-carbon 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 makes gradual plans to replace the old, fuel-inefficient vehicles with more energyefficient models to reduce greenhouse gas emissions from the use of fuel. As of 2023, SKFH and its subsidiaries have replaced 14 company vehicles with hybrid cars, resulting in approximately 80 tons of carbon emission reductions.

Paper Reduction Actions

С

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 emission generated by business activities through paper reduction action

2023 paper reduction actions and results

ns.	

Company	Paper Reduction Actions	Results
SKL	Use data analysis and management to assist relevant units to clarify the annual paper usage and purchase status to further conversion to paperless business procedures.	The annual amount of paper saved from e-policy, e-bill, and Online Insurance is about 13.90 million. While the annual amount of paper saved from the mobile business APP is about7.75 million. Sheets of paper and E-Insurance is about 2.165 million sheets of paper. SKL has totally reduced carbon emissions by a total of 147.3 tonCO ₂ e.
SKB	We continue to promote the new digital deposit account in 2023 : 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 annual amount of paper saved from electronic administrative processes is approximately 2.29 million papers. While the annual amount of paper saved from electronic services is approximately 13.74 million sheets.SKB has totally reduced 15.96 million sheets of paper. Carbon emissions by a total of 130 tonCO ₂ e.
MLS	By digitizing official documents and adopting electronic statements, we aim to reduce paper consumption.	The annual amount of paper saved from electronic administrative processes is approximately 2.22 million papers. MLS has reduced carbon emissions by a total of 15.09 tonCO ₂ e.

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Zero-carbon Credit Cards

To demonstrate our commitment to carbon

reduction, SKB's ESG bank card is made from

PETG eco-friendly material, significantly reducing

the British Standards Institution (BSI), we obtained

the ISO 14067:2018 Product Carbon Footprint

Verification Statement in September 2022 and

the Product Carbon Footprint Label issued by

the Environmental Protection Administration in

its environmental impact. After verification by

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I Offering Green Products and Services **Carbon Footprint of New Taipei Customer Service Counters**

Incorporating the low-carbon concept into our daily operations, SKL's New Taipei City Branches completed the digitization of customer service counters in 2023, promoting digital documents, electronic communication, and electronic policies, significantly reducing paper consumption and waste generation. They received the BSI ISO 14067 certification for their carbon footprint of counter services. Throughout the life cycle of life insurance services, each counter service emits only 786 grams of carbon dioxide equivalent per service, making it the operating location with the lowest carbon footprint emission in the insurance industry. We also applied for a carbon footprint label, hoping to work with policyholders to promote green finance, continue to respond to global climate action, and collectively protect our planet.





Expand Environmental Initiatives

SKFH and its subsidiaries actively promote various environmental initiatives, such as Light Shirt in Summer, Shin Kong Earth Day, and Lights Out for an Hour, encouraging employees to participate in energy-saving and carbon reduction activities through practical actions to contribute to environmental sustainability. For more details, please refer to 7.5 of this report.

I Promoting Energy-efficient Green Buildings

To fulfill our commitment to eco-friendly construction, SKL actively embraces the design philosophy of symbiotic relationship between people, buildings, and the environment to create sustainable green buildings. We pledge to invest in future construction projects that meet the standards of Silver-Level Green Building Label or higher, or comply with green building designs, to enhance the environmental sustainability of the buildings. We continuously revitalize old buildings and equipment, introduce various energy-saving measures, and strive to reduce energy consumption, improve energy efficiency in existing buildings, and fulfill our environmental responsibilities.

Green Buildings Achievements

	Year	Buildings	Achievements	Green effect CO2 Absorption Capacity(t)
,		Ta	aipei city	
	2020	Shin Kong Nangang Software Park Building	Gold-class green building certificate	690.31
י א ר	2021	Shin Kong Jasper Villa Jiantan	Gold-class green building certificate	352.47
-	2022	Shin Kong President Jasper Villa	Silver-class green building certificate	1,477.03
(-	2022	Hangzhou North Road Land Use Right Project	Silver-class green building certificate	357.88
-	2023	B.O.T. case of Taipei Nangang Bus Station	Gold-Level Green Building Candidate Certificat	1.04
		──── New	Taipei city	
-	2017	Xinban Financial Building	Diamond-class green building certificate Gold certification of LEED NC	587.78
	2021	Shin Kong Jasper Villa Shuiyang	Gold-class green building certificate	644.33
-	2021	Shin Kong Jasper Villa Xinban C	Silver-class green building certificate	745.92
			hsiung city	
-	2023	Superficies in Qianjin District, Kaohsiung	Silver-Level Green Building Candidate Certificat	0.66

January 2023. Each bank card has created a carbon emission of 1,045 grams. We further obtained the PAS2060:2014 Carbon Neutral Verification Statement by purchasing carbon credits from the Gold Standard carbon trading platform, officially implementing zero-carbon



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4.3 Climate Action

According to the Global Risks Report 2024 published by the World Economic Forum in January 2024, the top three of the ten global risks for the next decade are "extreme weather events", "critical change to Earth systems", and "biodiversity loss and ecosystem collapse." 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.

In addition to our own operational emissions, Shin Kong also conducts financial carbon inventories on its investment and lending portfolios. SKFH also conducts financed emissions and intensity inventories of our investment and lending portfolios to understand our indirect carbon emissions. Based on this, we have established measures to manage high-carbon industries and set low-carbon investment targets, to assist our subsidiaries in effectively controlling climate risks. We monitor high-carbon industries to achieve our financial decarbonization goals.

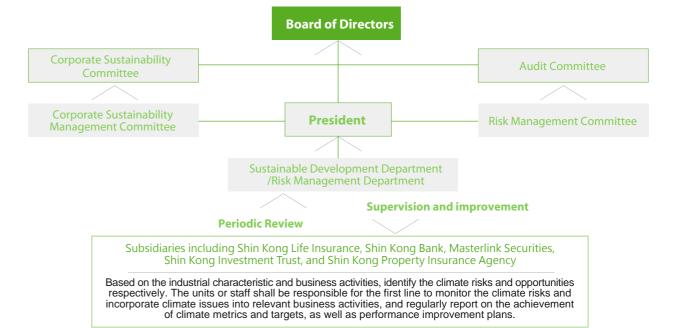
4.3.1 Climate and Nature Governance Structure

I The Structure and Responsibilities of Climate and Nature Governance Organization

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

To implement climate and natural risk management, SKFH founded the Corporate Sustainability Management Committee under the Corporate Sustainability Committee to jointly manage the Group's climate and nature-related response strategies and risk opportunities with the Risk Management Committee. The implementation is jointly promoted by the Sustainable Development Department and the Risk Management Department, with active participation from various subsidiaries to address all possible business risks. Regular assessments are conducted to manage the potential financial impact of climate and nature-related risks and opportunities on company operations to protect shareholder values. The structure is outlined as follows:







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Role in climate and nature governance



I Climate-related Management Rewards and Incentive Mechanism

SKFH implements various management rewards and incentive mechanisms for different levels of management to effectively implement climate risk governance and manage climate-related risks and opportunities. These mechanisms target the President, senior executives, business unite managers and general employees to foster a company-wide climate management culture from top to bottom.

President, senior executives, business unit managers, and employees

To effectively achieve SKFH's net-zero emissions goals, we have incorporated the climate-related indicator "joining SBTi", setting SKFH's SBT target validated by SBTi, into SKFH's key performance indicators in 2023. This indicator is cascaded from top to bottom, linking to individual key performance indicators for the President, senior executives, relevant department supervisors with responsibilities, and employees in their respective departments. Relevant business departments include investment, lending, general administration, and risk management, with different weights assigned to departmental employees based on their job responsibilities.

This indicator is measured on a five-level scale based on achievement, ranging from 0% to 130%. In 2023, this indicator was surpassed ahead of schedule, achieving a rate of 130%. The achievement and assessment results are reflected in individual annual performance bonuses and serve as the basis for long-term incentive bonuses for salary adjustments in the following year during the annual settlement.

General employees

To incentivize general employees to actively propose ESG actions that contribute to SKFH's climate management goals and enhance our sustainability performance, SKFH has established the "Incentive Program for Sustainable Action Proposals." This program encourages all employees to propose innovative ideas that integrate with daily business operations. Specifically targeting climate management, proposals centered around climate actions that contribute to mitigating and adapting to climate change are incentivized based on their specific benefits. This program aims to motivate and cultivate a workforce that remains consistently pay attention on climate and sustainability issues.

Energy and Electricity-saving competition held by MasterLink Securities (MLS)



MLS organized an intra-branch energy and electricity-saving competition from March to December 2023. Based on the electricity bills of each branch and the percentage reduction in electricity consumption compared to the same period last year, the top three winners were awarded NT\$5,000 to NT\$10,000.

The winner achieved a reduction of 10.8%. Overall, MLS's branches collectively saved 83,844 kWh of electricity in 2023 compared to the previous year, resulting in a reduction of 2.7%.

Compare to th	e 2022, MLS's branches
saved	83,844 kWh
reduced	2.7 %

Chair/Convener	Role in climate and nature governance
Board Meeting	At least once every six months
SKFH Chairman	Highest decision-making body for climate and nature governance, bearing ultimate responsibility for climate and nature governance. In 2023, the climate-related issues (SBTs setting project progress and the review of the TCFD report) were scheduled agenda.
Corporate Sustainability (CS) Committee	At least once every six months, and as necessary based on practical considerations.
Directors or independent directors appointed by the Board of Directors after being nominated by the chairman.	Subordinate to the Board of Directors, responsible for formulating core strategies for company sustainability, climate, and nature issues, overseeing the implementation of climate change mitigation and adaptation, as well as natural capital conservation and restoration targets.
Audit Committee	Quarterly
Directors or independent directors appointed by the Board of Directors after being nominated by the chairman.	Subordinate to the Board of Directors, overseeing the effectiveness of the Company's overall risk management.
Corporate Sustainability Management Committee	At least once every six months, and as necessary based on practical considerations.
SKFH President	Core unit for promoting and managing corporate sustainability management strategies, reporting to the Corporate Sustainability Committee and the Board of Directors.
Risk Management Committee	Quarterly
SKFH President	Core unit for promoting and managing climate and nature- related risk management, reviewing the implementation results of climate risk and natural risk assessment and analysis

measures for SKFH.

projects, reporting to the Audit Committee and the Board of Directors, and formulating comprehensive risk management



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4.3.2 Climate Strategy

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 a low-carbon economy, and list potential climate-related "opportunities" for mitigating and adapting to climate change.



Physical risks are those associated with the impacts of climate change. These risks can be event driven (acute) or associated with longer-term shifts in climate patterns (chronic).



Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and legal risks (current regulation, emerging regulation, legal), technology risks, market risks, and reputational risks.



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 operational resilience.

To effectively identify, evaluate and manage the potential impact of climate-related risks and opportunities on SKFH's operations, strategies, and financial performance, SKFH considers various factors related to climate risks and opportunities in its own operations and investment and lending business. This comprehensive factors include different types of climate risks and opportunities, different value chains, and different time frames to allow SKFH to effectively identify and evaluate climate-related risks and opportunities and subsequently develop climate strategies.

Climate-Related Risk and Opportunity Identification Factors



Climate-Related Identification Factors/Operational Activities		Investment and Lending Business	Own Operations		
Time Frame		Short-, medium- and long-term	Short-, medium- and long-term		
Impact on Va	alue Chain	Downstream activities and customers	Own operations	Upstream supply chain	
		Climate-related	d Risks		
	Current Regulations	Ø	0		
	Emerging Regulations	Ø	Ø	0	
Transition	Technology				
Risks	Legal	Ø	Ø		
	Market	Ø	 Image: A start of the start of		
	Reputation	Ø	Ø		
Physical	Acute	0	Ø	Ø	
Risks	Chronic	Ø	Ø		
		Climate-related Op	portunities		
Products and	d Services	Ø	0		
Markets		0	Ø		
Resource Ef	ficiency				
Resilience		0			
Energy Sour	се		Ø		

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I Climate-related Risks and Opportunities

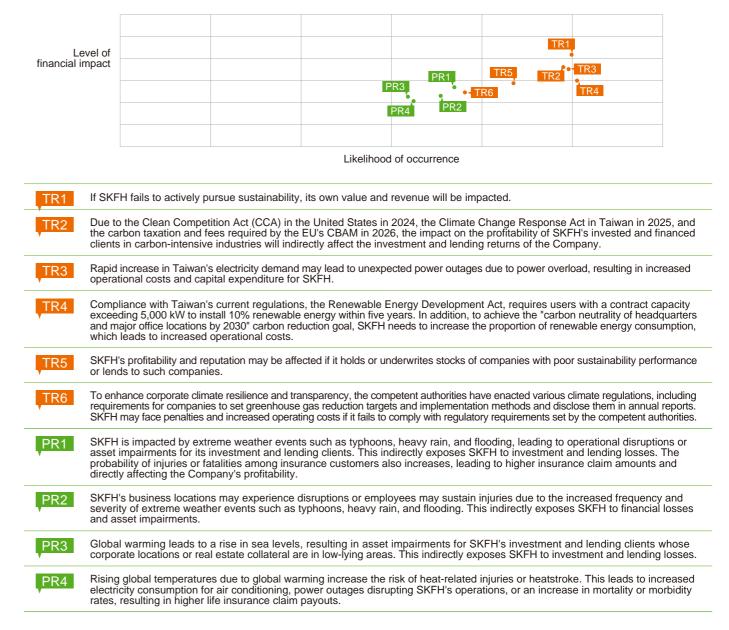
To formulate and periodically review SKFH climate strategy, SKFH and its subsidiaries have reached a consensus on the short-, medium-, and long-term impact timelines, and conduct annual assessments to identify climate-related risks and opportunities. This process involves researching domestic and international climate-related literature and reports and integrating them with the business model of SKFH to establish a climate issue database. The risk dimension encompasses transition risks (policy and regulation (current policies, emerging regulations, legal), technology, market, reputation) and physical risks (acute, chronic), totaling 14 climate risk items; the opportunity dimension includes product and service, market opportunities, resource efficiency, resilience, and energy sources, totaling 9 climate opportunity items.

Through climate-related risk and opportunity questionnaires, SKFH conducts internal expert surveys involving departments related to sustainability development, risk management, resource management, investment, and customer relations in both the corporation and its subsidiaries. Based on the survey results, a quantitative analysis and ranking are conducted according to the "likelihood of occurrence" and "financial impact." This process yields ten climate risk issues (four physical risks and six transition risks) and five climate opportunity issues.

Subsequently, each material issue undergoes a sequence of business activity connections to identify the impact and level of influence of each climate factor on the Company's operations so that response strategies can be formulated accordingly. The related qualitative and response measures are described as follows:



Climate-related Risks Metrix





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Description of Climate-related Risks - Transition Risks

Туре с	of Risk / Time of Occurrence / Financial Impact	Response Strategy	Туре	of Risk / Time of Occurrer Financial Impact
TR1	Reputational risks Medium term Decreased funding injection Decreased revenue and profit	 Follow the global sustainability trend, actively participating in sustainable actions by incorporating climate risk management into existing risk policies and revising regulations on investment, lending and real estate. Actively participate in international sustainability initiatives and alliances and international / domestic sustainability ratings to enhance stakeholder trust. 	PR1	Acute risks Medium term Decreased revenue
TR2	Emerging regulations Short term Decreased revenue	 Utilize parameter models released by the NGFS for periodic scenario analysis of transition risks. Assess credit and market risks of asset portfolios and adjust investment and lending strategies accordingly. Establish investment quotas for high-carbon industries and gradually reduce investments in such industries. 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 investee and lending targets. 	PR2	Acute risks Medium term
TR3	Technology risk Short term Increased operating costs Increased capital expenditures	 Install uninterrupted power supply (UPS) systems in the computer rooms to ensure normal operation of important information systems and data center files. Install rooftop solar panels on business premises to increase the proportion of self-generated electricity. Inspect and replace high-energy-consuming assets at each business locations, including the adoption of energy-saving LED lighting and improving the electricity efficiency of air conditioning equipment. 	PR3	Increased operating costs Decreased asset value Chronic risks
TR4	Current regulations Medium term Increased operating costs	 Fully implement the "ISO 14064:2018" GHG inventory standard and obtain certification to gain a comprehensive understanding of GHG emissions in our own operations and upstream / downstream activities, and formulate SBT carbon reduction targets. Subsidiaries such as SKL, SKB, and MLS have adopted the "ISO 50001 Energy Management System" and obtained certification. They have also implemented the "ISO14001 Environmental Management System," with SKB and MLS obtaining certification, to improve energy resource utilization efficiency. Actively invest in renewable energy power plants and purchase green power and green power certificates to support the development of renewable energy. 		Long term Decreased revenue
TR5	Market risks Medium term Decreased revenue	 The subsidiaries follow the SKFH's "Sustainable Finance Policy" in drafting ESG investment and lending guidelines. Formulate industry-specific guidelines, conduct ESG risk due diligence and careful assessments for controversial industries and high-carbon sectors, and adjust asset allocation as appropriate. 	PR4	Chronic risks Long term Increased operating costs
TR6	Legal risks Medium term Increased operating costs	 Establish a climate governance structure with a dedicated team responsible for addressing climate regulations set by the competent authorities to ensure compliance with relevant standards. 		

Description of Climate-related Risks - Physical risk

Type of Risk / Time of Occurrence / Financial Impact	Response Strategy
PR1 Acute risks Medium term Decreased revenue	 Subsidiary SKL has established a "Typhoon / Disaster Five Protection" mechanism to assist policyholders in coping with major accidents and climate change disasters.
Decleased revenue	 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.
PR2 Acute risks	 Subsidiaries SKL, SKB and MLS have implemented the "ISO 22301 Business
Medium term Increased operating costs	Continuity Management" system, with SKL obtaining certification, to strengthen the company's operational resilience.
Decreased asset value	 Convert equipment susceptible to damage from extreme weather events to leasing models to transfer financial loss risks.
PR3 Chronic risks	 Conduct scenario analysis for physical risks RCP2.6 and RCP8.5 to assess
Long term Decreased revenue	potential damage to company business locations and assets and adjust investment and lending strategies.
	 Analyze changes in heat injury insurance claim expenditures in the future using daily temperature data from the Central Weather Bureau from 2014 to 2023 and AR5 climate scenario analysis data available on the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP).
PR4 Chronic risks	 Subsidiary SKL plans to conduct a claims research project to evaluate the development
Long term Increased operating costs	of new types of financial products to mitigate the high fluctuation of claims due to weather factors.
	 Install rooftop solar panels at business locations and gradually increase self- generated electricity sources to reduce reliance on external power sources.





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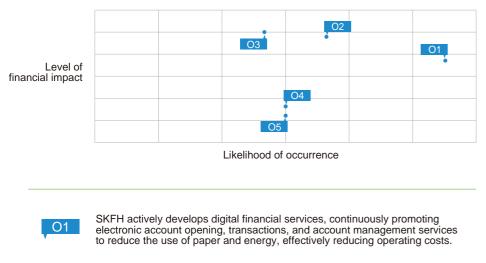
Appendix

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Climate-related Opportunities Metrix



SKFH responds to sustainability trends by formulating sustainable investment and lending policies, actively guiding funds into sustainable enterprises. Positive media coverage and recognition from sustainability rating agencies for its sustainable performance enhance the corporate image, attracting investment and customer favor.



O4

02

SKFH evaluates investment opportunities in the growing sustainable investment market at home and abroad, investing in suitable targets while reducing asset allocation risks.

Customer demand for climate-related and green financial products is increasing. SKFH continues to develop products and services related to environmental protection, climate change, green finance, and sustainability, leading to increased revenue and profits.



SKFH increases the number of green building certifications at its operational locations to reduce electricity and water consumption, achieve energy efficiency and carbon reduction, thereby increasing the value of fixed assets and environmental external benefits.

Description of Climate-related Opportunities

Туре	of Risk / Time of Occurrence / Financial Impact	Development Strategies
01	Products and services Short term Decreased operating costs	 Actively align with digital finance, utilizing "mobilization, cloudification, process electronicization, and digitalization" as tools and applications to reduce energy and resource consumption. Update equipment at owned business sites to improve resource utilization efficiency in operational activities.
02	Market opportunities Short term Increased revenue and profits Increased funding	 Actively respond to the United Nations Sustainable Development Goals (UN SDGs) in investment actions, continuously seek sustainable investment targets, grasp ESG opportunity themes, and invest in sustainable development industries. Continuously participate in internal and external organizational initiatives to enhance the Company's image.
03	Market opportunities, and resilience Medium term Increased revenue Decreased operating costs	 Continue to observe the sustainability trends, and increase the investment in green finance and renewable energy industries. Establish management norms for high-carbon industries, dynamically adjust trading strategies to effectively achieve the goal of sustainable finance decarbonization, and enhance market resilience.
04	Products and services Short term Increased 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. Subsidiary SKB promotes sustainable-linked loans and green credit, encouraging credit customers to undergo low-carbon transition and offering moderate interest rate preferential conditions. Subsidiary MLS actively advises and underwrites green enterprises, assisting market funds flow into green enterprises.
05	Resources Efficiency Medium term Increased asset value Decreased operating costs	 Replace all lighting fixtures with LED by 2030, gradually improve the energy efficiency of air conditioning equipment throughout Taiwan's business sites. Promote environmental sustainability training to encourage employees to change their habits of resource utilization. Achieve silver-level or higher Green Building Labels for all future new projects to enhance the environmental sustainability performance of buildings. Continuously revitalize old buildings and equipment, introduce various energy-saving measures, and improve energy efficiency in existing buildings.

新光金控SKFH

SKFH Sustainable Practitioner of Development Accountable Strategy Governance

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I Climate risk assessment

Scenario Analysis and Financial Impact

To gain further insights into the impact of climate change-related physical and transitional risks on the Company, SKFH conducts climate scenario analysis across different operational value chains. The objective is to understand exposure under different climate scenarios and to proactively implement relevant management actions and response measures to enhance the climate resilience of SKFH. The analysis of relevant scenarios is summarized as follows:

Scope of Analysis		Value Chain	Scenarios			
Physical risk –Acute risk and Chronic risks						
SKL	Organization : Downstream :	Operational sites Investment properties, real estate collateral				
SKB	Organization : Downstream :	Operational sites Borrowers, investees, real estate collateral	RCP 2.6 RCP 8.5			
MLS	Organization : Downstream :	Operational sites Companies given guidance on underwriting services, investees	-			
SKFH and its subsidiaries	Upstream :	Suppliers	RCP4.5 \ RCP 6.0 RCP 8.5			
	Transition ris	ks - Policy and legal risks				
SKL	Downstream :	Investment and lending portfolios	NGFS -			
SKB	Downstream :	Investment and lending portfolios	Current Policies Delayed			
MLS	Downstream :	Companies given guidance on underwriting services, investees	Transition Net Zero 2050			
SKFH and its subsidiaries	Upstream :	Suppliers				

Scenario analysis of physical risks

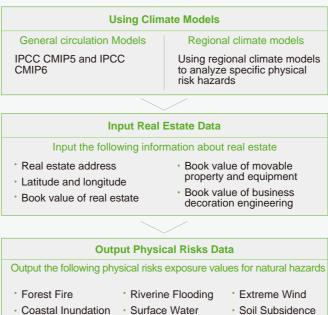
Disaster potential analysis

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. We require all subsidiaries to immediately implement <u>physical risk adaptation plans</u> in all existing and new operations within five years based on the analysis results and use them as a reference for future operational planning.

Note 1: RCP2.6: A low emissions scenario aiming to halve emissions by 2050, limiting temperature rise to 2°C in line the goals of the Paris Agreement to limit global warming to 2°C or even 1.5°C. Note 2: RCP8.5: A high emissions scenario, signifying business as usual (BAU) where emissions continue to rise. By 2100, this scenario projects a global temperature increase approaching 4°C.

Physical Risk Scenario Analysis Process

Model Approach 1 (SKL/SKB)

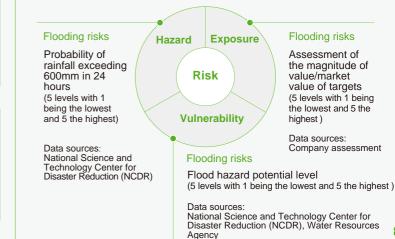


Extreme Heat
 Flooding

Note: Data sourced from XDI database, with climate risk parameters referencing the IPCC Fifth Assessment Report (AR5).

Model Approach 2 (MLS)

Taking the Intergovernmental Panel on Climate Change (IPCC) definition of climate change physical risk impact based on three factors: hazard, exposure, and vulnerability, we performed flood potential physical risk scenario analysis with NCDR's flood potential map of Taiwan's non-urban areas under RCP2.6 and RCP8.5 scenarios published on the Climate Change Disaster Risk Adaptation Platform. This helped us understand potential damage levels due to climate change impacts by the end of this century (2075-2099).



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SKL

Scope of analysis: Operational sites, investment properties, real estate collateral

Q Analysis and results

A.Operational sites and investment properties

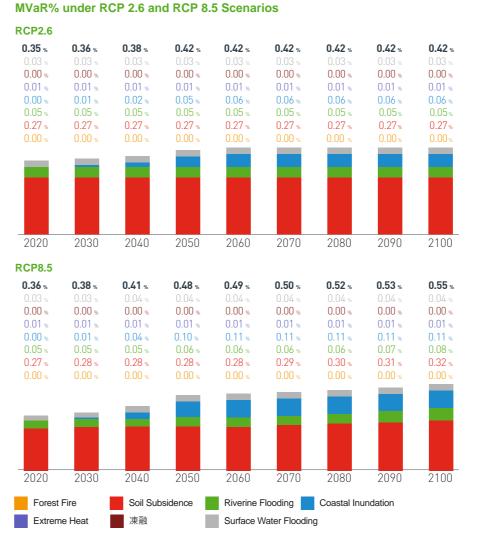
Max climate value at risk and potential financial impact

In 2023, SKL owned a total of 200 real estate assets across Taiwan. We utilized two scenarios, RCP2.6 and RCP8.5, to simulate the Max climate values at risk (MVaR%) faced by operational sites, investment properties, and real estate collateral from 2020 to 2100 under various climate risk disasters. These risks included surface flooding, subsidence, river flooding, coastal flooding, forest wildfires, extreme high temperatures, and extreme winds. We also referenced construction cost tables and construction engineering price index annual growth rates to estimate the reconstruction costs of real estate, serving as the basis for formulating risk response measures.

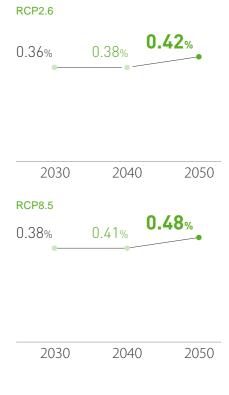
The analysis results show that:

Under RCP2.6 and RCP8.5	For RCP8.5	Under both RCP2.6 and RCP8.5
By 2030-2050, financial impact ranges from NT\$260 to 340 million	By 2100, the MVaR% is 0.55%, equating to a financial impact of NT\$400 million	Drought-induced subsidence is SKL's most significant climate risk.

Through observation, by 2100, six operational sites of SKL may face higher climate risks (MVaR% greater than 1%), and be considered high-risk areas, notably in Hualien, Taitung, Kaohsiung, Taichung, and Yilan, due to river and surface flooding.



The Max Climate Value at Risk under different scenarios



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%: The maximum loss value caused by the type of climate disaster in that year.



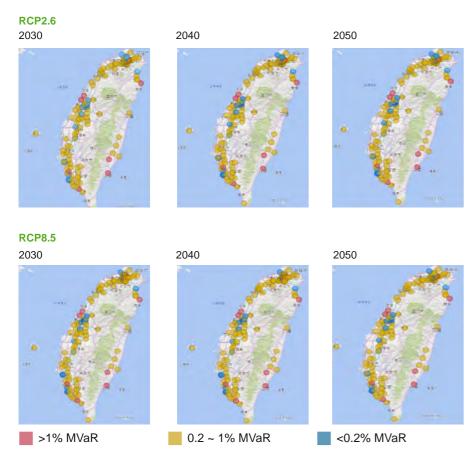


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Risk distribution of operational sites and investment properties under RCP 2.6 and RCP 8.5 scenarios



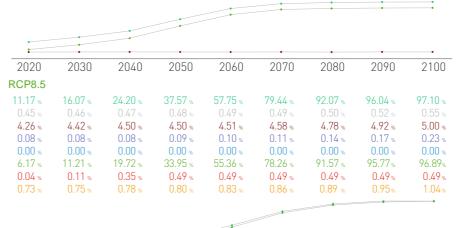
Failure Probability%, FP%

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 97.1% probability of operational disruptions, which makes SKL pay close attention to accelerating low-carbon transition efforts.

Failure Probability (FP%) under RCP 2.6 and RCP 8.5 scenarios RCP2.6

10.84 %	13.77 %	17.75 %	25.16 %	32.07 %	35.28 %	35.86 %	36.20 %	36.25%
0.44 %	0.44 %	0.45 %	0.45 %	0.45 %	0.45 %	0.45 %	0.45 %	0.46 %
4.24 %	4.33 %	4.34 %	4.34 %	4.34 %	4.34 %	4.34 %	4.34 %	4.34 %
0.08 %	0.08 %	0.08 %	0.08 %	0.09 %	0.09 %	0.09 %	0.10 %	0.11 %
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
5.83 %	8.90 %	13.08 %	20.90 %	28.25 %	31.48 %	32.04 %	32.39%	32.44%
0.04 %	0.07 %	0.24 %	0.42 %	0.43 %	0.43 %	0.43 %	0.43%	0.43%
0.68 %	0.69 %	0.70 %	0.71 %	0.71 %	0.72 %	0.72 %	0.73%	0.74%



2020 2030	2040 2050	2060	2070	2080	2090	2100
Riverine Flooding		2000	2070		ZU90 Water Floor	2100
Extreme Wind	Soil Subsidence	Fores			Probability	, ing

Climate Risk Stress Tests

Based on the simulated scenario parameters from the aforementioned scenario analysis, SKL estimates the expected operational risk losses based on the number of operational risk events and their impact due to extreme sk losses basedweather. The results suggest that the operational risk losses caused by operational disruptions, even under the severe RCP 8.5 scenario, are not expected to exceed NT\$7 million by 2040.

Asset Category	Operationa investment	al sites and properties
Climate Scenarios	RCP 2.6	RCP 8.5
Traditional Risks	Operatio	nal risks
Fi	nancial Impac	t
2030	NT\$2.4 million	NT\$2.37 million
2040	NT\$3.89 million	NT\$4.09 million
2050	NT\$6.12 million	NT\$6.51 million





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SKL

Response measures

Based on the above risk assessment results, the impact on SKL as a whole appears to be minimal, with the related risks still within an acceptable range. In the future, we will closely monitor the subsidence situation of where the properties are located through the ground subsidence monitoring information system of the Water Resources Agency of the Ministry of Economic Affairs so that corresponding measures can be proposed in a timely manner to ensure uninterrupted operations. To address the challenges posed by coastal flooding due to sea-level rise and surface flooding caused by acute rainfall, we will enhance flood prevention measures in real estate construction based on the flood risk analysis reports from the National Science and Technology Center for Disaster Reduction. This includes implementing physical climate risk adaptation plans such as regular drills, backup systems, and recovery measures as part of our risk response strategy.

In response to potential operational disruptions, SKL has established a Business Continuity Management System (BCMS) to minimize the likelihood or extent of operational disruptions, strengthen our ability to respond to material events and facilitate rapid recovery to safeguard the interests of customers and all stakeholders.

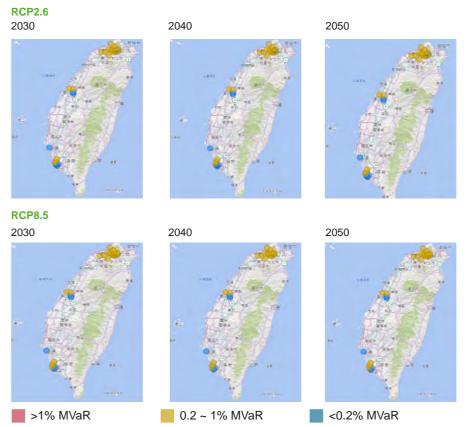
Furthermore, in reference to the IPCC Sixth Assessment Report, SKL has estimated that under RCP 2.6 and 8.5 scenarios, there may be a temperature increase ranging from $1.3^\circ\mathbb{C}$ to $5.7^\circ\mathbb{C}$ at the end of the 21st century, which will increase the probability of employee heat-related injuries (such as heatstroke). Therefore, we will pay closer attention to the occupational safety and health of employees and provide more protective measures to prevent related injuries during extreme weather.



B.Real estate collateral

SKL conducted a physical risk scenario analysis on its financed real estate collateral under the RCP 2.6 and RCP 8.5 scenarios. The analysis revealed that in the most severe scenario, RCP 8.5, only 3 out of all collateralized properties faced a climate change risk value (VaR%) exceeding 1% by the year 2100. Considering the short-term nature of the loans, it was determined that the climate change risk faced by the collateralized properties does not pose a significant threat in the short term.

Risk distribution of real estate collateral under RCP 2.6 and RCP 8.5 scenarios



Response measures

In the future, when evaluating the value of collateralized real estate for new loans, SKL will enhance the assessment of the physical risks associated with the collateralized properties to mitigate the impact of climate change on the loans.







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Appendix

SKB

Scope of analysis: Operational sites, domestic borrowers, domestic investees, and domestic real estate collateral

2050

Q Analysis and results

A.Operational site

As of 2023, SKB has a total of 103 branches located in 68 towns and cities across Taiwan. We consider areas where the maximum climate risk value (MVaR%) of real estate exceeds 1% to be high climate risk areas (at high risk).

The analysis results are as follows:

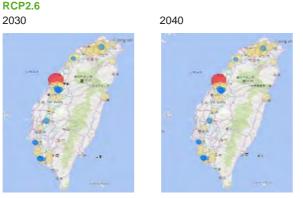
Under RCP2.6

By 2030, 2050, and 2100, one branch in Taichung City is at high risk, with estimated financial impacts of NT\$17 million to NT\$18 million.

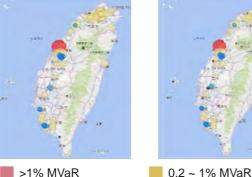
Under RCP8.5

By 2030 and 2050, one branch in Taichung City is at high risk. By 2100, six branches in New Taipei City, Hsinchu City, Taichung City, and Hualien County are at high risk, with financial impacts estimated at NT\$19 million to NT\$23 million.

Risk distribution of operational sites under RCP 2.6 and RCP 8.5 scenarios



RCP8.5 2030





<0.2% MVaR

Response measures

To reduce climate risk at our operational locations, SKB will include branches in high-risk areas on the watch list. Over the next decade, we will continue to strengthen flood prevention and disaster mitigation measures. We will also develop adaptation plans, including regular drills, backup systems, and recovery procedures, to respond to risks effectively. In the future, before selecting operational locations, climate-related risk factors will be assessed to minimize potential impacts and disruptions.

B.Domestic borrowers, Domestic investees, and Domestic real estate collateral

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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 investee companies' registration places

scenario_year	Low	Middle and Low	Middle	High and Middle	High
RCP2.6_2030	78.9%	2.6%	8.9%	7.5%	2.1%
RCP2.6_2050	75.8%	5.5%	5.6%	11.0%	2.1%
RCP8.5_2030	77.8%	3.7%	8.8%	9.4%	0.3%
RCP8.5_2050	77.1%	3.6%	6.6%	12.4%	0.3%

Note1 : Contains OBU borrowers whose risk-immigrated country is Taiwan.

Note 2: The RCP2.6 scenarios and the RCP8.5 scenarios 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	Low	Middle and Low	Middle	High and Middle	High
RCP2.6_2030	18.5%	46.7%	9.5%	11.8%	13.5%
RCP2.6_2050	11.1%	50.2%	11.5%	12.0%	15.2%
RCP8.5_2030	17.0%	44.1%	10.3%	14.1%	14.5%
RCP8.5_2050	11.3%	49.7%	11.8%	13.6%	13.6%

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 scenarios and the RCP8.5 scenarios 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.

Response measures

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.





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MLS

Scope of analysis: Operation sites and companies given guidance on underwriting services and investees

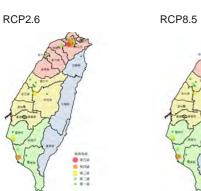
Q Analysis and results

A.Operation sites

For the physical risk scenario analysis, MLS's 44 operating locations across Taiwan were assessed by the end of 2023. The results indicate that two operating locations are situated in areas with a high risk of flooding. However, both of these locations are in well-protected flood zones within urban areas (Taipei City and New Taipei City) and are not company-owned assets. Moreover, one of these locations is positioned on a higher floor, resulting in a minor financial impact on MLS and thus having an insignificant effect.

	Operational sites				
Risk Level	RCI	P 2.6	RCP 8.5		
	No. of Targets	Percentage of Sites	No. of Targets	Percentage of Sites	
Low	21		21	47.73%	
Medium-low	12	27.27%	12	27.27%	
Medium	5	11.36%	5	11.36%	
Medium-high	4	9.09%	4	9.09%	
High	2	4.55%	2	4.55%	
Total	44	100%	44	100%	

Scenarios



Response measures

When selecting future operating locations, security and potential impact of climate physical risk on assets will be taken into account. Physical risks are regularly evaluated using climate-related scenarios to assess the expected exposure to future climate changes on the Company's operation, providing references for climate-related risk management strategies or response measures.

To enhance operational resilience and maintain uninterrupted operations, ISO 22301 Business Continuity Management Standard has been initiated in 2023. This aims to reduce the likelihood or extent of operational disruptions, strengthen responses to major incidents, and enhance rapid recovery capabilities, ultimately increasing climate operational resilience.

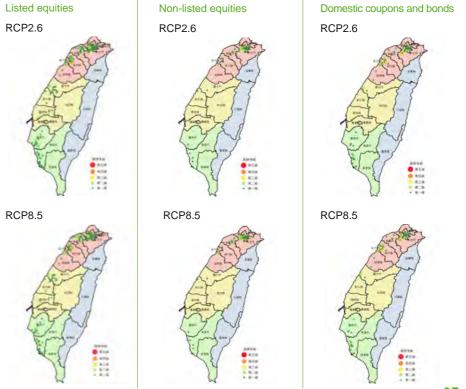
In addition, to mitigate the physical risk impact of operating locations due to climate change, regular reviews and updates of crisis management procedures will be undertaken. These include management procedures on scenarios involving various types of natural disasters, responsible personnel, and relevant disaster prevention information, sufficient to cope with and mitigate potential negative impacts from floods.

B.Companies given guidance on underwriting services and investees

MLS conducted a physical risk scenario analysis on self-owned investment targets as of the end of 2023, including domestic stocks listed on TWSE/TPE, emerging stocks, unlisted stocks, domestic corporate bonds, bills, and risk-offset positions for convertible bonds, as well as companies given guidance on underwriting services. The analysis revealed that only one investment target is situated in a high-risk flood area. The estimated maximum possible loss at the end of 2023 is 0.33% of the net value, with financial impacts not exceeding NT\$100 million, posing minimal financial repercussions on MLS.

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Description of Scenarios

Transition Risk Scenario Analysis

The Network for Greening the Financial

around the world. Based on the climate change scenario framework and parameters

released by NGFS, SKFH selected three scenarios to conduct the company's climate transition risk scenario analysis and stress test

to assess the potential impact.

System (NGFS) was established by central banks and financial regulatory authorities

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Appendix

MLS

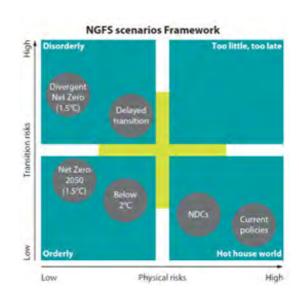
Listed equities

Risk Level		P 2.6 Percentage of portfolio by market value		9 8.5 Percentage of portfolio by market value
Low	298	71.11%	294	69.50%
Medium -low	27	18.37%	31	19.98%
Middle	1	4.33%	1	4.33%
Medium -high	1	6.19%	1	6.19%
High	0	0.00%	0	0.00%
Total	327	100%	327	100%

Domestic coupons and bonds

Risk Level		P 2.6 Percentage of portfolio by market value		P 8.5 Percentage of portfolio by market value
Low	70	68.17%	69	67.74%
Medium -low	6	10.16%	7	10.60%
Middle	2	21.66%	2	21.66%
Medium -high	0	0.00%	0	0.00%
High	0	0.00%	0	0.00%
Total	78	100%	78	100%

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Non-listed equities

Diek	RCI	2 .6	RCF	P 8.5
Risk Level	Number of investees	Percentage of portfolio by market value		Percentage of portfolio by market value
Low	43	36.35%	43	36.35%
Medium -low	5	0.08%	5	0.08%
Middle	2	63.56%	2	63.56%
Medium -high	0	0.00%	0	0.00%
High	0	0.00%	0	0.00%
Total	50	100%	50	100%

Response measures

Physical risks of our positions are regularly assessed using climate-related scenarios to reflect the expected impact of future climate changes on investee companies' operational exposure, and potential loss analysis was performed, providing references for climate-related risk management strategies or response measures.



Scenario background / Scenario	Scenario description
Global warming 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.
Disorderly transition Delayed Transition	If no emissions reduction measures are taken globally before 2030, stringent policies will need to be implemented thereafter to limit global warming to below 2°C.
Orderly transition 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.





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Appendix

SKL

Scope of analysis: Bonds, equities and long-term corporate loan

Scenario assumptions and parameters

			Forecast	Input Paran	neters	
Scenario	Affected Asset Scope	Geographical area	Period and Interval	Scenario Parameters	Financial Parameters	Output
 Current Policies Delayed Transition Net Zero 2050 	Bonds and stocks investments, as well as long-term corporate loans in industries highly vulnerable to climate risks	Americas, Asia, Europe, Oceania	2022-2050 (annually)	 Energy Consumption Energy Prices Carbon Dioxide Emissions Carbon Prices 	 Balance Sheet Income Statement Cash Flow Statement 	 Financial Impact Financial risks (market risks, credit risks)

Analysis results

After an overall evaluation of transition risks, it was found that there is minimal impact on the SKL's operations in terms of credit rating changes and financial effects. However, to proactively address transition risks, SKL has incorporated climate risk factors into its investment and lending regulations to continue monitoring the impact of these risks on company operations. Before making investment decisions, careful evaluations of the climate change risks associated with the trading partners will be conducted. Post-transaction, continuous monitoring and management will be implemented.

Changes in credit ratings by climate scenarios

Asset Class	Scenario	Short Term (2030)	Middle Term (2040)	Long Term (2050)
	Current Policies	The average downgrade is 0 to 1 credit ratings.	The average downgrade is 0 to 1 credit ratings.	The average downgrade is 1 to 2 credit ratings.
Bonds	Delayed Transition	The average downgrade is 0 to 1 credit ratings.	The average downgrade is 2 credit ratings.	The average downgrade is 2 to 3 credit ratings.
	Net Zero 2050	The average downgrade is 0 to 1 credit ratings.	The average downgrade is 1 to 2 credit ratings	The average downgrade is 1 to 2 credit ratings.
	Current Policies	 Financial Impact Indicator: E Compared with 2023, the land 	BITDA Margin gest drop of EBITDA Margin of in	vestment targets will be 6.64%.
Equities	Delayed Transition	 Financial Impact Indicator: E Compared with 2023, the land 	BITDA Margin gest drop of EBITDA Margin of in	vestment targets will be 27.21%.
	Net Zero 2050	 Financial Impact Indicator: E Compared with 2023, the lar 	BITDA Margin gest drop of EBITDA Margin of inve	estment targets will be 19.37%.
	Current Policies	 No rating change Compared to 2023, the aver period was 0.89%. 	age increase in net profit for lendi	ing targets during the observation
Long-term corporate loans	Delayed Transition	 No rating change Compared to 2023, the aver period was 47.21% 	age increase in net profit for lendi	ing targets during the observation
	Net Zero 2050	 No rating change Compared to 2023, the aver period was 14.69%. 	age increase in net profit for lend	ing targets during the observation

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 asset impairment of market risks on such risk exposure has been calculated as follows:

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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.

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.

Market risk

Sce	enarios	Financial Impact Estimated by Stress Tests on SKL
	Current	Credit risk : Credit losses expected to increase by 0.64% compared to the end of 2023
	Policies	Market risk: Financial impact losses representing approximately 0.16% of the total value of bonds at the end of 2023
Bonds	Delayed	Credit risk : Credit losses expected to increase by 0.64% compared to the end of 2023
	Transition	Market risk: Financial impact losses representing approximately 0.16% of the total value of bonds at the end of 2023
•	Net Zero	Credit risk : Credit losses expected to increase by 1.88% compared to the end of 2023
	2050	Market risk: Financial impact losses representing approximately 0.22% of the total value of bonds at the end of 2023
	Current Policies	Market risk: Financial impact losses representing approximately 0.23% of the total value of equities at the end of 2023
Equities	Delayed Transition	Market risk: Financial impact losses representing approximately 0.22% of the total value of equities at the end of 2023
	Net Zero 2050	Market risk: Financial impact losses representing approximately 0.48% of the total value of equities at the end of 2023

Note: In the scenario analysis of long-term corporate lending, as the loan tenure as of the baseline date is restricted by the benchmark data and the financial condition of the lending target, an increase in default rates among lending targets due to the potential impact of transition risks has not been observed.

Response measures

Overall, the stress test results indicate that the financial impact of climate transition risk is limited and falls within acceptable levels for SKL. Nevertheless, to effectively manage and mitigate the impact of climate risks, SKL will undertake corresponding measures, such as adjusting selection criteria for establishing new positions and moderately adjusting existing position portfolios. Moreover, through climate-related policies and regulations, climate changerelated risks will be incorporated into risk appetite statements, and regular climate stress tests will be conducted to assess both positive and negative impacts on various business aspects. Regular reporting to the board will be carried out to maintain a robust climate governance framework.



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SKB

Scope of analysis: Investment and lending portfolios

Q Analysis and results

Based on the portfolios at the end of 2023, SKB performed FSC's climate change scenario analyses by counterparties. The results are as follow:

Distribution of transition risk levels for domestic and overseas investment and lending portfolios

Position	Low	Medium-low	Medium	Medium-high	High
Domestic and overseas investment and lending portfolios	56.6%	23.0%	6.2%	6.3%	7.9%

The table above displays that SKB's borrowers and investee companies face limited impact on revenue loss due to transition risks. The financial impact on SKB remains manageable.

Analysis of borrowers in carbon-intensive industries

SKB identified 52 borrowers at the end of 2023 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:

Climate Scenarios	Financial impact under climate scenarios in 2050
Current Policies	Among the large carbon emitter borrowers, there were 2 downgraded by one level, resulting in an expected credit risk loss of about NT\$72,000
Net Zero 2050	Among the large carbon emitter borrowers, there were 8 downgraded by one level, and 3 downgraded by three levels, resulting in an expected credit risk loss of about NT\$1,883,000

Note: Carbon-intensive enterprises managed by the Ministry of Environment were identified based on the list of high-carbon emitting companies announced by the ministry in 2022.

From the above table, it can be observed that for SKB, the increase in expected credit risk losses due to carbon pricing pressure on nationally managed high-carbon enterprises is limited. This demonstrates its ability to withstand the challenges of climate change and successfully implement transition measures.

MLS Scope of analysis: companies given guidance on underwriting services and investees

Q Analysis and results

Selected assessment targets and scenarios

For MLS, the assessment targets included self-owned investment targets as of the end of 2023, including domestic stocks listed on TWSE/TPE, emerging stocks, overseas stocks, domestic corporate bonds, bills, and risk-offset positions for convertible bonds, as well as companies given guidance on underwriting services. Based on the climate change scenario framework REMIND-MAgPIE published by the NGFS, three scenarios: Current Policies, Delayed Transition, and Net Zero 2050, were considered with parameters such as carbon pricing and decarbonization rates to estimate the transition impact on investee companies.

Climate Scenarios	Financial impacts by climate scenarios
	Investment portfolios
Current Policies	By 2030, expected potential losses are around 0.01% of the MLS's net worth as of the end of 2023
Current Folicies	By 2050, expected potential losses are around 0.03% of the MLS's net worth as of the end of 2023
Delayed Transition	By 2030, expected potential losses are around 0.32% of the MLS's net worth as of the end of 2023 $$
Delayed Hanslion	By 2050, expected potential losses are around 1.07% of the MLS's net worth as of the end of 2023
Net Zero 2050	By 2030, expected potential losses are around 8.60% of the MLS's net worth as of the end of 2023
Net 2010 2000	By 2050, expected potential losses are around 8.80% of the MLS's net worth as of the end of 2023

Response Strategy

Through the NGFS scenarios assessment above, the simulation analysis of the transition risks faced by investment positions in 2030 and 2050 reveals that the expected potential losses under the Current Policies, Delayed 2°C, and Net Zero 2050 scenarios amount to about 0.01% to 8.80% of the net worth of MLS at the end of 2023, indicating that the financial impact remains within manageable limits.





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Supply chain scenario analysis

Physical Risk-Disaster

Q Analysis and results

In order to understand the operating impact of suppliers under climate change to help SKFH 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 as follows:

Under the scenarios of RCP4.5 and RCP6.0	Under RCP8.5	After assessment under the above three scenarios
The number of suppliers located in high-climate risk areas is the minority, and the ratio of their purchase amount to the total purchase amount is only about 1.9%.	The number of suppliers with a high risk of flooding and landslides increased, and the ratio of their purchase amount to the total purchase amount rose to 9.7%.	Most of the physical climate risks have no significant financial impacts on our company's upstream suppliers and only the flooding risk under the RCP8.5 scenario has a slight impact on SKFH.

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

Response measures

SKFH 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.



Transition risk-carbon fee

Q Analysis and results

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.

	O seconda	Current	Policies	Delayed	Transition	Net Ze	ro 2050
	Scenario	2030	2050	2030	2050	2030	2050
Carb	oon Fee Parameter (NT\$ /tCO2e)	173	199	173	14,288	5,476	19,891
Financial	Potential increase in annual purchase costs (NT\$ million)	22.2	25.6	22.2	1,804.5	702.6	2,552.2
Impact	Increase in purchase amount compared to 2023 (%)	0.3%	0.4%	0.3%	28.3%	11.0%	40.0%

Industrial Se		Industrial		Purchase		Car	rbon Fee Co	ost (NT\$ mill	ion)	
Emissions in	2021 Emissions (million	Sector GDP in 2023 (NT\$ million)	(NT\$ r	n t in 2023 million)	Scen Current	ario 1 Policies		ario 2 Transition		ario 3 ro 2050
	tCO2e)		Purchase amount	Percentage of GDP	2030	2050	2030	2050	2030	2050
Agriculture/Forestry/ hery/Animal husbandry	1.3	346,944	-	0%	-	-	-	-	-	-
Industry	239.9	8,571,285	4,259	0.050%	20.7	23.8	20.7	1,702.9	652.7	2,370.8
Service	41.9	14,364,180	2,127	0.015%	1.1	1.2	1.1	88.6	34.0	123.4
Total	283.1	23,282,409	6,386	0.027%	21.7	25.0	21.7	1,791.6	686.6	2,494.2

Note 1: Exchange rate conversion based on SKB's USDTWD spot sell rate on December 29, 2023, at 30.775.

Note 2: Industrial sector emissions data sourced from the latest annual data on total emissions in 2021 revealed in the Ministry of Environment's "National GHG Emissions Inventory Report (2023 Edition)"; industrial sector GDP data from the Ministry of Economic Affairs' statistical database.

Note 3: Carbon fee cost model and parameters sourced from NGFS V4.1 [REMIND-MAgPIE 3.2-4.6] database.

Note 4: Carbon fee cost = Industrial sector emissions * (SKFH purchase amount / Industrial sector GDP) * Scenario carbon fee.



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4.3.3 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 <u>Chapter 2.4 Risk Management</u> of this report.

I Policies and Measures of Climate Risk Management

SKFH revised the "Sustainable Financial Policy" and "Risk Management Policy", and incorporate climate risk management and implementation guidelines into them. 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 various risk management measures, define power and responsibility units, risk identification, risk measurement, and supervision and control mechanisms to strengthen climate-related risk management.

Policy: Focus specification

Risk Management Policy

- Incorporate climate-related risk and nature-related risks into SKFH risk management policy
- Sustainable Finance Policy
- In the investment, lending, and life insurance decision-making processes of SKFH and its subsidiaries, ESG factors should be included. Through the analysis of public and non-public information, careful evaluation of the comprehensive ESG performance of counterparties should be conducted as an important consideration for transactions. Environmental factors, particularly climate change, biodiversity, and environmental pollution issues, should be emphasized.
- 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. A goal of zero coal investment and lending by 2045 has been established.

Guideline: Focus specification

Risk Management Measures

- · State the definition of climate-related risks
- · Identify, measure, monitor and control principles

Large Exposure Management Guideline for Single Country, Region and Industry

 Set the exposure limits for investment and lending positions in high carbon-intensive industries, and monitor them monthly.

Business Continuity Management Measures

- · Conduct regular operational impact analyses and risk assessments
- Develop advance response measures and recovery plans

Measures for the Administration of Greenhouse Gas Reduction and Carbon Pricing

 Set annual GHG emission reduction targets for Scope 1 and Scope 2 emissions within subsidiaries, and track reduction performance quarterly to encourage energy conservation and carbon reduction.

Financed Emissions Management Guideline

 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.

I Climate Risk Management Procedure



I Carbon-intensive Industries Management Measures

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.



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I Phase-out commitment for thermal coal and unconventional oil and gas-related industries

SKFH and its subsidiaries commit to phasing out all exposure to thermal coal-related industries^(Note1) by 2030 and unconventional oil and gas-related industries^(Note2) by 2040.

SKFH and its subsidiaries have established the following phased goals by the commitments made in the preceding section:

	Effective immediately	By 2030	By 2040
Construction	Cease direct investment and lending of not only thermal coal and unconventional oil and gas projects (including new projects or expansion of existing projects) but also companies that are still expanding related industries.	Phase out all investment and lending exposure to global thermal coal-related industries.	Phase out all investment and lending exposure to global unconventional oil and gas-related industries.
ah carbon-			

Related industries have specific decarbonization actions or transition plans consistent with the Paris Agreement goals, such as setting emissions reduction target validated by Science-Based Targets initiative(SBTi), developing carbon capture technology to remove carbon emissions, or other carbon reduction actions recognized by third-party organizations, and related industries owned by local governments with a stake greater than 50%, and where the local government has announced net-zero pathways and targets consistent with the Paris Agreement, the counterparties could be evaluated on a case-by-case basis, and the business rights and responsibilities of each subsidiary company are authorized to be approved.

Note 1: Thermal coal-related industries refer to coal mining, coal infrastructure, coal trading, coal-fired power generation, coal transport and logistics, and other related industries covering the whole production cycle, with revenue or power generation accounting for more than 5%

Note 2: Unconventional oil and gas-related industries refer to tar sands, shale oil and gas, arctic oil and gas, ultra-deep-water oil & gas, liquefied natural gas derived by unconventional extractions., and other related industries covering the whole production cycle, with revenue accounting for more than 5%

Upon reviewing SKFH's investment and lending portfolios, as of the end of 2023, SKFH's exposure to tar sands and shale oil and gas-related businesses accounted for approximately 0.33% and 0.001% of total assets respectively. SKFH had no exposure to arctic oil and gas, ultra-deep-water oil & gas, and liquefied natural gas derived by unconventional extractions.

To implement the goal of phasing out thermal coal and unconventional oil and gas-related industries, SKFH and its subsidiaries shall prioritize engagement actions to guide these industries to develop climate transition plans and set SBT aligned with the goals of the Paris Agreement.

Management Scope and Mechanisms of high carbon-intensive industries

Restricted high carbon-intensive industries

- Thermal coal and Unconventional Oil and Gas industries.
- Oil & Gas), Electric Utilities, Coal Power in the Majority, Steel, Chemical, Construction Materials, Transportation & Logistics, and Metal Manufacturi

Management mechanisms

- Before the business unit conducts investment and lending activities, for high carbonintensive 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 to reduce climate-related risks.
- New transactions may decline 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 following 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.





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4.**3**.**4** Climate Metrics and Targets

I Net-Zero Emissions Commitment and Decarbonization Strategy

SBTi target setting

In response to the net-zero policy in Taiwan, SKFH has put the spirit of sustainable finance into practice. In 2022, we officially signed the Science Based Targets initiative (SBTi) commitment letter to seek validation for the intermediate reduction targets and net-zero 2050. Following the SBTi guidelines for financial institutions, we have developed decarbonization strategies and set the Science-Based Targets for our operations and lending and investment activities. The SBTs had submitted for validation in June 2023 and were approved by the end of February 2024.

In addition to reducing carbon emissions in our operations, SKFH has leveraged core functions to establish climate change mitigation and adaptation metrics and targets for investment and lending, with regularly tracking and implementing measures. The aim is to effectively manage climate risks and opportunities and support Taiwan's sustainable transition.

Target Asset Class Base year Achievements in 2023 Target veai SBTs for Scope 1 and 2 Scope 1: 3,479.89 tCO₂e Reduce absolute scope 1 and 2 GHG Scope 2 (Market-based): 2022 2030 emissions 42% by 2030 from a 2022 base 25,183.23 tCO2e year. Total reduction 8.98 % SBTs for Scope 3 Investment Reduce the electricity generation project Electricity generation project 2022 2030 Decreased by 99.8% finance portfolio GHG emissions 52.1% finance per MWh. Reduce the real estate loan portfolio GHG Corporate loan: Commercial 2022 2030 Decreased by 4.0% emissions 49.8% per square meter. real estate Reduce GHG emissions from the power Corporate loan: Electricity 2022 2030 Decreased by 13.7% sector within the corporate loan portfolio generation 40.8% per MWh. 10.9% of the corporate loan 31.6% of the corporate loan portfolio by Corporate loan: Other 2022 2027 portfolio by loan value set SBTi loan value set SBTi validated targets. long-term debt validated targets. 39.9% of the listed equity and Listed equity and corporate 50.3% of the listed equity and corporate corporate bond portfolio by 2022 2027 bonds (including ETFs and bond portfolio by invested value set SBTi invested value set SBTi REITs) validated targets. validated targets.

I The Exposure of Investment and Lending Portfolios

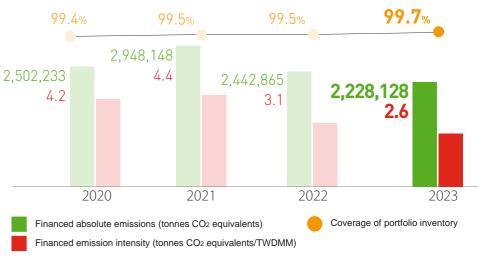
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Financed emissions inventory

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 (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.

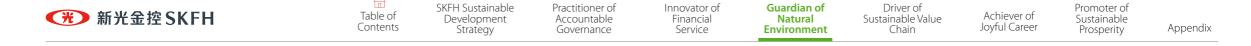
SKFH's financed absolute emissions and financed emission intensity in the past four years



Note 1: The scope of the inventory is based on the required activities for setting SBT targets defined by the Science-Based Target Initiative (SBTi). In 2023, the inventory coverage of listed equity and bonds, fossil fuel loans, power supplier loans, power plant project financing (non-renewable energy) is 100%; long-term corporate loans (non-small and medium-sized enterprises) and the inventory coverage of commercial real estate building is more than 67%.

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 0.64 tCO2e/TWDMM

SKFH's SBTs and Achievements



The financed emissions of investment and lending portfolios by asset



Note 1: Corporate loans include long-term loans to non-small and medium-sized enterprises, fossil fuel loans, loans to power suppliers, project finance for power plant, and commercial real estate loans.

Note 2: 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 3: 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 0.64 tCO₂e/TWDMM.

The financed emissions of investment and lending portfolios by industry.

Percentage of investment and lending portfoliosWeighted average carbon intensity (tCO2e/TWDMM, Revenue)Percentage of total financed emissions4.1% Oil & Gas 2.8% Electric Utilities (mainly coal-fired power generation)16.631.9% 23.322.9%0.3% Steel37.95.5%1.1% Chemical 0.4% Construction Materials17.37.2% 39.5
4.1% Oil & Gas 16.6 31.9% 2.8% Electric Utilities (mainly coal-fired power generation) 23.3 22.9% 0.3% Steel 37.9 5.5% 1.1% Chemical 17.3 7.2%
4.1% Oil & Gas 16.6 31.9% 2.8% Electric Utilities (mainly coal-fired power generation) 23.3 22.9% 0.3% Steel 37.9 5.5% 1.1% Chemical 17.3 7.2%
4.1* Oil & Gas 16.6 31.9* 2.8* Electric Utilities (mainly coal-fired power generation) 23.3 22.9* 0.3* Steel 37.9 5.5* 1.1* Chemical 17.3 7.2*
2.0% (mainly coal-fired power generation) 20.0 22.7% 0.3% Steel 37.9 5.5% 1.1% Chemical 17.3 7.2%
0.3% Steel 37.9 5.5% 1.1% Chemical 17.3 7.2%
0.4 % Construction Materials 39.5 3.2 %
0.1 _% Transportation and Logistics 36.4 1.0 _%
1.3% Metal Manufacturing 6.7 1.2%
89.8 % Others 1.3 27.1%
100% 總計 3.1 100%

2023

Percentage of investment and lending portfolios	Weighted average carbon intensity (tCO2e/TWDMM, Revenue)	Percentage of total financed emissions
3.5 % Oil & Gas	12.8	29.8%
2.7 _% Electric Utilities	16.6	15.6%
(mainly coal-fired power generation) 0.3% Steel	34.4	5.2%
1.0% Chemical	14.5	6.4%
0.3% Construction Materials	70.6	5.0%
1.1% Transportation and Logistics	15.1	3.7%
1.3% Metal Manufacturing	8.5	1.6%
89.9% Others	1.1	32.7%
100%	2.6	100%

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4.4 Nature Action



According to the Global Risks Report 2024 published by the World Economic Forum in January 2024, the top three and four of the ten global risks for the next decade are "biodiversity loss and ecosystem collapse," and "natural resource shortages," respectively. It is evident that issues related to natural capital and biodiversity have become significant global concerns, closely linked to the flow of funds in capital markets.

Embracing the mission to promote sustainable development, SKFH has swiftly adopted what we call "nature action," which have become part of our DNA. In 2023, SKFH joined the Taskforce on Naturerelated Financial Disclosures (TNFD), collaborating with leading international institutions to address global issues concerning natural capital and explore future solutions. In September of the same year, TNFD released its official framework, with Shin Kong voluntarily positioning itself as an early adopter. It began implementing TNFD to identify and assess the dependence and impact relationship between its operational activities and natural capital. This approach aims to measure potential risks and opportunities related to nature, develop natural risk management measures, and mitigate potential financial impacts while strengthening its ability to address operational impacts under risks related to the depletion of natural capital and biodiversity.

4.4.1 Climate and Nature Governance

I Climate and Nature Governance Structure and Responsibilities

Building on our experience in constructing a comprehensive structure for sustainability and climate governance, SKFH has designated the Board of Directors as the highest decision-making body for SKFH's nature governance. The board-level Corporate Sustainability Committee is responsible for overseeing the implementation and outcomes of the Company's nature-related strategies. For details on the structure and responsibilities of nature governance, please refer to <u>Chapter 4.3.1 Climate and Nature Governance in this Report</u>.

I Human Rights and Local Community Engagement

Corporate management should avoid excessive reliance on natural resources or impacts on natural capital. SKFH will intensify the focus on whether our operations, investment and lending activities violate the aforementioned principles. Recognizing that local communities often possess knowledge and cultural understanding of local ecosystems and biodiversity, we will actively promote interaction and engagement between our employees and local communities to collectively safeguard local natural capital. Moreover, when making investment and lending decisions, we will consider the impacts on local communities and nature from all perspectives.

Own Operational Activities

To fulfill our commitment to upholding human rights and minimizing potential risks and impacts, SKFH complies with international human rights conventions such as the "Universal Declaration of Human Rights," the "UN Guiding Principles on Business & Human Rights," the "UN Global Compact" and the "ILO Declaration on Fundamental Principles and Rights at Work." We have established a "Human Rights Commitment" and developed measures such as the "Supplier Management Regulations, " "Supplier ESG Commitment Letter", and "Sustainable Finance Policy, " which all stakeholders, including employees, suppliers, and business partners (customers, investment targets, and joint ventures), are expected to follow, aiming to prevent any violations of human rights.

Regarding potential human rights risks in operational processes and value chain activities, SKFH conducts regular human rights due diligence and promotes relevant mitigation measures to protect the fundamental human rights of all employees, customers, and stakeholders. The results of human rights due diligence can be found in <u>Chapter 6.2 Human Rights Concerns and Diverse</u> <u>Communication in this Report</u>.

Business management in investment and lending

SKFH has established a Sustainable Finance Policy, which mandates that its subsidiaries incorporate ESG risk factors into their decision-making processes for investments and lending activities. The significant ESG factors for SKFH include climate change, biodiversity, environmental pollution, human rights, diversity and inclusion, integrity in operations, and board performance. This approach aims to reduce instances where SKFH's decisions lead to damage to natural capital and human rights. For transactions involving high ESG risks, SKFH must take engagement actions to improve sustainability practices.

To fulfill its commitment to upholding human rights and minimizing potential risks and impacts, SKB signed the Equator Principles in October 2021. 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 associated with credit cases in actual operations and promote green finance.

For projects complying with the Equator Principles, the Bank conducts varying levels of environmental and social risk reviews based on risk levels to mitigate the impacts on the environment and society. Through contractual provisions and continuous monitoring after disbursement, the Company ensures that clients adhere to their commitments. For details on the implementation of the Equator Principles by SKFH, please refer to <u>Chapter 5.2 Responsible Investment and Lending in this Report</u>.



The Impact Heatmap for Industries Sensitive to Nature

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4.4.2 Nature Strategy

Assessment of Natural Dependencies and Impacts

SKFH operates multiple branches across Taiwan and offers a diverse range of financial services and products. According to the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) assessment of the "dependency" and "impact" between various industries (or products) and ecosystem services, financial institutions exhibit low dependency and moderate impact on natural ecosystems.

The "Sector guidance: Additional guidance for financial institutions" released by TNFD in September 2023, hereinafter shortened as the "TNFD Financial Sector Guidance," suggests that financial institutions should pay closer attention to situations where their investments and lending are highly sensitive to natural dependency and impact. This guidance recommends that financial institutions should focus on at least 16 sensitive industries (as listed below).

In addition to reviewing the vulnerability of investment and lending portfolios, SKFH also compares ENCORE assessments and consults relevant literature, categorizing the "dependency" and "impact" levels into five grades: very low, low, moderate, high, and very high, for each industry, aiming to understand the relationship between these industries and ecosystem services. This information serves as a reference for external disclosure and subsequent internal decision-making.

Nature-Related Sensitive Industries Note 1	Climate change	Terrestrial use change	Freshwater use change	Marine use change	Air pollutants	Soil pollutants	Waste pollution	Waste wate pollution	Water consumption	State of nature (disturbance)	Invasive species and others	2023 Share (%)
Oil, gas and consumable fuels												3.5%
Chemical												0.9%
Construction materials												0.3%
Containers and packaging												0.1%
Metals and mining	•											1.7%
Paper and forest products												0.0%
Construction services (including manufacture of metal products)												0.1%
Sewerage, waste collection, treatment and disposal												0.1%
Transport and associated services (including passenger airlines)												0.3%
Automobiles												0.4%
Textiles, apparel and luxury goods												0.1%
Beverages and food products (including agriculture)												1.3%
Personal care products												0.1%
Pharmaceuticals												0.6%
Semiconductor and semiconductor equipment												6.4%
Utilities (Note 2)												0.4%
			Nor	n-Nature-Rel	ated Sensitiv	e Industries						83.8%
					Total							100%

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Suggests that financial institutions, "Which should pay attention to high-risk scenarios of natural dependency and impact sensitivity among at least 16 nature-related sensitive industries.

Note 2: Utilities include electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities

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The Dependency Heatmap for Industries Sensitive to Nature

Nature-Related Sensitive Industries	Animal- based energy	Bio- remediatio	Buffering and attenuation of mass flows	Climate regulation	Dilution by atmosphere and ecosystems	Disease control	Fibers and other materials	Filtration	Flood and storm protection	materials	Ground water	Maintain nursery habitats	Mass stabilizatior and erosior control	Mediation of sensory impacts	Pest control	Pollination	Soil quality	Surface water	Ventilation	Water flow maintenance	Water quality	2023 Share (%
Oil, gas and consumable fuels																						3.5%
Chemical																						0.9%
Construction materials																						0.3%
Containers and packaging																						0.1%
Metals and mining																						1.7%
Paper and forest products																						0.0%
Construction services (including manufacture of metal products)																						0.1%
Sewerage, waste collection, treatment and disposal																						0.1%
Transport and associated services (including passenger airlines)																						0.3%
Automobiles																						0.4%
Textiles, apparel and luxury goods																						0.1%
Beverages and food products (including agriculture)																						1.3%
Personal care products																						0.1%
Pharmaceuticals																						0.6%
Semiconductor and semiconductor equipment																						6.4%
Utilities (Note)																						0.4%
							N	Ion-Natu	re-Related	Sensitive	Industries	i										83.8%
									То	tal												100%





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I Identifying Nature-Related Risks and Opportunities

Potential nature-related risks at operational sites and investment portfolio

Practically, utilizing biodiversity hotspot analysis tools can effectively help companies identify the impact of their operations on local ecosystems. The definition of biodiversity hotspots internationally is primarily assessed from three different perspectives:

- Areas with higher species diversity or richness.
- Areas with high endemism, with some considering biological rarity
- Determined by the extent of threats to species.

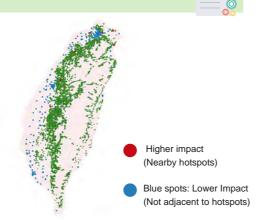
For financial institutions, according to the ENCORE database, the impact of operational activities on natural ecosystems falls under moderate impact. Financial institutions should pay more attention to the impact of investment and lending activities on nature. Therefore, following TNFD recommendations, SKFH has conducted preliminary assessments of biodiversity hotspots around its operational sites and the share of investments in high-nature-sensitive industries. This facilitates further comprehensive inventorying and development of responsive management measures.

Operational sites

SKFH evaluates its operational sites based on their geographical locations. Through spatial overlay analysis, whether there is any intersection within 1 kilometer of animal biodiversity hotspots is assessed. If located within these areas, there may be nature-related transition risks such as regulatory risks and reputational risks. The identification results show that out of SKFH's 548 domestic assets and operational sites, 2 bank office buildings and 5 life insurance regional sales office are situated within 1 kilometer of animal biodiversity hotspots. Since these sites are located in urban areas, the preliminary assessment suggests a lower level of impact and risk.

Analysis scope

548 domestic assets and operational locations of SKFH and its subsidiaries



Note 1: The green grid on the map represents biodiversity hotspots Note 2: Biodiversity hotspot data is sourced from public information provided on the Nature Conservation website by the Forestry and Nature Conservation Agency

Investment portfolio

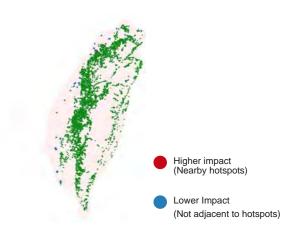
Regarding share of investments, SKFH has focused on inventorying high-nature-sensitive industries and assessed the distribution of biodiversity hotspots among the 139 domestic operational locations of the top five companies in the top three exposed industries (semiconductors and semiconductor equipment, oil, gas and consumable fuels, and metals and mining). The identification results show that four companies have production sites located within 1 kilometer of biodiversity hotspots. Among them, Company A's production site is located in the Tongluo Science Park in Tongluo Township, Miaoli County, which is an important habitat for the nationally first-level protected species, the Leopard Cat.

Further understanding by SKFH reveals that, to uphold its commitment to biodiversity and environmental balance, Company A has implemented various management measures during the construction process to reduce the impact on the environmental ecology during construction. During the construction and development process, Company A has executed various leopard cat conservation measures, cooperating with the competent authority to implement comprehensive leopard cat conservation actions in the Tongluo base. These actions include creating animal-friendly environmental facilities such as noise equipment to increase wildlife awareness by adding noise, creating ecological corridors to connect habitat areas within the base, and continuously tracking relevant ecological monitoring to ensure the maintenance of the surrounding environmental ecology and reduce its impact and risk level.

Analysis scope

139 operational locations of the top five companies in the top three exposed industries sensitive to nature (semiconductors and semiconductor equipment, oil, gas and consumable fuels, and metals and mining)

- Note 1: The green grid on the map represents biodiversity hotspots
- Note 2: Biodiversity hotspot data is sourced from public information provided on the Nature Conservation website by the Forestry and Nature Conservation Agency



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4.4.3 Natural Risk and Impact Management

Approved by the Board of Directors in 2024, SKFH has incorporated climate-related risks into SKFH risk management measures. For relevant risk management organizational structure and risk control policies and mechanisms, please refer to <u>Chapter 2.4 Risk</u> <u>Management</u>.

SKFH has established two main pillars: the Risk Management Policy and the Sustainable Finance Policy. Through the Risk Management Policy, climate risks and natural risks are integrated into the Company's overall risk management and implementation policies to enhance the management of climate risks, natural risks, and the interaction with various traditional risks. Furthermore, through the Sustainable Finance Policy, SKFH regulates that the investment and lending businesses of its subsidiaries should consider environmental, social, and governance (ESG) factors. Among these, particular emphasis is placed on the positive and negative impacts on climate and biodiversity, aiming to encourage core businesses to consider the risks and opportunities related to climate mitigation and adaptation, natural capital, and biodiversity before engaging in transactions.

Policies: Focus specification

Risk Management Policy

- Incorporation of climate-related risks into the Company's risk management
- Incorporation of natural-related risks into the Company's risk management

Sustainable Finance Policy

- In the investment, lending, and life insurance decision-making processes of SKFH and its subsidiaries, ESG factors should be included. Through the analysis of public and non-public information, careful evaluation of the comprehensive ESG performance of counterparties should be conducted as an important consideration for transactions. Environmental factors, particularly climate change, biodiversity, and environmental pollution issues, should be emphasized.
- 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 abovementioned industries, after inspection, those included in the exclusion list shall not be allowed to add new transactions without any improvement.

4.4.4 Natural Indicators and Targets

To enhance the disclosure transparency of nature-related issues, TNFD suggests categorizing indicators into "Dependencies and Impacts" on natural capital, and subsequent "Risks and Opportunities." For "Dependencies and Impacts," indicators are further divided based on different drivers of natural change, including climate change, terrestrial/freshwater/marine use changes, pollution/pollution removal, resource use/replenishment, and invasive species removal.

I Ecological Metrics and Targets

Climate change

SKFH assesses greenhouse gases as significant contributors to global climate change. Hence, indicators for Scopes 1, 2, and Scope 3 financial carbon emissions are set. A summary of the 2023 indicator achievements is as follows. For details, please refer to <u>Chapter 4.3.4 Climate Metrics and Targets and Chapter 4.2.1</u> <u>GHG reduction</u>.

Metr	ics	2022	2023
Operational	Scope 1	3,279.6	3,479.89
emissions	Scope 2	28,211.7	25,183.23
(tCO ₂ e)	Scope 1 and 2	31,491,3	28,663.11
Financed emissions (tCO2e)	Scope 3 (Category 15: Investments)	2,442,865	2,228,128

Pollution/pollution removal

SKFH evaluates water discharge and waste disposal as factors driving natural freshwater/marine/terrestrial pollution. Hence, indicators for total water withdrawal and per capita waste production are set. The target is to achieve a 12% cumulative reduction in water usage and per capita waste production by 2025 compared to the base year of 2019. A summary of the 2023 indicator achievements is as follows. For details, please refer to Chapter 4.2.2 Energy Resource Management

Metrics	2022	2023
Total Water Withdrawal (cubic meters)	380,424	410,733
Per Capita Waste Production (tons)	0.12	0.09

I Natural Risk and Opportunity Metrics

The primary nature-related risk and opportunities for financial institutions stem from investment and lending positions with high dependency on and impact on natural capital. Loss of natural capital can ultimately lead to increased risks in investment portfolios or asset devaluation. In light of this, SKFH has thoroughly disclosed climate-related risks and opportunities in Chapter 4.3 Climate Actions. As for other nature-related risk and opportunity indicators, we will refer to TNFD and other reports related to biodiversity to conduct a thorough review and analysis of industries sensitive to nature and of those with positive impacts on nature, in the hope of reducing investment in industries with positive impacts on nature.

Nature-Related Risk Metrics

Exposure of nature-sensitive industries

Industry	2023 Percentage of investment portfolio
Oil, gas and consumable fuels	3.5%
Chemical	0.9%
Construction materials	0.3%
Containers and packaging	0.1%
Metals and mining	1.7%
Paper and forest products	0.0%
Construction services (including manufacture of metal products)	0.1%
Sewerage, waste collection, treatment and disposal	0.1%
Transport and associated services (including passenger airlines)	0.3%
Automobiles	0.4%
Textiles, apparel and luxury goods	0.1%
Beverages and food products (including agriculture)	1.3%
Personal care products	0.1%
Pharmaceuticals	0.6%
Semiconductor and semiconductor equipment	6.4%
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, and water utilities)	0.1%
Exposure of industries sensitive to nature	83.8%
Total	100%

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Nature-related opportunities

Investment in industries contributing positively to nature

Waste and Plastic Management Industry

NT\$ 0.291 billion

Note: The investment and lending balance in the Waste and Plastic Management Industry is calculated based on Standard Industrial Classification from the Directorate-General of Budget, Executive Yuan, references including Resource Recycling Industry, Wastewater and Sewage Treatment Industry, Pollution Control Industry, and Hazardous Waste Disposal Industry.

Nature and Biodiversity Conservation

Global biodiversity is rapidly declining, with species disappearing at a rate 100 to 1,000 times faster than normal due to factors such as population growth, resource consumption, pollution, global warming, and the introduction of invasive species.

SKFH supports global biodiversity conservation conventions and aims to promote sustainable ecological development and achieve United Nations Sustainable Development Goals.



Climate Action



Starting from within, we actively respond to international and domestic environmental sustainability advocacy, leverage corporate influence, and extend the assessment scope of sustainable financial services to a broader natural environment and biodiversity, hoping to contribute to Taiwan and the planet.

Event Name / Results	Reduced carbon emissions / Increased natural carbon sequestration	Restored natural capital (Note 1)	Enhanced ecosystem services (Note 2)	Waste reduction/ removal	Removal of invasive species/ Increase in native species	Environmental conservation advocacy and promotion
Coral Conservation for a Sustainable Ocean • Number of events: 13 • Total waste removed: 2.5 tons	*	Ŵ		*	W	Ŵ
"Run for Sustainability" Shin Kong Life Tower Run Up Taiwan's first sports event to be awarded the "ISO 20121 Sustainable Event Management System"	F					
Lights Out for an Hour on Mid-Autumn Festival 72 tCO2e reduced						
Seed Volunteers for Handcrafted Trails Disturbance to the ecological environ- ment minimized	<u>O</u>	Sk l			e to the total of to	
Protecting Forests: Creating Forest Vitality Together Selective thinning of 0.21 hectares of bamboo forest, maintaining the Nature Valley habitat		(Fe		(Re)	(Paper)	(Paper)
Earth Insured: Insurance Industry's Relay Beach Cleaning Activity • Number of events: 2 • Total waste removed: 420 kg						
Release of "Presidential Fish" Fry at Sun Moon Lake Habitat restoration efforts, increasing the native species "Presidential Fish"		Ø			Ø	
21 Days of Green Living Employees encouraged to practice eco-friendly behaviors in daily life	K)			B		B
ESG Credit Card A total of 6,250 trees planted						

Note 1: Natural capital refers to the foundation of natural resources, including geology, soil, air, water, and various organisms.

Note 2: Ecosystem services refer to the benefits humans derive from ecosystems, primarily categorized into four types: supporting services, provisioning services, regulating services, and cultural services.

Note 3: For details on nature conservation activities, please refer to 7.5 Biodiversity of this Report.

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05 DRIVER OF SUSTAINABLE VALUE CHAIN

5.2 Responsible Investment and Lending 5.1 Sustainable Finance Strategy

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- 5.3 Sustainable Stewardship
- 5.4 Principles for Sustainable Insurance
- **5.5** Sustainable Supply Chain

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, collaborate with stakeholders to implement responsible investment, responsible lending and responsible insurance, 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.



ESG-themed investment and lending amount was NT\$ 677.57 billion



Green-themed investment and lending amount was NT\$ 72.24 billion.



SKL has been awarded the "Green Procurement Performance Unit for Private Enterprises and Organizations" by the Environmental Protection Administration for eight consecutive years.





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Short, medium and long-term goals and achievement in 2023

Sustainable Issues	Observation Goals	Achievement in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
Sustainable Finance Note1	 Increase in sustainable investment amount Increase in sustainable lending amount Promoting the project financing of solar power plants Issuance of sustainability bonds 	 SKFH and the subsidiaries ESG-themed investment and lending amount was NT\$ 677.57 billion. Green-themed investment and lending amount was NT\$ 72.24 billion. The subsidiaries: SKL • The CAGR for securities investment that meets the PRI was 3.8%. Based on base year, the growth rate of investment amount in green energy-related businesses was 354%, NT\$ 0.46 billion. SKB • The growth rate of sustainable investment amount was 5.9%. The growth rate of sustainable lending amount was 50%, NT\$17.19 billion. (The original target was 10%.). Solar power plant project lending balance reached NT\$3 billion, increasing NT\$0.1 billion by base year. 	 SKFH and the subsidiaries (based on 2023): Maintain ESG-themed investment and lending amount. Maintain Green-themed investment and lending amount. The subsidiaries aim to achieve the following goals by 2024: SKL • A five-year CAGR of 3% for securities investment that meets the PRI Based on base year, the growth rate of investment amount in green energy-related businesses is 400%. SKB • The growth rate of sustainable investment amount is 3% The growth rate of sustainable lending amount is 20%, NT\$13.8 billion. Solar power plant project lending balance reaches NT\$4 billion Two ESG net-zero transition customer briefing session to promote green lending. 	 SKFH and the subsidiaries Increase the ESG- and green-themed investment and lending amount gradually. The subsidiaries aim to achieve the following goals by 2027: SKL Continuously seek investments in ESG-theme with potential profit and impact SKB The growth rate of sustainable investment amount is 4% The growth rate of sustainable lending amount is 80%, NT\$20.5 billion. Hold the ESG net-zero transition customer briefing session to promote green lending.
Supply Chain Management	 Amount of green procurement Signing of Supplier's ESG Commitment Letter 	 Revised the "Supplier Management Regulations". The green procurement accounting for 40.28% of the total procurement amount, approximately grows 3 times compared with 2022. The signing rate of the Supplier ESG Commitment Letter reached 100% for the number of newly contracted and negotiated suppliers. For 69 major suppliers, all of whom signed the Supplier ESG Commitment Letter. For high-risk suppliers, we completed on-site audits 	 Annual amount of green procurement accounts for 15% of the total eligible green procurement items Continuously implement supplier management for the newly contracted and negotiated suppliers, with 100% signing of the Supplier ESG Commitment Letter Completed the supplier risk assessment and on-site audits 	 Increase the proportion of green procurement for each subsidiary Organize the supplier conference every three years, and continuously promote the supply chain management to increase the sustainable performance.

Note 1: SKFH sustainability materiality issue.

Note 2: The base year for the green procurement is 2019, the base year for the SKL's investment amount in green energy-related businesses is 2020, and 2022 is the base year for the rest.

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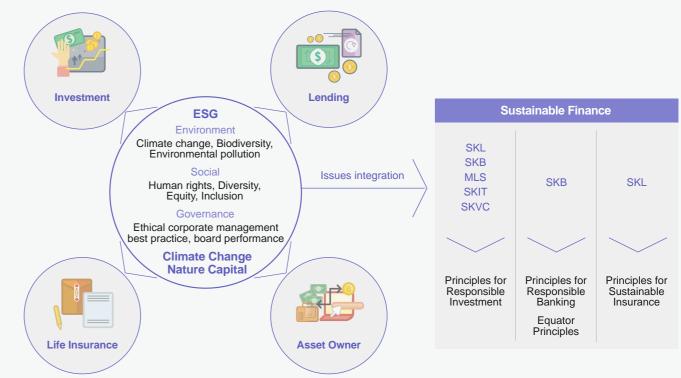
5.1 Sustainable Finance Strategy

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), Principles of Responsible Banking(PRB), and Principles for Sustainable Insurance (PSI).
- S
- 2021 · Selected as a DJSI world index's stock component.
 - 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.
- 2023 Included in the DJSI World Index and DJSI Emerging Markets Index components.
 - · Scientific-based reduction targets were approved.
 - Became a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, declared as one of the Early Adopters among financial institutions.

5.1.1 Sustainable Finance Core Mindset and Framework

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, climate change and nature capital 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 to promote sustainable financial products and services, fulfill corporate social responsibility, and lead industry transition toward balanced development between corporations, society, and environment.







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5.1.2 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' lending activities such as investment, lending, and life insurance integrating environment, social and corporate governance (ESG) factors. Before making decisions, ESG risks 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 should not only focus on the financial performance of counterparties, but also pay attention to their sustainability performance, and take engagement actions based on the engagement issues that SKFH is concerned about, properly dialogue and interact with the management of the counterparty, and actively attend annual general meeting, exercise voting rights. If the counterparty does not make improvements, no new transactions are allowed. If the deterioration of counterparties continue, divestment actions should be taken.

The sustainable finance policy covers 100% of the total managed assets of all applicable responsible investment and responsible lending, which is totaling about NT\$4.3 trillion, with merely excluding assets such as certificate of deposit, foreign exchange hedging, and policy loan. 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
Investment	

Guidelines

- For listed companies, domestic or foreign, refer to their international ESG ratings or domestic corporate governance evaluation ratings. If the rating falls below the threshold, evaluate cautiously or refrain from new investments.
- For real estate projects, consider the environmental and social sustainability, prioritize those promoting local community welfare and economic development, using sustainable building materials, or being awarded green building certifications.
- If counterparties have ESG risk violations and show no improvement plans after engagements, divestment should be considered.

Lending

Scope
• Project financing
• Corporate loans

Guidelines

- For borrower companies in controversial or carbon-intensive industries, prioritize engagements to guide improvement. Results of engagements should be incorporated into the overall credit assessment.
- If borrower companies fail to improve or the situation worsens, gradual divestment or terminate credit relationships if necessary.
- If the lending is used to promote sustainable development goals, preferential loan terms may be offered

Life Insurance

Scope · Life insurance

Guidelines

- 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
- Work with the government, insurance regulators, and stakeholders to promote ESG practices and
 regularly disclose compliance progress in PSI to ensure transparency



Eexclusion lists

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.

- Sex industry
 Drug industry
- Controversial arms industry
- Countries or regions with serious deficiencies in combating money laundering and financing of terrorism

Sector specific guidelines



Real estate

Controversial industries

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.

- Tobacco industry
 Fur trading
- Gambling industry
- Tropical Rainforest logging

Carbon-intensive industries

When dealing with counterparties in carbonintensive 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 subsidries could actively take engagement actions with and encourage counterparties to implement relevant mitigation measures to reduce climaterelated 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

· Thermal coal and unconventional oil and gas



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5.2 Responsible Investment and Lending

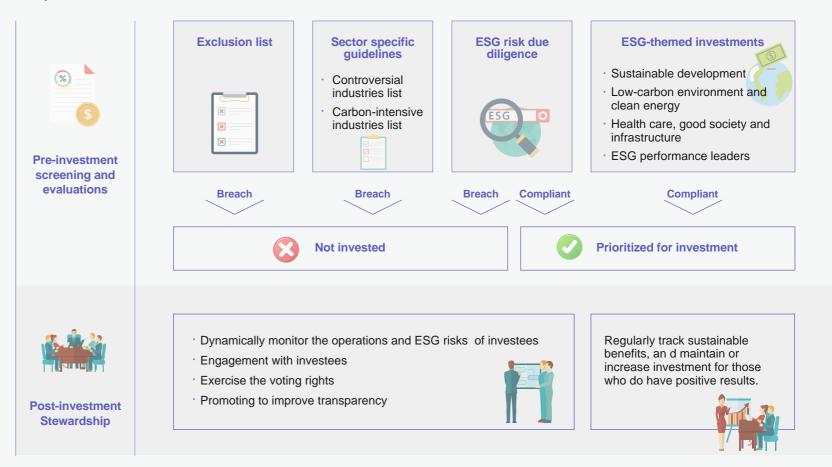
5.2.1 Responsible Investment

SKFH's subsidiaries follow SKFH's sustainable finance policy to formulate relevant sustainable investment policies to put responsible investment into practice. They integrate ESG factors into the existing investment evaluation and decisionmaking process.

Before investment, ESG risks and opportunities due diligence must be conducted and evaluated prudently for all targets. Any targets included in the exclusion list should be avoided. In addition. sector specific guidelines have been formulated for controversial and carbon-intensive industries. After check, we must use the sector specific guidelines as a basis for deciding whether to engage with the listed entities. Only those who comply with the guidelines are eligible for business transactions.

After the investment, in order to reduce climaterelated risks and improve post-investment ESG management., we are actively involved in postinvestment 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.

Responsible Investment Process







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5.2.2 Responsible Lending

SKB has not only adhered to SKFH's "Sustainable Finance Policy," but also formulated its own "Sustainable Lending Policy" based on relevant international standards such as the United Nations SDGs, PRB, and the EPs. SKB conducts due diligence and Know Your Customer (KYC) procedures for borrower companies to fully assess the potential impact in every ESG aspect. In order to promote green finance, SKB sets the growth rate of lending in ESG-related companies 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

Incorporation rate of ESG risk factors in for corporate lending

100 %

assessment

I Signed of the Equator Principles

SKB signed the Equator Principles on October 1, 2021. In 2022, SKB 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, SKB can effectively manage the environmental and social risks in actual operations and promote green finance.

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





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.

2023 Equator Principles lending cases

Unit: number of cases

ļ	Approved	Declined	Declined Reason
Α		gnificant adverse impact on the n diverse, irreversible, or unpre	
	0	0	-
В		lverse impact on the environmer pecific locations, and can be re-	
	1	0	-
С	Low-risk level with minor or no	n-existent impact on society ar	nd the environment.
	1	0	-



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Appendix

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

SKB formulated the "Sustainable Lending Policy", incorporating ESG factors into the credit checking and lending approval process.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 Sustainable Lending Policy requires that ESG factors be incorporated into the credit checking and lending approval processes. The relevant regulations are as follows:

Eexclusion lists

For industries, businesses, or countries/regions with high ESG risks, exclusion lists are established. If a credit counterpart meets the following exclusion criteria, engagement should be avoided:

- For industries involved in pornography, drug production, or controversial arms manufacturing
- Countries or regions with serious deficiencies in anti-money laundering and counter-terrorism financing efforts.

Sector specific guidelines

For controversial industries or businesses, such as tobacco (excluding state-owned enterprises), gambling (excluding those with legal permits), fur trading, and tropical deforestation, due diligence investigation on ESG risks should be conducted and carefully evaluated for credit counterparties. Transaction decisions should be made based on their compliance with ESG guidelines. Only those who comply with the guidelines are eligible for business transactions.

Carbon-intensive industries or businesses include but not limited to steel manufacturing, cement manufacturing, coal, and unconventional oil and gas-related industries.

- Coal-related industries: Including coal mining and equipment, coal trading and coalfired power generation, and coal transportation.
- Unconventional oil and gas-related industries: Including tar sands, shale oil and gas, Arctic oil and gas, ultra-deep-water oil and gas (depth exceeding 5,000 feet), and liquefied natural gas extraction from unconventional fossil fuels.
- Investment in these high carbon industries or businesses should undergo ESG risk due diligence based on sector specific guidelines. Climate change risks and their negative impacts should be carefully examined for credit counterparties. Proactive engagement and encouragement of mitigation measures should be taken to reduce climate-related risks associated with credit counterparties.

ESG-themed Lending

ESG risk due diligence

conducted in accordance with the "Equator

For lending cases applicable for the

social risk assessments should be

Principles Lending Guidelines"

Equator Principles, environmental and

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 performancelinked loans, may be prioritized for appropriate lending assistance and preferential terms to encourage borrowing companies to use funds for projects that create positive environmental or social benefits.

I Post-loan management and tracking

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:

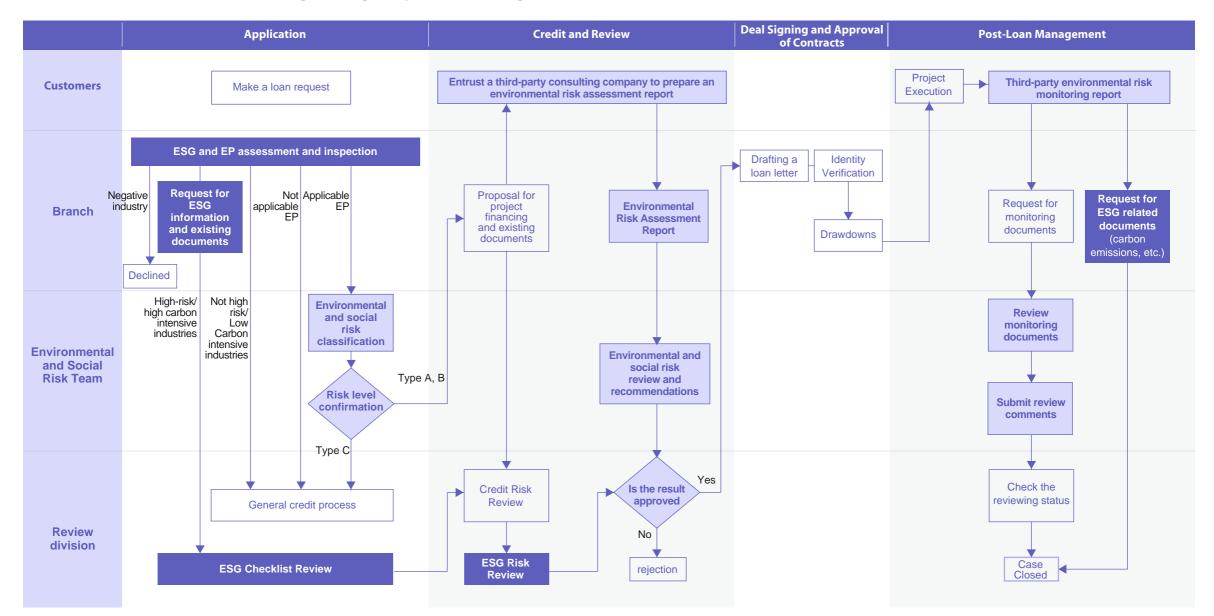
- Temporary suspension of credit facilities until further discussions on the borrower's creditworthiness.
- Suspension of credit facilities and request for principal and interest in full payment or in installments, or additional collaterals.
- * Continued usage of credit facilities with the requirement 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.





Process for sustainable credit checking, lending and post-loan management



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5.2.3 Sustainable Finance Impact

I ESG-themed investment and lending

SKFH conducts research on domestic and international sustainable industry trends and collaborates with internal and external experts to identify ESG-themed investment and lending projects. Through this process, the Company aims to enhance its performance in investing in sustainable targets, leveraging core competencies to pursue long-term stable returns and maximize shareholder value while driving industrial transformation to build a sustainable future.

			Unit	NT\$100 millior
	ESG Themes	Classes	2022	2023
Sustainable development	 Sustainability bonds 	Bonds	212.8	209.7
3 AD WELLERING 9 MOLESTRY, IMPOUNDING MALESTRY	 Social bonds Health education business 	Stocks	919.8	770.0
Healthcare, social	 Public construction and social welfare industries 	Bonds	774.8	779.6
welfare, and infrastructure	 Taiwan precision health industry under the government's six core strategies 	Loans	25.0	38.3
7 Example 12 Example 13 Example 13 Example 13 Example 14 Example 15 Example 1	· Green bonds	Stocks	70.1	84.0
	 Green equity investment (including renewable energy) Green lending 	Bonds	500.8	558.3
	 Green energy and renewable energy industry under the government's six core strategies 	Loans	52.5	80.1
8 recover and the second	 ESG outstanding performance enterprises, 	Stocks	994.4	797.1
	targeting corporate governance, compensation, and components of domestic and international sustainable indices	Bonds	3,146.5	3,193.3
ESG benchmark enterprises	and international sustainable indices	Loans	118.5	125.5

Note 1: The ESG theme investment data in the 2022 sustainability report only count domestic investment positions. The ESG theme investment data in the 2023 sustainability report adjusts the statistical basis (including equity investment, debt investment) and definitions, so the 2022 data will be re-reported

I Promoting sustainability-linked loan

To achieve sustainable finance, SKB is committed to promoting sustainable performance-linked lending, which accounts for not only enterprises' financial performance but also their ESG development. SKB links credit conditions to enterprises' comprehensive performance in areas such as environment, society, and corporate governance, so as to encourage enterprises to invest more actively in resources to achieve promised "sustainable performance indicators." During the loan period, meeting these indicators gualifies them for more favorable financial services.

According to the classification definition of the Financial Joint Credit Information Center in Taiwan, SKB undertook sustainability-linked loan of NT\$9.18 B in 2023. This demonstrates that SKB guides companies to actively incorporate all aspects of ESG through lending.

One notable example is the joint loan case organized by SKB, Shanghai Commercial and Savings Bank, and Hua Nan Bank for "PHIHONG Technology Co., Ltd. and subsidiary Zerova Technologies Taiwan Limited," with a total fundraising amount of NT\$3 billion. This case links indicator such as the total greenhouse gas emissions, water usage intensity, and corporate governance evaluation of the parent company, PHIHONG Technology. If any of these indicators are met, the consortium of lenders will reduce the interest rate to encourage the borrower to achieve sustainable performance indicators such as greenhouse gas emissions reduction and water conservation. This approach also reflects the borrower's commitment to improving the social and environmental aspects and the banks' determination to promote carbon reduction and transition.

Unit: NT\$100 millions

ESG performance-linked aspects	2022	2023
ESG	26.6	45.8
es	12.8	9.5
SG	2.4	6.0
EG	1.0	1.0
6	18.8	28.9
S	0.0	0.0
G	0.0	0.6
Total	61.6	91.8



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Linit: NT\$100 millions

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I Green loans

To promote green economic development, SKB keeps focus 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 2023, the total balance of SKB's green loans reached NT\$8 billion, with nearly 60% of the loans dedicated to renewable energy projects.

		Unit: I	NT\$100 millions
Green I	ending themes	2022	2023
	Renewable Energy	31.4	28.8
	Clean Transportation	10.7	24.9
	Green Buildings	8.0	16.3
	Energy Efficiency	2.1	6.0
6 classer addiadaine	Pollution Prevention and Control	0.3	4.0
13 claur Azim	Climate Change Adaptation	0.02	0.02
14 HE WARK	Terrestrial and Aquatic Biodiversity Conservation	0.01	0.01
	Total	52.5	80.1

I The carbon reduction by green investment and lending in 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 2023, SKFH's subsidiaries increased the investment of NT\$720 million into constructing renewable energy power plants, which are expected to generate 118,177 MWh, which can supply about 394,000 households for monthly use, and save 58,497.5 metric tons of carbon dioxide. We also increased the approved lending by NT\$611 million, which are expected to generate 1,200 MWh, which can supply about 4,000 households for monthly use, and save 593.8 metric tons of carbon dioxide.

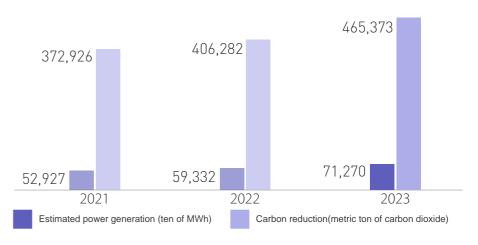
As of the end of 2023, SKFH has invested and financed NT\$15.69 billion in renewable energy development, with an accumulated electricity generation of approximately 712,700 MWh and an accumulated carbon reduction benefit of 465,373 metric ton of carbon dioxide.



Cumulative amount of investment and approved lending for development and construction of renewable energy power plants

		U	nit: NT\$100 millions
Project	2021	2022	2023
Green project investment, Renewable energy green bonds investment	80.12	95.82	103.02
Renewable energy plants loan	32.68	47.73	53.84

Cumulative estimated power generation and carbon reduction



Note 1: The statistics start from 2021

- Note 2: The average monthly electricity consumption per household in 2023 is calculated based on the 2022 figure of 300 kWh, refer to the Household Electricity Information Encyclopedia of the Industrial Technology Research Institute.
- Note 3: The estimated annual carbon emission reduction in 2023 is calculated based on the electricity carbon emission coefficient of 0.495 kg CO2e/kWh, as provided by the Energy Bureau, Ministry of Economic Affairs.

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I 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. In 2023, the total amount of ESG-related advisory and underwriting services provided by MasterLink Securities reached NT\$14.04B. This demonstrates the effectiveness of our sustainable finance efforts.

ESG securities underwriting and advisory performance

Unit: NT\$100 millions ESG securities underwriting and 2022 2023 advisory

securities advisory

Green Companies	0.0196	0
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securities underwriting

Green bonds	17.7	116.4
Green Companies (common stock)	0	6
Social bonds	0	4
Sustainability bonds and Sustainability-linked bonds	5	14
Total	22.7	140.4

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 2023, MLS provided securities underwriting and advisory services to qualifying "Five Plus Two Industry " companies with a total amount of NT\$4.72B, 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 2023



J&V Energy Technology

J&V Energy Technology is a comprehensive green energy integration investment group, engaging in three main areas: renewable energy power plant development, investment and installation, and operation and maintenance management. It regards sustainable energy as its core philosophy, continuously explores green electricity, fulfills corporate social responsibilities, and constructs a green sustainable environment.

J&V Energy's business scope covers wind power generation, energy storage, electricity sales platforms, water resources, biomass power generation, and other investment projects. From renewable energy to circular economy, it is committed to "creating a lowcarbon lifestyle for all" and creating higher industrial value for renewable energy in Taiwan. This drives the company towards becoming a comprehensive renewable energy management group.

I Individual ESG Financial Product Services

SKFH is committed to leveraging financial influence by integrating ESG principles into various individual product services such as personal loans, financial payment tools, and investment advisory services, aiming to work together with customers to create a better sustainable home.

SKB has introduced several individual green loans and financial payment tools

lame of Product/Service	Content	Achievements in 2023
	Aspect: Friendly environment	
ESG bank card	Issuing credit cards made from eco-friendly and carbon-neutral materials, certified under PAS2060:2014 carbon neutrality certification	18,136 ESG bank cards issued
Green building loans	Encouraging the purchase of real estate with green building certification	 Number of households: 91 Credit balance: NT\$1.2 billion
Electric vehicle loans	Encouraging the purchase of electric vehicles	 Cumulative households: 1,001 Premium income: NT\$1.5 billion

MasterLink Securities incorporate companies' ESG scoring 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 its subsidiary, MasterLink Investment Advisory, has adopted Taiwan Economic Journal's ESG database, and incorporated companies' ESG scoring indicators into its individual stock research reports.By using ESG scoring indicators to help investors quickly understand the investee companies' ESG performance in various aspects, 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.

2023 Equity ESG research report issued: 496 reports A total of 818 reports have been published in the last two years cumulatively.

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.

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to implement the spirit of

stewardship.

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5.3 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, 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, and actively monitor the operating conditions and sustainability performance of counterparties, in order to fulfill the spirit of stewardship.

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:



net-zero transformation plans.

5.3.1 Engagement actions

SKFH has established an engagement policy and set stage-specific engagement targets, regulating that subsidiaries should conduct research and evaluation on sustainability-related risks of counterparties in investment and lending activities according to the engagement issues of concern to the Company. Engagement actions should be prioritized based on the stage-specific engagement targets and the significance of exposure positions, followed by assessing whether to adopt upgrade actions and formulating subsequent transaction decisions based on engagement results.

I Engagement Policy

SKFH has formulated an engagement policy, prioritizing environmental, social, and corporate governance (ESG) engagement issues based on international sustainable trends and potential sustainable risks of the Company, including but not limited to:

Environment

Climate change
 Environmental
 pollution

Social

Human rights
Diversity, equity and inclusion

Corporate governance

 Ethical corporate management best practice
 Board performance

Phased engagement goals

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First phase (2023-2025)

- Carbon emissions reduction
- Greenhouse gas reduction target setting
- Climate change mitigation and adaptation

Second phase (2026-2030)

- · ESG information verified by third-party
- · Low-carbon transition of carbon-intensive industries
- · ESG risks assessment of client's value chain

Third phase (2031-2050)

- · Low-carbon transition of carbon-intensive industries
- Customer value chain ESG net zero carbon emissions

Note: The goal of the phased engagement actions will be dynamically adjusted according to the international sustainable trend and the achievement.

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 passive investments is not included in our key performance 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.



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G



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I Engagement Action Framework

Prioritization approach for engagement issues and targets	 Subsidiaries regularly review lists: Considering the engagement issues of concern to SKFH, the significance of asset exposure positions, and the unique ESG issues and financial performance associated with counterparties in different industries, prioritize engagement topics and targets.
Engagement methods	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.
	After a subsidiary takes engagement actions:
0	 If the engaged companies have demonstrated actual improvements and has positive ESG impact or contributions, they should be prioritized on the list of investments, lending, or life insurance.
Results Assessment	 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
Engagement	 If the engagement results do not meet expectations, subsidiaries may intensify engagement actions. Related measures include but are not limited to: increasing the frequency of engagement, increasing the rank of the representatives of engagement targets, conducting joint engagement with other stakeholders, issuing public position statements, participating in shareholder meetings to express positions or propose resolutions, and convening extraordinary shareholder meetings, etc.
Escalation	 If multiple engagement attempts yield no results, based on the Company's risk management needs, decisions may be made to reduce or withdraw investments.
Disclosure of Results	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.

| 2023 SKFH Engagement Outcomes

In 2023, SKFH engaged with a total of 421 companies, employing various approaches such as shareholder meetings, personal visits, video or phone discussions, and conducting thematic presentations. Apart from actively understanding the financial operations of investee companies, we also focused on their sustainability performance across environmental, social, human rights, and corporate governance dimensions.

Regarding climate change issues, we screened engagement questionnaire recipients based on the extent of climate change impact on investee companies and the significance of their investment positions. Through questionnaire surveys, we examined the climate resilience of investee companies and further encouraged them to develop Science-Based Targets (SBTs) and transformation plans. This initiative also communicated our Company's commitment to addressing climate change issues. In 2023, SKFH distributed a total of 187 engagement questionnaires, with an overall response rate of 51.3%.

Outcomes

Distribution of engagement industry

Successful & closed	27	Mining ar
Progressing positively	92	Manufact
	92	Electricity
No clear progress	301	Water Su
Engagement upgraded due to	1	Construct
lack of success		Wholesal
Unsuccessful & closed	0	Accommo

No. of companies engaged

aged	

Mining and Quarrying	26
Manufacturing	252
Electricity and Gas Supply	14
Water Supply and Pollution Control	1
Construction	6
Wholesale and retail	22
Accommodation and Food Service	5
Media Publishing and Information Communications	16
Financial and Insurance	27
Support Services	4
Healthcare and Social Assistance	33
Arts, Entertainment, and Recreation	2
Transportation and Warehousing	6
Other Services	5



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I Individual engagement cases

Z Company, an investee of our subsidiary, did not disclose a sustainability report externally, leading to a lack of transparency in sustainability information. Therefore, the purpose of this engagement was not only to understand and assess its current ESG performance but also to urge Z Company to prepare and publish a sustainability report to enhance information transparency.

The subsidiary initially sent an email containing a "Institutional Investor Sustainability Development Issues Communication Questionnaire" to assess Z Company's current ESG performance. Subsequent engagement took the form of telephone conferences to communicate the importance of sustainable transition and the external release of the sustainability report.



- Z Company committed to annually disclose its sustainability achievements on its official website.
- · It also pledged to conduct a carbon inventory starting in 2024 and planned to apply for verification in 2026 to establish subsequent carbon reduction targets.

The subsidiary plans to continue investing in Z Company and has outlined the following monitoring plans:

- Tracking Z Company's sustainability progress reports published on its official website
- If expectations are not met, the subsidiary will continue telephone interviews to address relevant issues through engagement and requests

nsition Client

the global grates e business. In gas inventory tively promotes

tomer briefing and Carbon Their Impact ent invited ctively explore nate change briefing, credit clients, as ng department, ernational ESG such as Carbon AM), US carbon prorate mpact of climate ernance issues, and social issues on Taiwanese enterprises. We goal of achieving net-zero emissions by 2050. Through financial guidance and the provision of product services, we assist clients in transitioning to a low-carbon economy to achieve the national goal of net-zero carbon emissions.

Approximately 80 individuals participated in the online customer briefing.





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Guardian of Natural Environment

Screening

Evaluation

Communication

4

Voting

Report

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5.**3**.**2** Shareholder Actions

I Voting Policy

In keeping with Taiwanese and international sustainable 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.

Process of exercising voting rights





- Threshold of exercising voting rights.
- The exercise of voting rights requires evaluation by the investment department.

Assessment of resolutions

- Compliance with external regulations and internal voting policies.
- Analysis of investee companies.

Two-way communication

Communicate with the management of the investee company before voting on a resolution if necessary.

Voting

After screening, analyzing, and communicating, if the resolution meets relevant regulations and voting thresholds, a vote will be cast (through electronic voting or a designated representative).

Board Reporting

After voting, the results will be reported to the Board of Directors.

Major ESG resolutions

SKFH and its subsidiaries have a particular focus on ESG-related resolutions include but is not limited to: 117

- Environmental (E): Climate change, biodiversity, environmental pollution
- Social (S): Human rights, diversity, equity and inclusion
- · Corporate governance (G): Ethical corporate management best practice, board performance

Voting Guidelines

SKFH and its subsidiaries' voting principles for investee companies' resolutions at annual general meeting are as follows:

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ESG

· 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 effective 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.

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.

Supplemental regulations

Disclosure of voting results

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.

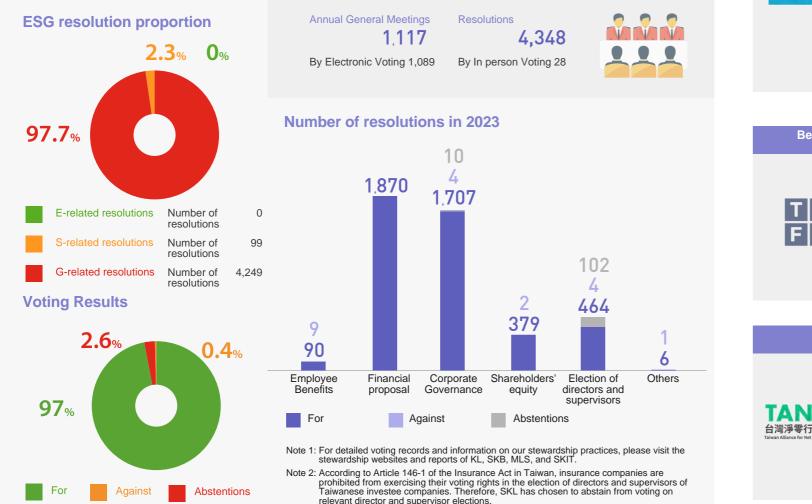


TCFD

5.3.3 Sustainability initiatives in Taiwan and abroad

I Results of the Exercise of Voting Rights

In 2023, SKFH participated in a total of 1,117 shareholder meetings held by listed and OTC companies in Taiwan, engaging in interactive discussions with management at 163 of these meetings. Following SKFH's voting policies and principles, a total of 4.348 resolutions were voted on. The breakdown of ESG-related resolutions and the disclosure of resolution outcomes are as follows. Notably, in 2023, there were no environmental-related shareholder meeting resolutions among the investee companies.



Task Force on Climate-related Financial Disclosures

In 2018, SKFH officially signed a support for Task Force on Climaterelated 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 gualitative and guantitative 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.

Becoming a member of the Taskforce on Nature-related Financial Disclosures (TNFD)

SKFH responded to global efforts for the conservation of natural capital and biodiversity by officially becoming a member of the TNFD in 2023, starting implementing the TNFD framework into its operational risk management. By the end of 2023, the Company publicly declared itself as an Early Adopter of the TNFD framework, expanding the scope of operational value chain risk assessment from climate change to a broader range of natural environment and biodiversity. This initiative aims to address nature-related risks and opportunities and work collectively towards achieving net-zero and positive biodiversity goals.

Taiwan Alliance for Net Zero Emission

台灣淨零行動聯盟

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 contributes to climate change and sustainable development for the planet.

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5.4 Principles for Sustainable Insurance

SKL actively responded to the Principles for Sustainable Insurance (PSI) by integrating ESG issues into its internal operational strategies, product development, and insurance operations such as claims and underwriting. It also collaborated with external stakeholders to promote ESG issues, enhancing the importance of sustainable development among value chain partners to facilitate the understanding and managing of ESG risks and opportunities, and create opportunities for sustainable development for the Company.



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



Company strategy

- **Risk management**
- 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.
- Integrating ESG indicators into key performance indicators (KPIs) for senior executives and general employees
- Utilizing platforms such as shareholder meetings, earnings calls, press conferences, and company website to disclose management of ESG issues and communicate with stakeholders.
- Incorporating "sustainable development" into mandatory training for all employees; organizing sustainability, DEI related seminars, workshops, and online courses
- Including human rights issues in human resources policies; Achieving 100% completion of human rights training and gender equality checks; Safeguarding the rights of indigenous peoples and persons with disabilities in the workplace.

Investment management

 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.

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

- 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.
- Develop financial inclusion products such as microinsurance and small-amount whole life insurance, helping the disadvantaged groups and the elderly to obtain basic protection.
- Develop ESG-oriented products to help policyholders mitigate the risks of air pollution and food safety issues : develop pillover insurance and provide premium cuts incentives to help the public improve their health management concepts and behaviors, creating a triple-win situation of improving public health, reducing claim payouts, and decreasing the utilization of medical resources.
- Conducting seminars and educational programs on risks, insurance, and ESG issues for children, youth, and the elderly; Inviting expert speakers to share knowledge on insurance, financial planning, and healthcare

Sales and marketing

- The sales and promotion of all products comply with legal regulations on the disclosure of the quality of products. 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.
- Adhere to the fair treatment principle, we held anti-fraud and digital-friendly talks for elderly policyholders, helping elderly policyholders on the three Don'ts for frauds as well as convenient digital payment channels : Proposing preventive measures against financial exploitation issues among the elderly : developed a CIS system and a sign language video-call translation platform for vulnerable groups, creating a financial friendly environment
- By integrating online and offline resources, we work with our agents and policyholders to create low-carbon insurance services through the abundant activities of our official LINE service center and on-site promotion and training of the digital specialists.

Claims management

- Assessing damages and casualties, issuing notifications in emergency disasters; Activating proactive care and rapid claims mechanisms
- We are continuously improving our claims mechanism and procedures with a claims risk model and dividing cases according to their level of risk, enhancing the efficiency of claims.
- Security and insurance claim alliance chain: Actively constructing an insurance technology development platform, where policyholders with policies from multiple insurance companies can apply for personal claims or make policy changes online to any of the insurance companies they are insured with.
- Kong Life Securities and Procedures," which e investment principles. are prohibited from further is and here expensional 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

Underwriting Policies

- 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", used claims data and underwriting experience from the past in combination with data mining technology to conduct underwriting risk management.
- 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.





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Appendix

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

Principle

2

 Conduct opinion surveys and collect stakeholder opinions through websites and seminars, and routinely discloses ESG highlights in response to our customers' expectations.

Suppliers

- 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 2023, green procurement for office and administrative equipment came to NT\$75.25M, 43% of the total amount.

Insurers, reinsurers and intermediaries (brokerage agencies)

- 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.
- 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.

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

Government agencies, regulatory authorities, or policy makers

- 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.
- Cooperate with government epidemic prevention policies, 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

- 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.
- 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.
- 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 ; 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 get professional insurance advice quickly and easily.



Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

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.



For details, please see SKL's 2023 Sustainability Report



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5.5 Sustainable Supply Chain

To promote sustainable management among suppliers, SKFH actively establishes regulations and goals for supplier management while implementing green procurement and local procurement. Since 2020, the goal has been set for the green procurement amount of SKFH and its subsidiaries to reach at least 15% annually by 2025, with yearly reviews of achievements. In the future, the proportion of green procurement will be under rolling review to implement corporate responsibility for sustainable supply chain management and promote green procurement.

5.5.1 Supplier Management

Since 2014, SKL has been the pioneer in the life insurance industry in organizing supplier conferences. After 2018, to expand supplier participation, each subsidiary takes turns organizing the conference every three years instead of every four years. The signing rate of the Supplier ESG Commitment Letter reached 100% annually since 2017. Through these conferences, sustainability education and training are provided to suppliers to implement sustainable low-carbon strategies and actions.

The progress of supplier management related policies is as follows:

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.

- 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.
- 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 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, SKB adopted ISO 20400 Sustainable Procurement Guidelines. and obtained third-party SGS certification to implement sustainable procurement by examining and integrating sustainable key factors into procurement practices.
- In 2023, SKL completed the ISO 45001 and TOSHMS (Taiwan Occupational Safety and Health Management System), revised the "Supplier Management Regulations" and the Supplier ESG Commitment Letter. The Company expects suppliers to adhere to the commitment: "All operational personnel engaged in contracted business by the supplier, have completed occupational safety and health-related education and training, and additional accident insurance will be procured if necessary.

Participating Suppliers in Previous Supplier Conferences

2014 (Number of participating suppliers: 40)



120

- · SKL hosted the first supplier conference in the life insurance industry
- Sharing corporate social responsibility trends with suppliers and communicating SKL's practices and ESG commitments

2018 (Number of participating suppliers: 45)

- Explaining SKL's supply chain management process to suppliers
- Inviting key suppliers to promote corporate sustainability concepts to supply chain partners. leveraging the spirit of "mutual benefit"

2022 (Number of participating suppliers: 55)

 Aligning with international sustainability net-zero trends, leading the supply chain to respond to sustainable low-carbon concepts collectively

2025 The next supplier conference is scheduled for 2025





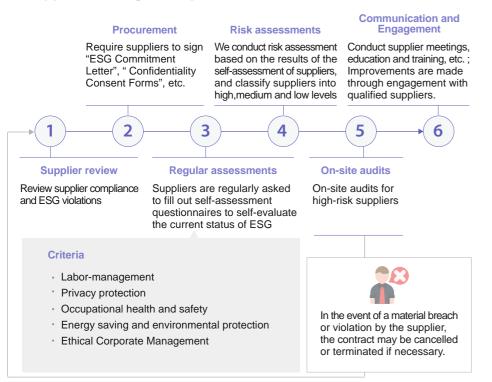
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I Supplier Management Procedures and Effectiveness

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 on-site audits to examine their performance in various aspects of ESG, and discuss or disseminate with suppliers of the illegal incidents.

Suppliers management process



In 2023, SKFH and its subsidiaries had 69 major suppliers, all of whom signed the Supplier ESG Commitment Letter, and completed 100% of the main supplier risk assessments. Three suppliers were identified as high risk, six as medium risk, and the remaining 60 as low risk. For high-risk suppliers, on-site audits were completed. In terms of risk types, the proportion of environmental risks and human rights risks were 0% and 2.9%, respectively. The proportion of human rights risks decreased by 0.49% compared to 2022. Results of the 2023 supplier management, mitigation and remediation plans are as follows:

Supplier management status of SKFH and its subsidiaries in 2023

Main suppliers	Major suppliers that have carried out ESG risk assessment		Risk incurred (where there is a violation) ^{note 3}
69	69	Environment type: 2 ^{note 1} Human rights type: 3 ^{note 2}	Environment type: 0 Human rights type: 2
	Percentage of e	Percentage of environmental risk: 0% note 4 Percentage of human right risk:2.9%	
Risk n	nitigation plans		

- 100% of new suppliers have signed the ESG Commitment Letter
- Supplier risk assessment has been 100% completed
- · On-site audits have been completed for high-risk suppliers
- Continuously follow up the supplier improvement situation (if necessary, may dissolve, terminate the contract or claim for damages)
- Note 1: 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.
- Note 2: The potential risks of human rights issues are mainly related to workplace safety and health (such as labor safety violations) and customer privacy protection-related issues (such as failure to provide personal data protection or information security training for employees).
- Note 3: 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.
- Note 4: Risk ratio = number of suppliers that have incurred risks / new major suppliers that have undergone risk assessment.

5.5.2

Exerting Procurement Influence

SKFH and its subsidiaries implement supplier management standards into the procurement process and 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.

- In 2023, the green procurement amount of SKFH and its subsidiaries was NT\$150 million, accounting for approximately 40.28% of the actual eligible green procurement amount, approximately grows 3 times compared with 2022. The proportion of local procurement was 97.39%.
- From 2016 to 2023, SKL has been awarded the "Green Procurement Performance Unit for Private Enterprises and Organizations" by the Environmental Protection Administration for eight consecutive years.

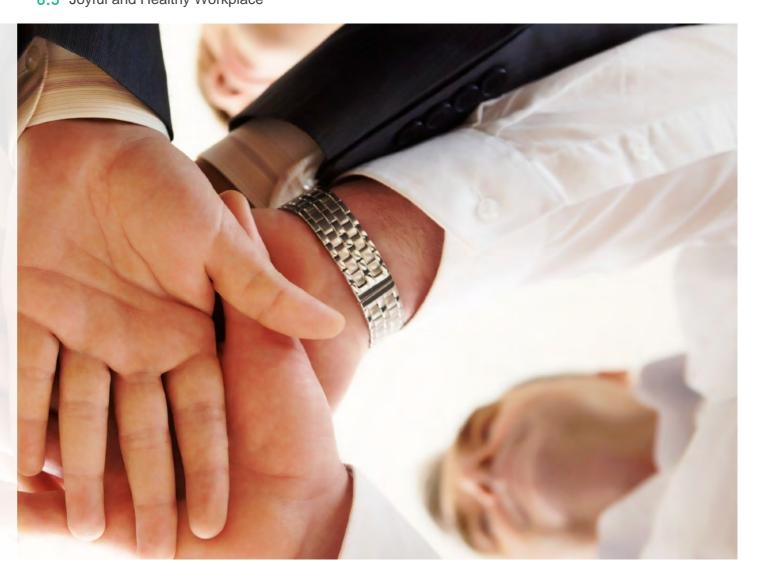




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- 6.1 Equal and Inclusive Workplace
- 6.2 Human Rights Care and Diverse Communication
- 6.3 Talent Recruitment and Employee Care
- 6.5 Joyful and Healthy Workplace
- 6.4 Talent Cultivation and Career Development



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.



Formulate occupational safety and health policies at financial holding's level and set up Occupational Health and Safety Committee

Included in Bloomberg GEI in 2023, which recognizes our efforts in creating a friendly and inclusive workplace

SLK was included in HR Asia –Best Company to Work In Asia



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Short, Mid, and Long-Term Goals and Achievements in 2023

Sustainable Issues	2023 Indicators	Achievement in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
Talent Recruitment and Retention ^{Note}	 Retention rate for outstanding talent Employee Engagement 	 Achieve a 93.7% retention rate for outstanding talent Employee engagement 68% 	 Maintain a 90% retention rate for outstanding talent Complete at least one strategic human resources management and development plan Optimize at least one existing employee support program 	 Targets to be achieved by 2027: Maintain an over 90% retention rate for outstanding talent Conduct an engagement survey every two years and gradually improve employee engagement
Talent Cultivation and Development	 Average training hours per employee Replacement rate for internal vacancy 	 Average training hours per employee: 96.18 hours Replacement rate for internal vacancy: 83% 	 Average training hours per employee: 100 hours Replacement rate for internal vacancy: 60% Completion rate of the Group's sustainability talent training courses: 90% 	 Continue to promote talent mobility within the Group to accelerate cross-resource integration Provide corresponding training according to business strategies to maximize effectiveness Cultivate sustainable finance talents to align with global sustainability trends
Friendly and Healthy Workplace	 Disabling injury frequency rate (FR) Disabling injury severity rate (SR) 	 FR and SR were both 0 Employee health check-up rate 78.07% Completion rate of general health and safety training: 100% 	 Achieve a health check-up rate of over 70% for employees FR and SR ≤ the recent three-year average Completion rate of general health and safety training ≥ 90% 	 Enhance employee participation in health promotion activities, a total of 535 activities will be hold between 2024-2030. Maintain the validity of OHS certifications such asISO45001 and TOSHMAS.
Equality, Diversity and Inclusion	Percentage of female executives	 Percentage of female executives in SKFH and its subsidiaries: 27.3% 	 Increase the percentage of female executives: SKFH 38%, SKL 23%, SKB 30%, MLS 33%, SKIT 45% 	 By 2025, the overall percentage of female senior management positions in SKFH and its subsidiaries: 30% Reduce gender pay gap at all levels
Human Rights and Decent Work	 Completion rate of human rights education and training Number of sexual harassment and workplace violence cases 	 In 2023, all employees have completed 100% education and training related to legal compliance and human rights policy. In 2023, there were a total of 3 cases of sexual harassment and 2 cases of workplace violence, and the relevant violators were disciplined according to personnel regulations. 	 Diversity and inclusion indicators (workplace discrimination, sexual harassment, and workplace violence cases): 0 Abnormal attendance management indicators meet legal standards 	 Establish group-level diversity and inclusion indicators and attendance management indicator

Note: SKFH sustainability materiality issue

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Unit: headcount

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6.1 Equal and Inclusive Workplace

SKFH provides an equal and inclusive workplace. Employees are recruited and paid without regard to race/ethnicity, class, language, ideology, religion, political stance, national origin, gender, sexual orientation, age, marital status, appearance, physical condition, and trade union stance. We also attach importance to human rights, observe United Nations Guiding Principles on Business and Human Rights and 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 2023, there were 15,058 full-time employees, 99 unofficial employees and 3,511 workers who are not employees, totaling 18,668 workers. To improve the competitiveness and diversity of talents, in 2023, we employed a total of 31 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 2023

	Category	Taiwan	Overseas	Taiwanese	Foreign national	Total
	Official employees	10,221	28	10,234	15	10,249
Female	Unofficial employees	54	-	54	-	54
	Workers who are not employees	3,131	-	3,131	-	3,131
	Subtotal	13,406	28	13,419	15	13,434
	Official employees	4,780	29	4,793	16	4,80
Male	Unofficial employees	45	-	45	-	4
Indie	Workers who are not employees	380	-	380	-	38
	Subtotal	5,205	29	5,218	16	5,23
То	otal(Full-time employees)	15,002	57	15,028	31	15,05
Total(All workers)		18,611	57	18,637	31	18,66

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 8.2.4).

Analysis o	of Officia	I Employee				Unit: headcour
Type of Working	g Hour by Se	x				
FT Female 5,	113 PT F	emale 5,136	FT Male	3,132	PT Male	1,677
Type of Working	g Hour by Re	gion				
FT in Taiwan	8,188	PT in Taiwan	6,813	FT ov	/erseas	57
		Total:	15,058			

	of Unofficial	Employee	•		Unit: headcount
PT Female	54		PT Male	45	
Type of Workin	ng Hour by Region				
PT in Taiwan	99				
		Total:	99		
Analysis of Workers who are not employees					Unit: headcount

3,121 Female commission only sales representative	377 Male commission only sales representative	10 Female Contractor personnel	3 Male Contractor personnel
	Total: 3,51	1	

Note 1: All official employee are permanent employees.

Note 2: All unofficial employee are non-guaranteed hours employee employees.



SKFH Sustainable Development Strategy

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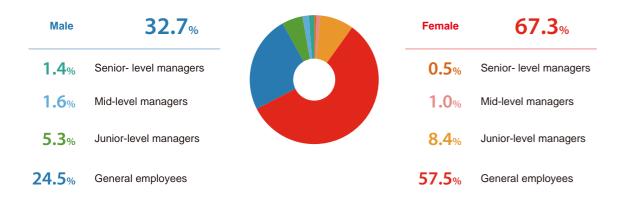
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Analysis on full-time Employee's Gender and Level

							Unit: headcoun
	Male		Female			Proportion	
Gender	<30	30~49	>=50	<30	30~49	>=50	of each category
Senior- level managers	0	56	149	0	20	57	282
Mid-level managers	0	105	129	0	77	67	378
Junior-level managers	53	540	208	40	632	588	2,061
General employees	919	2,018	748	1,039	4,398	3,215	12,337
Proportion of each age group	6.5%	18.1%	8.2%	7.2%	34.0%	26.1%	100%



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 a diverse, equal, and inclusive working environment, where recruitment, remuneration and benefits are not dependent on gender, sexual orientation, race/ ethnicity, physical condition and other conditions, and providing relevant benefits and support to achieve an inclusive workplace. By employing different ethnic groups, we can obtain more diverse perspectives and insights to bring more innovation and vitality for the enterprise.

I Ethnic Diversity

We respect the employment and working rights and interests of indigenous people and the people with disabilities. In 2023, we employed 188 employees with disabilities, with 44 persons over-employed and an over-employment rate of approximately 30.6%, and 160 indigenous residents, with 64 persons over-employed and an over-employment rate of about 66.7%. 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 NT\$6,000 subsidies for returning home for annual festivals. In 2023, NT\$168 thousand of subsidies were provided to 28 people in total, and NT\$10.6 million of employment award was issued to the indigenous people.

Percentage of Employees from Disadvantaged Groups in the Past Three Years

	2021	2022	2023
Percentage of employees with disabilities among Full-time employees	1.2%	1.2%	1.2%
Percentage of over-employment of employees with disabilities	20.8%	25.0%	30.6%
Percentage of indigenous employees among full-time employees	1.0%	1.1%	1.1%
Percentage of over-employment of indigenous employees	59.8%	72.0%	66.7%
Employment Incentives for indigenous employees	12 million	11.58million	10.6 million

Note: Over-employment rate= total number of over-employment/ total required number of employment.



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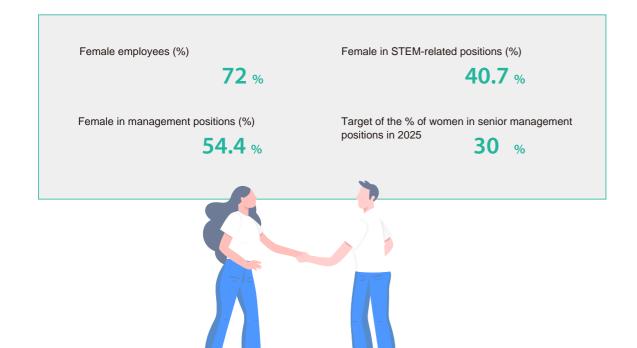
I Gender Equality

To implement gender equality, gender equality promotion committee has been established, with senior managers responsible for promoting the implementation of a diverse and inclusive culture. 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 2023, SKL, SKB and MLS also hold activities which invite internal female executives or successful women in the industry to share their experiences on how women play multiple roles at home and in the workplace, and at the same time inspire female colleagues to bravely pursue their dreams.

In 2023, SKFH and subsidiaries' females accounted for 72% of all employees and among them, females in science, information, engineering, and mathematics (STEM) related fields accounted for 40.7%, and females in management positions accounted for 54.4%. 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.

Through long-term support for employee career empowerment and development and active implementation of gender equality policies, SKFH was included in Bloomberg Gender-Equality Index(GEI) in 2023.



Analysis on Female Employees in the Past Three Years

	2021	2022	2023
Female employees (%)	71.9%	71.6%	72.0%
Females in management positions (%)	55.3%	54.5%	54.4%
Females in junior management positions (%)	63.0%	61.8%	61.1%
Females in senior management positions (%)	24.2%	26.2%	27.3%
Female managers in revenue generation departments (%)	59.6%	58.1%	54.6%
STEM	41.1%	40.8%	40.7%

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 2023

Class	Proportion of Fixed Remuneration(Female/Male)	Proportion of Fixed Remuneration + Variable Remuneration (Female/Male)
Executive level	96.9%	93.2%
Management level	96.2%	94.5%
Non-management level	94.6%	95.3%

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 2023, and fixed salary + variable salary is the fixed salary plus various bonuses/allowances/overtime for the whole year

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6.2 Human Rights Care and Diverse Communication

6.2.1 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 "ShinKong 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 2023, SKFH and its subsidiaries held a total of 134 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 59 thousand trainees. All employees have completed education and training related to legal compliance and human rights statement.

Number of trainee

Year	2021	2022	2023
Course object	All Employees	All Employees	All Employees
Course content	 Training on human rights commitment, anti-discrimination, anti-harassment and workplace violence Occupational health and safety education and training Regulations Governing Whistle blowing from Internal and External Parties Financial Consumer Protection Training on Information Security and Personal Information Protection Training on CRPD Protection of the Rights of People with Disabilities 	 Training on human rights commitment, anti-discrimination, anti -bullying, anti-harassment Training on Financial Consumer Protection Law and Principle for Treat Customers Fairly Labor Right Occupational health and safety education and training Training on Information Security and Personal Information Protection Training on CRPD Protection of the Rights of People with Disabilities 	 Training on human rights commitment anti-discrimination, anti -bullying, anti-harassment DEI workplace culture Training on Financial Consumer Protection Law and Principle for Treat Customers Fairly Labor Right Occupational health and safety education and training Training on Information Security and Personal Information Protection Training on CRPD Protection of the Rights of People with Disabilities
Number of trainees	63,687	41,591	59,294
Completion rate	100%	100%	100%



Number of human rights-related education

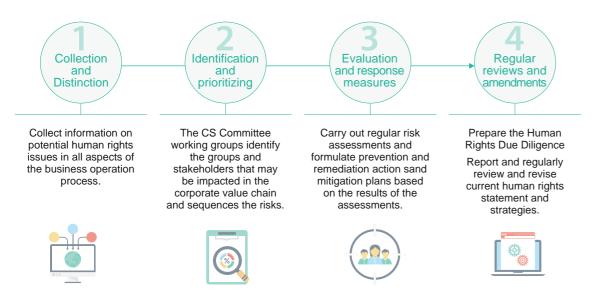


I Human Rights Due Diligence

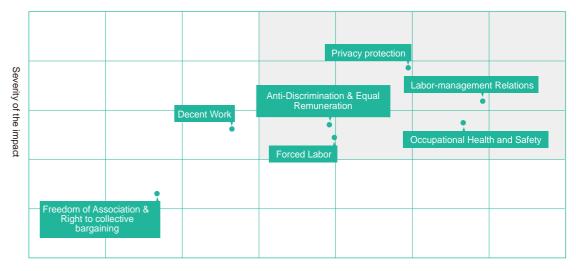
SKFH values human rights issues. To regularly examine the implementation of human right protection, the Company established not only Human Rights Statement but also the Human Rights Due Diligence Procedures Process.

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



2023 Human right risk matrix diagram



Probability of Occurrence

In 2023, 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 proposed relevant management and mitigation plans targeting the high-risk groups.

In 2023, 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 2023 Human Rights Due Diligence Investigation

Stakeholders			All Employees		
Risk Issues	Labor Relations	Forced Labor	Diversity and Equality (Anti-Discrimination)	Privacy Protection	Occupational Health and Safety
Risk Ratios	0.00%	5%	0.00%	0.00%	7%
Mitigation Measures	 Comply with labor laws and clearly specify them in the work rules and personnel regulations. Regularly hold labor-management meetings to ensure proper communication with employees, and smooth labor-management communication channels. 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. 	 Comply with labor laws and establish normal work hours in the work rules and personnel regulations. Strengthen and promote education and training on worklife 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. 	 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. Regularly conduct prevention education and training on sexual harassment and violence, and is listed in the statutory training programs. The contents included: 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. 3SKL assigned colleagues to serve as "DEI Ambassadors" and participate in courses on understanding unconscious bias. 	 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. 	 Implement annual health checkups for or site employees, and are graded accordin to the health results. SKL even expand the scope of health checkups to includ field sales agents. MLS provides employee with deferred health check-up benefits Unused quota from the previous year will be upgraded for health inspection in the next year. Regularly perform investigations into th link between abnormal workloads and illness to examine the employees' statu in terms of "personal-related overwork and "work-related overwork." Introduce the ISO45001 Occupational Health and Safety Management Syster Conduct annual health promotion activitie to promote and improve employee health
Remediation Measures	 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. 	 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. 	 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. A sexual harassment complaint handling committee was established to review relevant cases, and 2/3 of the committee members are female. In regard to the individual involved in the established investigation case, disciplinary actions will be carried out according to personnel management regulations, and unit changes shall be implemented according to the circumstances. 	 Create a comprehensive reporting procedure for personal data breaches. Strengthen internal promotion mechanisms for privacy protection. 	 Arrange occupational health consultation and health guidance for high-risk healt management cases to avoid disease deterioration. Organize annual health promotion activitie 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.
Implementation ratio of the mitigation measures	100% (Please refer to 6.2.2 for details)	100% (Please refer to 6.5 for details)	100% Please refer to 6.2.2 for details)	100% (Please refer to 3.2.2 for details)	100% (Please refer to 6.5 for details)



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Stakeholders	Female Employees	Suppliers	Customers	Investment and lending objects
Risk Issues	Occupational Health and Safety - Maternity Protection	Labor Relations / Privacy Protection / Occupational Health and Safety	Privacy Protection	ESG Evaluations on Corporate Customers
Risk Ratios	1%	2.9%	0.00%	0.00%
Mitigation Measures	 Continue to implement the workplace maternal health protection plan and implement occupational doctor interviews and health guidance. 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 process to ensure that control measures are available for the response to the main risk sources. 	 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. The "Regulations on Contractor Work, Health and Safety Management" to manage contractor operations and safety. 	 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. 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. 	 Formulate the "SKFH Sustainable Finance Policy". Incorporate ESG issues into the investment analysis and decision-making process, and check whether the investment and lending 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 Institutior Investors" compliance statement. Subsidiaries have established Sustainable Investment Policy. SKB established Sustainable Lending Policy. During credit investigatio SKB evaluate whether customers comply with the Equator Principle and ESG issues by filling in Equator Principles and ESG Credit Granting Checklist. Also, implemented post-loan tracking manageme in order to maintain good credit asset quality.
Remediation Measures	 Provide follow-up care for female employees during pregnancy and after childbirth. For those who are pregnant, within one year after delivery and those who continue breastfeeding one year after childbirth, the health manager will provide telephone health care and arrange professional doctors to conduct face-to-face on-site services based on their needs. Provide high-quality breastfeeding rooms and childbirth (child raising) subsidies. 	 Conduct on-site audits of medium and high risks suppliers to understand the actual labor rights situation and pay attention to their follow-up processing. Where a supplier violates the Management Regulations, it shall be requested to implement corrections; where necessary, the contract may be cancelled or terminated. It is stated in the contract that if there is a breach of confidentiality agreement, the supplier shall be responsible for compensation for the damage. 	 Report and take appropriate actions based on the personal data breach reporting process. Individuals who violate the regulations will have their authorization to use company information suspended, and depending on the severity of the situation, will be disciplined according to relevant HR regulations and held legally accountable. Improve and review through education and training, and performance management. Enhance customer list control mechanism and increase employees' awareness of personal data protection. 	 After ESG risk evaluation, new transaction may be declined for the industries listed in the exclusion with potentially controversial issue until their improve mentor 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 improveme is made, no new transactions shall be added. In the case of continue deterioration, decisions such as position underweight or divestmer 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, ar 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 credit according to the seriousness of its abnormal situation.
Implementation ratio of the mitigation measures	100% (Please refer to 6.2.3 for details)	100% of new suppliers have signed the Supplier ESG Commitment Letter (Please refer to 5.5.1 for details)	100% of employees have fully completed the training and legal tests related to personal information protection. (Please refer to 3.2.2 for details)	100% completion of evaluation on the investment subject. (Please refer to 5.1-5.2 for details)





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6.2.2 Diverse Communication

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.

Employee communication channels	Major Practices in 2023
 Complaint channels Employee complaint mailbox Sexual Harassment Complaint Hotline and Mailbox The whistle blowing Channel Independent director Mailbox Internal Audit Mailbox Labor-management Meeting Employee Suggestion Mailbox 	 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.
I Freedom of association	on

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.

Statistics of Labor Unions in the Past Three Years

Year	2021	2022	2023
Number of people in the unions	854	854	665
percent participation	8%	8.7%	7%

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.

I 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, reaffirming the importance of workplace equality and anti-violence.

In order to reduce the possibility of risk occurrence, we regularly conduct selfinspection 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 2023.

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.2/3 member of SKL's sexual harassment complaint handling committee were female, which exceed the statutory requirement. 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 2023, SKFH and its subsidiaries received three sexual harassment case. The Company immediately set up a complaint handling team to conduct investigations and provide assistance to the complainants, the relevant disciplinary offenders were also punished in accordance with personnel regulations.

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

Item	2021	2022	2023
Discrimination Cases	0	0	0
Cases on Sexual Harassment	1	1	3
Cases on Workplace	6	1	2

How to Report Sexual Harassment?

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.

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.

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.

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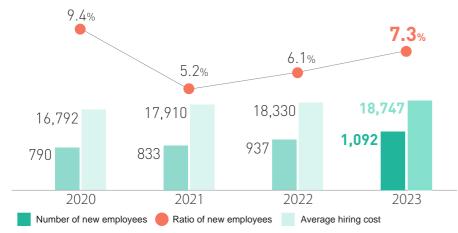
6.3 Talent Recruitment and Employee Care

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.

6.3.1 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 2023, we recruited1,092 office staff in total (including 8 foreigner employees), among which, female accounted for 54.7%, and managers accounted for 8.5%, with an average recruitment cost per person of about NT\$18,747. (Please refer to Appendix 8.2.5-8.2.6 for the analysis on and statistics of the employment and employment separation of new employees)

Statistics of New Employee in the Past Four Years



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.

SKFH

In 2023, SKFH continued the Digital Technology Internship Program, focusing on areas such as AI, data analysis, and digital marketing. Through the Mentor system, On-job Training, and diverse course programs, 10 interns were guided to participate in the digital finance field, collaborate across teams and industries, and deliver tangible results for 5 SKFH projects. In addition, for the first time, in 2023, SKFH participated in the T Ambassador program of the Administration for Digital Industries, MODA, and nurtured 8 digital youths. During the 20-week training period, they applied technologies such as Open AI to verify the feasibility of tech solutions through POC, creating shareable, innovative solutions with scalability or business expansion capabilities. This deepened collaboration between industry, government, and academia, helping students bridge the gap between classroom learning and real-world applications.

Moreover, in 2023, SKFH recruited two sustainable development interns, providing them with opportunities to participate in compiling corporate sustainability reports, responding to international sustainability assessments, and writing sustainability award submissions. This initiative helps them accumulate practical experience in sustainability work and contributes to the development of sustainable talent in society.

SKL

Shin Kong Life Insurance continues to implement student enterprise internship projects, summer internship programs, insurance practice courses, and corporate visits in 2023. 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 2023, a total of 8 summer interns, 50 industry-academia cooperation interns, and 16 information technology interns were recruited, among whom 4 information technology interns were employed by SKL after graduation.

SKB

In 2023, SKB hired a total of 36 deposit and savings interns and 6 wealth management interns. As of this year, they are still undergoing their internships. Among 36 deposit and savings interns who were hired in 2023, 15 of them joined the bank after completing their internships.

MLS

In 2023, MLS 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 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 2023, MLS recruited a total of 8 summer interns.

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 8.2.5 for Table of New Full-time Employees in 2023.



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6.3.2 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 93.7% in 2023. In terms of the turnover rate, it was 12.7% in 2023. (Please refer to Appendix 8.2.6 for the detailed turnover analysis)

Statistics of Turnover Rate in the Past Four Years

Year	2020	2021	2022	2023
Total turnover (person)	727	714	852	1,049
Total turnover rate (%)	8.6%	8.4%	10.1%	12.7%
Voluntary turnover (person)	587	609	699	897
Voluntary turnover rate (%)	7%	7.2%	8.3%	10.9%

Note 1: Voluntary turnover excludes retirement

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

Target of maintaining retention rate of key talents before 2030

Retention rate of key talents in 2023

93.7 %

90 % above

I 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 nonmanagement employees in 2023, and the difference of the two statistics compared to the previous year are as follows:

Year	2022	2023	Difference
Number of full-time non-managerial employees (headcount)	7,881	7,780	-101
Average salary of full-time non-managerial employees (NT\$ thousands)	1,036	1,164	110
Median salary of full-time non-managerial employees(NT\$ thousands)	872	947	75

Note: Sales personnel of SKL are excluded from the statistics for 2023 because they are part-time workers as stated in the contracts.





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I Performance Management System

SKFH formulated the "Regulations Governing Performance Management and Development" to set goals, conduct performance reviews and performance evaluation regularly. 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 2023, 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.

Percentage of employee accepting performance reviews

100 %

Type of Performance Evaluation / Frequency	Content	Results	
The Balanced Score Card,BSC	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 senior Executives' performance rankings, salary adjustments, and the distribution of performance bonuses (including long-term incentives)at the end of the year	
Monthly			
Management by Objective, MBO	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	
The beginning, middle, and end of each year		actively support the employee in making improvements	
Multidimensional performance appraisal	Evaluation includes aspects such as supervisor, subordinate, peer, and self-assessment to evaluate employee performance and leadership potential	Serve as a reference for SKL managers' improvement direction and career development	
Ongoing			
Team-based performance appraisal	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	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	
End of every year	such as profitability, business capability, and management capability		
Agile conversation	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	If SKL's sales personnel fail 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	
Every two to three months	individual employees based on their specific circumstances to enhance their business capabilities	employment will be terminated	



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I 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 2023, 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 2023, 136 million of subsidies were provided. Furthermore, SKFH has established rules for various rewards. We granted a total of 553 merits and to employees in 2023.

I 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. We completed an engagement survey of all employees at SKFH and its subsidiaries in 2023, the response rate of the survey during the period is 88%, and the overall engagement is 68%. 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 1: 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.

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

Analysis on Employee Engagement in 2019 to 2023

Year	2019-2020	2021 - 2022	2023
Overall Engagement (%)	75%	73%	68%
Response rate (%)	88%	95%	88%

6.3.3 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.

Parental Leave for Raising Child(en) Statistics in 2023

Number of employees eligible for unpaid parental leave in 2023 (A)		Number of applicants for unpaid parental leave in 2023 (B)		unpaidpare	olication for ental leave = /(A)
Male	Female	Male	Female	Male	Female
282	855	33	259	12%	30%
Expected number of employees to return to work in 2023 (C)		Actual number of employees returned to work in 2023 (D)		Reinstateme	nt rate = (D/C)
Male	Female	Male	Female	Male	Female
34	222	26	147	76%	66%
Number of employees returned to work from unpaid parental leave in 2022 (E)		returned to who have worked for i	f employees work in 2022 continuously more than one ar (F)	Retention r	rate = (F)/(E)
Male	Female	Male	Female	Male	Female
15	169	9	141	60%	83%

- Note 1: The "number of employees eligible for unpaid parental leave in 2023" refers to the number of employees who have applied for maternity leave or paternity leave in the past 4 years (2020 to 2023).
- Note 2: The "expected number of employees to return to work in 2023" includes the number of employees who applied for unpaid parental leave from 2021 to 2023 and were scheduled to be reinstated in 2023.
- Note 3: The "number of employees reinstated in 2023" includes the number of people who applied for unpaid parental leave from 2021 to 2023 and returned to work in 2023.
- Note 4: The "2023 retention rate" = number of employees reinstated in 2022 who have continuously worked for more than one year / number of employees returned to work from unpaid parental leave in 2022.
- Note 5: The number of employees that did not return to work include those who continued to apply for unpaid parental leave.
- Note 6: The number of men who have been reinstated after childcare leave is relatively small (15), and the overall number of people who have resigned in 2023 is higher, which is a possible reason for the decrease in the male retention rate in that year compared with last year.





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Childbirth and Childcare Friendly

Childbirth and Childcare Subsidies

Childbirth subsidies:

We offer employees or their spouses a maximum of NT\$20,000 for maternity allowance, with additional support given proportionally for multiple births. In 2023, SKFH and its subsidiaries provided approximately NT\$3.7 million in childbirth subsidies, benefiting a total of 235 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 2023, SKFH and SKL provided approximately NT\$4.16 million in childcare subsidies, benefiting a total of 418 individuals.

Discounts for childcare services:

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

Paid Parental Leave for Primary Caregiver

- Maternity leave of 60 days(8 weeks) and 6 months(26 weeks) of parental leave paid at 80% of the employee's salary used to register for labor insurance. A total of 34 weeks paid parental leave provided for the primary caregiver
- 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
- · Established breastfeeding work hours, reduced and adjusted work hour system
- Parents of children under three years old can apply to reduce their work hours by one hour per day

Paid Parental Leave for Non Primary Caregiver

- 8 days(1 week) of paternity leave for prenatal check-ups and accompanying childbirth, and 6 months (26 weeks) of parental leave paid at 80% of the employee's salary used to register for labor insurance. A total of 27 weeks paid parental leave provided for the non-primary caregiver.
- Established breastfeeding work hours, adjusted attendance schedule.
- Parents of children under three years old can apply to reduce their work hours by one hour per day.

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 2023, the nursing rooms of SKFH were used a total of 3.541 times.



Childcare Classes

We work together with physicians and health management specialists to conduct health risk assessments for pregnant and postpartum employees, and encourage female employees in ideal childbearing age to actively seek maternal health protection and care.

Special Leave

To encourage employees to have children, employees of SKL, SKB and MLS and their spouses who undergo artificial reproductive treatment (including ovulation injections, ovulationbreaking injections, egg retrieval or implantation, etc.) can apply for 2 days of paid leaves.

Paid family or care leave

Employees who need to take care of family members due to vaccination, serious illness or other major accidents may take paid family care leave.

Flexible Working

Promote work flexibility

Natural

We set up flexible working hours with three shifts to assist office staff to adjust office hours flexibly according to the needs of their family. Also, in line with the sales characteristics of the special business departments, different shifts were set up to provide employees with more flexible choices.

Working from Home

SKFH and SKL have created work from home guidelines, and provided software and hardware support. This allows employees to save time on commuting, while balancing work and personal or family life. In 2023, a total of 380 people in the group applied for working from home.

Financial Planning

Insurance Benefits

SKFH and its subsidiaries offer discounted insurance rates to employees, including term life insurance, accident insurance, accident medical insurance, and hospitalization medical insurance.

- SKL: Employees who enroll in group term life insurance receive an additional 30% coverage provided by the Company's welfare committee, ensuring employees and their families have greater protection.
- SKB: In addition to the above coverage, starting from 2023, surgical medical insurance has been added.
- MLS: The Company fully covers group insurance premiums for employees, their spouses, and children under 23 years old. Apart from coverage for the employees themselves, hospitalization and surgical medical insurance were also includes for their spouses and children under 23.

Financial Benefits

Employee stock ownership trust:

To take care of the employees' life and enhance the Company's business performance, we subsidize employees and senior executives to participate in the employee stock ownership trust plan. In 2023. a total of NT\$136 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, SKFH actively promotes the increase of 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 2023, a total of approximately NT\$2.6 million was subsidized for the "Happy Life Winner" policy.

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6.4 Talent Cultivation and 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. 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.

6.4.1 Training Strategies

SKFH provides strategies for training: "Improvement of Trainings for New Employees", "Improvement of Professional Competency", "Encourage Self-directed Learning and Innovation", and "Learning of Successful Experience", and designs 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.

Learning of Successful Experience

SKFH has established internal lecturer management measures, actively cultivating internal lecturers and investing abundant resources in their professional competency development, curriculum design, presentation preparation, and teaching abilities. SKL and SKB have over 300 full-time and part-time internal lecturers combined, providing professional development and 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 allows retirees to be re-employed to serve in their positions at the time of their retirement. In 2023, there were 134 retirees re-employed.

Improvement of Trainings for New Employees

Comprehensive cultivation plans are developed for both internal and sales newcomers. Course content includes company orientation, product business, financial regulations, organizational systems, corporate sustainability, human rights, information security regulations, and financial-friendly service measures. 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.

Encourage Self-directed Learning and Innovation

Apart from establishing an innovation proposal incentive system linked to sustainable business operations, incentives are provided to individuals whose proposals are adopted and implemented by the Company. As of 2023, SKL has approved 24 innovative proposals; In SKB, a total of 107 proposals have been adopted, with 60 already implemented.

SKFH has also introduced the online digital learning platform "CommonWealth Leader Campus" to encourage employees to engage in self-directed learning during their free time. Moreover, professional certification incentives, ongoing rewards, and study leave are provided as benefits to enhance employees' career development. In 2023, over NT\$30 million in professional certification incentives and one-time bonuses were awarded.

Professional Competency Development through Learning Road Maps

Learning Road Maps are designed for various job functions, guiding the planning of training courses accordingly. These road maps help employees learn necessary skills in stages relevant to their roles. Employees can understand the required professional competencies for their positions and the corresponding training plans through these road maps, while supervisors can monitor their learning progress.

6.4.2 Training Input and Program Benefits

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 0.76 in 2023.

Human Capital ROI in the Past Four Years

2020	2021	2022	2023
15.33	11.35	5.77	0.76

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

Employee Training Hours and Cost in 2023

	Average Training Hours (Hour)	Average Training Costs(NTD)			
Type of Training					
Compulsory	50.97	2,888			
Optional	47.09	3,432			
	Age group	·			
<30	142.82	7,578			
30~49	97.14	6,914			
>50	81.67	4,916			
	Level	·			
Management Junior-level	83.89	14,420			
Management Mid level	72.02	11,821			
Managemen Senior-level	104.58	7,544			
General Employees	98.09	5,761			
	Gender				
Male	93.48	7,117			
Female	100.29	5,932			
Average	98.06	6,320			
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. Internal training is organized by the Human Resources					

Internal training is organized by the Human Resources Note 2: 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).

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Benefits of the Key Training Projects

Aspect	Sustainability	Digital				
Program Name	Sustainable Talent Cultivation	SPARK Hero Digital talent academy				
Purpose	To enhance the company resilience to climate risks and foster a culture of corporate sustainability, SKFH has implemented several initiatives	Since 2021, SKFH has established the SPARK Hero digital talent cultivation platform to promote transformation thinking among all employees. Starting with AI research and data-driven approaches, the program complete recruitment, cultivation, training and retention mechanism ,and has expanded in 2023 to encompass over 200 employees across 80 departments, making them pivotal in driving the Group's transformation. Through various courses, workshops, and Digital Day events, the initiative aims to consolidate the consensus goals of the Group's transformation and embed digital DNA into the corporate culture.				
	 Starting in 2023, SKFH has organized group-wide and specialized sustainability training sessions focusing on "Net Zero Carbon Emissions" and "Green Finance" issues. 	 Employees from SKFH, SKL, SKB, MLS, and SKIT, who have digital business needs, are selected to become "digital seeds." These employees form cross-disciplinary teams, receiving professional technical development support from external consultants and guidance from senior executives. Training is closely tied to company products and services. Teams are encouraged to apply learned techniques, such as machine learning and computer vision, to quickly develop optimized solutions tailored to various companies and products. 				
Content	 SKL has incorporated ESG and DEI as mandatory training for all employees, and conducted workshops for key employees on sustainable project communication and SROI empowerment. 	 In 2023, 12 digital technology training seminars covering AI trends, MarTech, GPT, and more were held. Workshops such as Javis Day for generative AI –Chat GPT application and the annual Digital Day event by Shin Kong, featuring the "Digital Reinvention: Leading the AI Game" trend forum and a digital experience area showcasing AI achievements, were conducted to engage all employees. 				
	 MLS provides training based on international ESG standards and policies to all employees. 					
Target of the training program	 The educational training sessions on "Net Zero Carbon Emissions" and "Green Finance" in a brick factory served 106 participants. 	 SPARK Hero: Over 200 employees trained in 2023 Javis Day AI workshop: 41 employees participated, producing 5 generative AI application scenarios 				
	 Both SKL and MLS have achieved 100% employee coverage in foundational sustainability education and training courses. 	 Digital Day: 523 executives and employees attended 5% of FTEs participating in the program 				
Business benefits	 Completion rates for foundational sustainability education and training courses at SKL and MLS stood at 100%. A total of 20 employees from SKFH and its subsidiaries obtained the Sustainability Management Specialist Certification organized by Taiwan Institute for Sustainable Energy. 	 The inaugural SPARK Hero Digital Star Competition in 2023 attracted 40 proposals, with professional judges selecting 8 projects for awards. These winning projects have either been implemented or undergone conceptual validation. Award-winning projects include: An automated post-loan management monitoring mechanism for credit guarantee cases of SKB. This system achieved 100% monitoring coverage, saving over 500 person-days of work per month. Within six months, it preemptively addressed 59 defaults, preventing loan losses amounting to NT\$600 million;"OU Wealth Investment": introduced by MLS, enabling the simultaneous opening of two accounts. The process achieved 100% automation, a 94% completion rate, the fastest review time of 2.5 minutes, a 37% YoY increase in online account openings, and a 53% increase among those under 30 years old. Digital Day garnered over 40,000 views on digital media and received an overall satisfaction rating of 4.5 out of 5 stars. 				





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Internationalization	Financial Professional Competency			
English Training Program	Corporate Finance Business Training Program	ESG and AI Hyper Evolution in Trading Training Camp		
In response to Taiwan's "2030 Bilingual" policy, SKFH and its subsidiaries strive to strengthen the English proficiency of professional talents through the provision of training programs and subsidies for further English language education.	Increase business competitiveness and contribute to organizational revenue by enhancing the professional knowledge of corporate finance employees and managers.	Observing the rapidly changing trends in both domestic and international financial environments, MLS believes that effectively integrating ESG and AI with financial investment products can quickly drive investment performance. We have accordingly organized training courses on the latest trends and potential practical skills for our traders.		
 SKL has collaborated with TutorABC for English training, offering business English courses and workshops. SKB has launched a bilingual branch talent training program, combining online and offline learning channels and resources, with customized small group English courses. Regularly organize TOEIC test sessions Provide subsidies for further English language education 	 By providing pre-employment and professional training courses for trainee of corporate finance Assistant Relationship Managers (ARMs), the training aims to shorten their learning curve, integrate them quickly into the corporate culture, and enable them to efficiently handle branch operations, becoming immediately productive. Include courses on integrated corporate finance products, trust services, and financial products, complemented by group capital markets and securities distribution courses. Offer training in foreign exchange, credit guarantees, and macroeconomics for new ARMs, and on-the-job ARMs and RMs. 	 "Identification of Sustainability Bonds and Sharing of Market Practices": Covers the global development of sustainable financial products, practical aspects of the sustainability bond market, and methods to identify green fraud / greenwashing in bonds. "MLS Financial Investment X AI": Focuses on the execution and ideation of AI-human collaboration within the investment department. "The Relationship between ESG and Investment Strategies: Theory and Practical Applications": Explores the scope of ESG evaluation indicators for financial investment products, their connection to investment strategies, stock selection criteria, and industry case studies. 		
office employees (Approximately 10%)	Corporate and financial colleagues and supervisors, (Approximately 2% of FTEs participating in the program)	Traders and relevant employees from the Bond Department, New Financial Products Department, Futures Proprietary Trading Department, and Proprietary Trading Department under the Investment Management Division		
 SKL: 502 employees took the TOEIC test, averaging a score of 610. SKB: Awarded NT\$1.367 million in bonuses by the end of 2023, with a certificate holding rate of 33.76% bank-wide. SKB: Established 13 bilingual branches across northern, central, and southern Taiwan, offering bilingual services. 	 L5 Return on Investment: ROI 12.85 L4 Results: Overall branch revenue: Increased by NT\$861,438,873 compared to 2021, a growth of 18.6%. Per Capita Income: Decreased by NT\$557,730 compared to 2021, a decrease of 2.8%. Fee Income: Increased by NT\$42,622,530 compared to 2021, a growth of 3.18%. L3 Behavior: 100% implementation rate for post-training outcome presentations. L2 Learning: 100% completion rate for the annual training program L1 Reaction: 	 L5 Return on Investment: ROI 12.23 L4 Results: 143.33% L3 Behavior: 100% completion rate for returning to training L2 Learning: 100% test pass rate L1 Reaction: Satisfaction rate for the course 87.07% 		
	English Training Program In response to Taiwan's "2030 Bilingual" policy, SKFH and its subsidiaries strive to strengthen the English proficiency of professional talents through the provision of training programs and subsidies for further English language education. • SKL has collaborated with TutorABC for English training, offering business English courses and workshops. SKB has launched a bilingual branch talent training program, combining online and offline learning channels and resources, with customized small group English courses. • Regularly organize TOEIC test sessions • Provide subsidies for further English language education office employees (Approximately 10%) • SKL: 502 employees took the TOEIC test, averaging a score of 610. • SKB: Awarded NT\$1.367 million in bonuses by the end of 2023, with a certificate holding rate of 33.76% bank-wide. • SKB: Established 13 bilingual branches across northern, central, and southern Taiwan, offering bilingual	English Training Program Corporate Finance Business Training Program In response to Taiwaris "2030 Bilingual" policy, SKFH and its subsidiaries strive to strengthen the English proficiency of professional talents through the provision of training programs and subsidies for truther English language education. Increase business competitiveness and contribute to organizational revenue by enhancing the professional knowledge of corporate finance employees and managers. • SKL has collaborated with TutorABC for English truther English language education. • By providing pre-employment and professional training courses for trainee of corporate finance Assistant Relationship Managers (ARMs), the training and workshops. SKB has launched a bilingual branch talent training program, combining online and office learning channels and resources, with customized small group English courses. • By providing pre-employment and professional training courses for trainee of corporate finance Assistant Relationship Managers (ARMs), the training mission to shorten their learning curve, integrate them quickly into the corporate culture, and enable them to efficiently handle branch operations, becoming immediately productive. • Regularly organize TOEIC test sessions • Include courses on integrated corporate finance products, trust services, and financial products, complemented by group capital markets and securities distribution courses. Offer training in foreign exchange, credit succation office employees (Approximately 10%) Corporate and financial colleagues and supervisors, (Approximately 2% of FTEs participating in the program). • SKE: So employees took the TOEIC test, averaging a score of 610. • Lis Returu on Investm		

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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.

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6.4.3 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.

I Create a leadership pipeline

SKFH and its subsidiaries have implemented various scientific tools as criteria for selecting leadership pipelines. Systematic and structured training programs are designed for executives at all levels and key talents to enhance their strategic thinking abilities, improve talent management capabilities and perspectives, strengthen coaching skills, and leadership abilities. Ultimately, this enhances the competitiveness of the organization.



Company / Execution Strategy	Actions for Building a Leadership Successor Line / Outcomes
SKFH	
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.	 High-potential talent reporting and development plan 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 2023 was 58%.
SKL	

Leadership development plan (Including Project Y)

- Selected the employees with great potential to attend overseas seminars and conferences 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 2023, a total of 922 office employees have been trained and 278 of them have been promoted, with a promotion rate of 30.2%.
- The high-potential talent reporting and development plan was initiated in 2021, with regular tracking, review, and adjustment of candidates each year. A total of 184 office employees were nominated, 38 of them promoted, with a promotion rate of 20.7%.

Leadership pipeline development for Sales Personnel

- · Laid the foundation for cross-generation talent development with a solid leadership curriculum.
- From 2011 to 2023, a total of 922 office employees have been trained for the leadership pipeline, and 278 of them have been promoted, with a promotion rate of 30%; out of 422 trained sales agents, 195 have been promoted, resulting in a promotion rate of 46%.



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Company / Execution Strategy

SKB

To establish a complete and systematic training mechanism to provide reserve for talent pools, cultivate outstanding personnel, use talents flexibly, enhance the strategic thinking ability of the management team, consolidate the consensus of the management team on the strategic goals, and speed up the implementation of the strategic goals, 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.

Actions for Building a Leadership Successor Line / Outcomes

MA personnel training

- The implementation of the Management Associate (MA) recruitment and training program include personal development plan, coaching guidance, and the corporate mentor system help the Bank quickly acquire outstanding talents needed for the Bank's organizational expansion. As of 2023, 133 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, nine rounds of the program have been organized and it has trained more than 252 outstanding talents.

Building a leadership pipeline

- Shin Kong Bank has been offering a training program for manager trainees since 2007, and a total of 235 trainees have participated in the program. Among them, 86 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 2023, the first year of the training program (2nd edition) for branch manager trainees was completed and a result presentation was held, with a promotion rate of 24.14%.
- In the third quarter of 2023, the selection and cultivation of head office block and department-level management associates were launched. A total of 65 key talents (including 40 successor candidates and 25 high-potential talents) were selected, coached and mentored by senior executives of the head office. The unified training for management skills and the establishment of IDP are scheduled in 2024.

Cultivation of international talent

 SKB organized overseas seminars or business internships to learn from the management experience of competitors and other industries. The company have selected 19 mid-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. I 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 2023, the replacement rate of the internal talents of SKFH and its subsidiaries was 83%, 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 8.2.7 for detailed analysis)

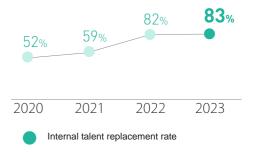
Internal talent replacement rate

MLS

Efforts have been actively undertaken to conduct annual management development training targeting junior-level, mid-level, and senior executives, as well as promising employees. Specialized training programs on corporate sustainability (ESG), digital financial innovation, and regulatory compliance are provided, offering cross-departmental business knowledge and skills. Innovative management thinking is fostered through diverse educational training for employees at all levels, aiming to cultivate elite talent and foster consensus among employees, thereby strengthening the core and cohesion of teams.

Management development training

- Under the umbrella of management development training, the "2023 CommonWealth Leader Campus Dual Career Training Program" was promoted, targeting mid-to-senior-level executives and potential junior-level employees. The program encompassed various reading tasks, including "brand marketing and digital marketing," "performance management techniques," and "English reading," encouraging employees to engage in micro-learning during fragmented time periods. The overall task completion rate for this program stood at 93.2%.
- In response to the rapidly changing international financial securities environment, an initiative has been launched to foster consensus and establish strategic performance and vision for 2024. This initiative involves convening high-level business executives and advisors for a "Manager Consensus Camp." Apart from consolidating team consensus, this camp also invites scholars from the sustainable development industry, academia, and government to deliver speeches on "Challenges and Responses of Enterprises under the Trend of Net Zero Sustainability."



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6.5 Joyful and Healthy Workplace

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 2023, the overall absenteeism rate for SKFH and its subsidiaries is 0.662%, or 0.72% when insurance agents are included.

Absentee Statistics of the Past Four Years

	2020	2021	2022	2023
Absentee Rate (individual sick days and personal days taken for undisclosed reasons)	0.228%	0.273%	0.537%	0.648%
Absentee Rate (work-related injury or disease)	0.005%	0.005%	0.004%	0.014%
Absentee Rate	0.234%	0.279%	0.540%	0.662%

Note 1: Please refer to Appendix 8.2.8 for definition of absentee rate and the statistic of occupational accident and absenteeism in 2023.

I 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, hoping that all employees can have a safe and comfortable workplace.

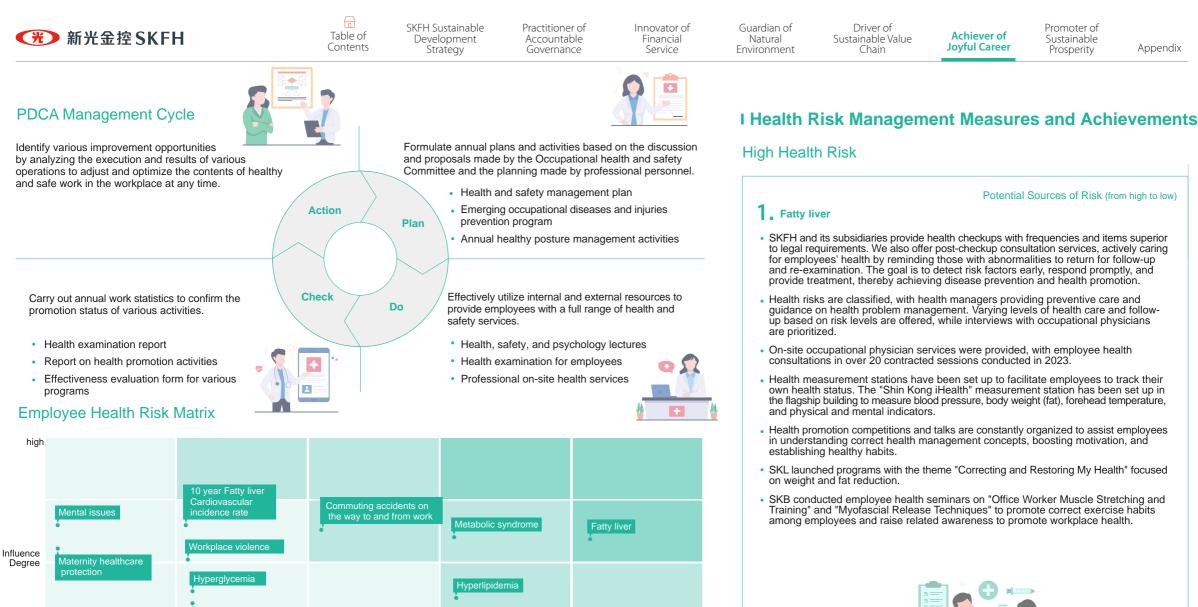
Note: The chair of SKFH's Occupational Health and Safety Committee is the president; other members include the manager from the Occupational Health and Safety Department of SKFH and its main subsidiaries, manager of Human Resource Department of SKFH and one labor representatives of SKFH.

6.5.1 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 check, health education services, contracted occupational medicine specialist, four major programs for labor health protection (the "Workplace Maternal Health Protection Program," "Artificial Hazard Prevention Plan," "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 2023, 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.



high



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





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Moderate Health Risk

Low Health Risk

Potential Sources of Risk (from high to low)

1. Metabolic syndrome, hyperlipidemia, hypertension, abnormal BMI

- Health promotion competitions and talks are constantly organized to assist employees in understanding correct health management concepts, boosting motivation, and establishing healthy habits.
- SKFH and its subsidiaries provide health checkups with frequencies and items superior to legal requirements. We also offer post-checkup consultation services, actively caring for employees' health by reminding those with abnormalities to return for follow-up and re-examination. The goal is to detect risk factors early, respond promptly, and provide treatment, thereby achieving disease prevention and health promotion.
- Health risks are classified, with health managers providing preventive care and guidance on health problem management. Varying levels of health care and follow-up based on risk levels are offered, while interviews with occupational physicians are prioritized.
- Set up blood pressure measuring station for easy monitoring. Blood pressure measuring devices were installed on floors of flagship buildings and branches throughout Taiwan for employees to measure their blood pressure.



2. Commuting accidents during the journey to and from work

- 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.
- Strengthen advocacy of traffic safety, and improve employees' awareness of traffic safety. In addition to strengthening road safety training for units with high incidence rates. road safety awareness has been irregularly promoted in the Company's internal quarterly magazines and included in the Company's internal safety and health work guidelines.



10-year cardiovascular incidence rate, hyperglycemia

- Health promotion competitions and talks are constantly organized to assist employees in understanding correct health management concepts, boosting motivation, and establishing healthy habits.
- SKFH and its subsidiaries provide health checkups with frequencies and items superior to legal requirements. We also offer post-checkup consultation services, actively caring for employees' health by reminding those with abnormalities to return for follow-up and re-examination. The goal is to detect risk factors early, respond promptly, and provide treatment, thereby achieving disease prevention and health promotion.
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- Set up blood pressure measuring station for easy monitoring. Blood pressure measuring devices were installed on floors of flagship buildings and branches throughout Taiwan for employees to measure their blood pressure.

2. Maternity healthcare protection

- 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. And, they were provided with
 Pregnancy Gifts, Mother Gifts, and Parenting Gifts that include diverse maternity and childcare
 products and parenting books. In 2023, a total of 56 employees were included in the protection
 program.
- Breastfeeding (collective) nursing rooms were established to create a workplace-friendly environment, and the certification mark by the Department of Health, Taipei City Government, for excellent breastfeeding (collective) nursing rooms was obtained in 2023.
- Provided "Peace of Mind Parenting Pre-Marital Health Checks," superior to legal requirements, and made it conveniently accessible for employees to apply online via the internal company website.

3. Workload risks, mental issues



- Hired in-house counseling psychologists to design comprehensive mental health promotion
 programs to cater to various backgrounds and target groups, addressing potential psychological
 issues at each stage to provide tangible assistance to employees so that they can achieve a
 balance between work and life.
- 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.
- Regularly publish health promotion materials on physical and mental well-being on the company's intranet for immediate access by employees in need.
- · For detailed strategies in addressing workload risks, please refer to page X of this Report.



Guardian of

Natural

Environment

Potential Sources of Risk (from high to low)

- **4.** Workplace violence
- 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.
- In 2023, SKFH and its subsidiaries handled a total of 2 cases of workplace violence. Upon receiving a case, a team was established to investigate the workplace violence and take appropriate measures.
- 5. Musculoskeletal injuries
- Questionnaire surveys on musculoskeletal diseases (human factors) prevention were organized during annual health examinations, with risk evaluations conducted and improvement plans formulated. In 2023, a musculoskeletal survey was conducted for all employees to identify potential high-risk groups. Health management professionals provided care, conducted campaigns on pain prevention, and offered advice on improving work environments and habits in collaboration with on-site physicians.
- Provided specialized occupational therapists and massage services by the visually impaired to help employees alleviate musculoskeletal discomfort.

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

- Ensure office environment quality by regularly commissioning authorized occupational safety and health monitoring agencies to conduct carbon dioxide and lighting monitoring in all office spaces, with results consistently meeting legal requirements.
- Safeguard employee drinking water safety through regular monitoring of drinking water quality in all office locations nationwide, inspecting for coliform bacteria and total bacterial counts. All water quality tests this year have passed.
- Ensure the safety of meals for employees by regularly commissioning qualified food inspection agencies to inspect the group canteen meals at the employee restaurant.
- Ensure the health of the workers in central air conditioning building, and regularly inspect the Legionella pneumonphila in the water of the cooling water towers of air conditioners, with all monitoring results meeting regulatory standards.

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6.5.2 Health Promotion and Safety Care

I Employee health promotion activities

SKFH and its subsidiaries are committed to assisting employees in achieving physical, mental, and emotional balance. We actively integrate internal and external resources to organize workplace health promotion activities, including weight and fat reduction programs, stress-relief handcraft workshops, myofascial release technique seminars, sleep assessment and posture correction lectures, and strength and stretching training for office workers. In addition, we subsidize the establishment of diverse sports and stress-relief clubs, allowing employees to participate in exercise programs to strengthen their bodies and relieve stress during off-hours and weekends. Furthermore, these club activities promote interaction among employees from different departments. The clubs include sports such as tennis, table tennis, basketball, badminton, hiking, and tai chi, as well as healing activities like yoga, tai chi, and bead crafting.

I 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 2023, SKFH conducted general health and safety education and training for all employees, with a completion rate of 100%.

Incident Investigation Procedures



I 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 2023, zero occupational injury occurred to the workers who were not SKFH's employees but their work or workplace was controlled by the Company.



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O7 PROMOTER OF SUSTAINABLE PROSPERITY

7-1 Social Participation Strategy 7-2 Health Promotion

7-4 Financial Education

- 7-5 Environmental Symbiosis
- 7-3 Care for the Disadvantaged
- 7-6 Community Engagement

SKFH actively participates in social participation 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 establish long-term social engagement goals and regularly manage and track project progress through quarterly sustainability performance meetings held by "Social Participation Group" of the "Corporate Sustainability Management Committee". To better meet the needs of local communities, we have developed a diverse stakeholder communication platform. We plan various charitable activities for different groups, including caring for the elderly, children, youth, women, the general public, vulnerable groups, and groups living in remote areas. In 2023, our total social engagement investment exceeded NT\$94.3 million, benefiting approximately 6.55 million people.



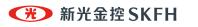
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Social investment exceeded NT\$94.3 million, benefiting approximately 6.55 million people

Corporate volunteers engagement hours exceeded 44,085 hours, with a total of 14,235 people







Innovator of Financial Service Guardian of Driver Natural Sustainabl Environment Chai

Driver of Sustainable Value Chain Joyful Career

7.1 Social Participation Strategy

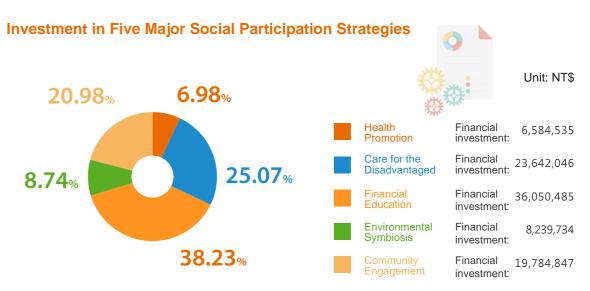
Short, Mid, and Long-Term Goals and Achievements in 2023

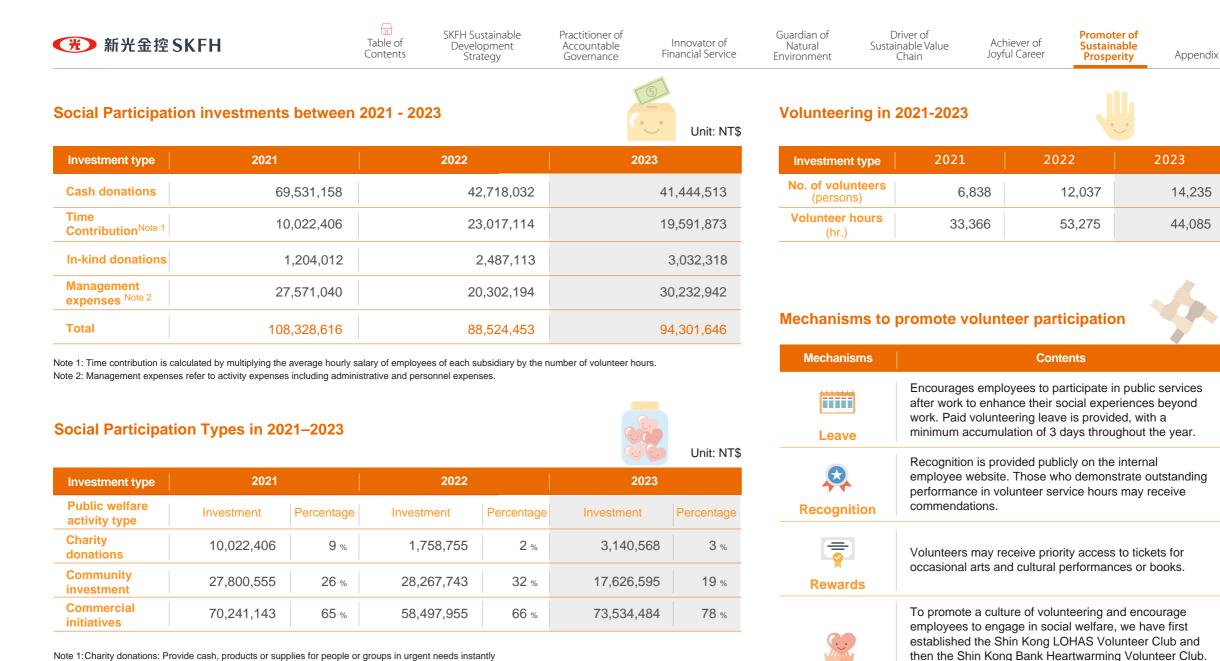
Sustainable Issues	Observation Goals	Achievements in 2023	Short-term Goals (2024)	Mid- and Long-term Goals (Before 2030)
	Corporate volunteer hours	Employee participation in volunteer activities achievements SKFH • Avg. of 1.76 hrs/person SKL • Avg. of 3.42 hrs/person SKB • Avg. of 2.34 hrs/person	Employee participation in volunteer activities achievements SKFH • Avg. of 2.0 hrs/person SKL • Avg. of 3.5 hrs/person SKB • Avg. of 3.0 hrs/person	Employee participation in volunteer activities achievements 2027 2030 SKFH Avg. of 2.6 hrs/person Avg. of 3.5 hrs/person SKL Avg. of 4.0 hrs/person Avg. of 4.5 hrs/person
Social _{Note} Participation		MLSAvg. of 2.34 hrs/personSKITAvg. of 2.30 hrs/personSKITAvg. of 2.38 hrs/personSKPIAAvg. of 0.4 hrs/person	MLSAvg. of 3.0 hrs/personSKITAvg. of 2.0 hrs/personSKPIAAvg. of 0.5 hrs/person	SKBAvg. of 4.0 hrs/personAvg. of 4.0 hrs/personMLSAvg. of 4.0 hrs/personAvg. of 4.0 hrs/personSKITAvg. of 3.0 hrs/personAvg. of 3.5 hrs/personSKPIAAvg. of 0.75 hrs/personAvg. of 1.0 hrs/person

Note : SKFH sustainability materiality issue.

SKFH upholds the ideals for "giving back to the society what one reaps from the society", focusing on local needs, and establishing public welfare strategies based on the Sustainable Development Goals (SDGs) of the United Nations. With "health promotion", "care for the disadvantaged", "financial education", "community engagement", and "environmental symbiosis" identified as the five major public welfare strategies in 2023, we have integrated resources from our subsidiaries and foundations, and collaborated with external charitable organizations to create positive impact together. Taking the Sustainable Insurance Cornucopia Welfare Project as an example, SKL integrates resources to create innovative business models, not only helping economically disadvantaged individuals utilize their skills, improve their employment opportunities, increase their income, but also establishing basic risk protection for them.

Furthermore, SKFH encourages employee participation in public welfare and charity activities by establishing volunteer clubs, providing volunteering leave, and organizing volunteer recognition events. We hope to harness the enthusiasm and vitality of all employees in Shin Kong, extend the reach of public welfare across Taiwan, and embody our corporate motto of "Our light and heart are always with you" to promote positive social development.





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

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

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

With service integrated into internal corporate activities,

Volunteer

clubs

employees are guided to engage in volunteer services in

a more organized and planned manner. By participating

in charitable activities, we aim to enhance employees'

of corporate volunteerism.

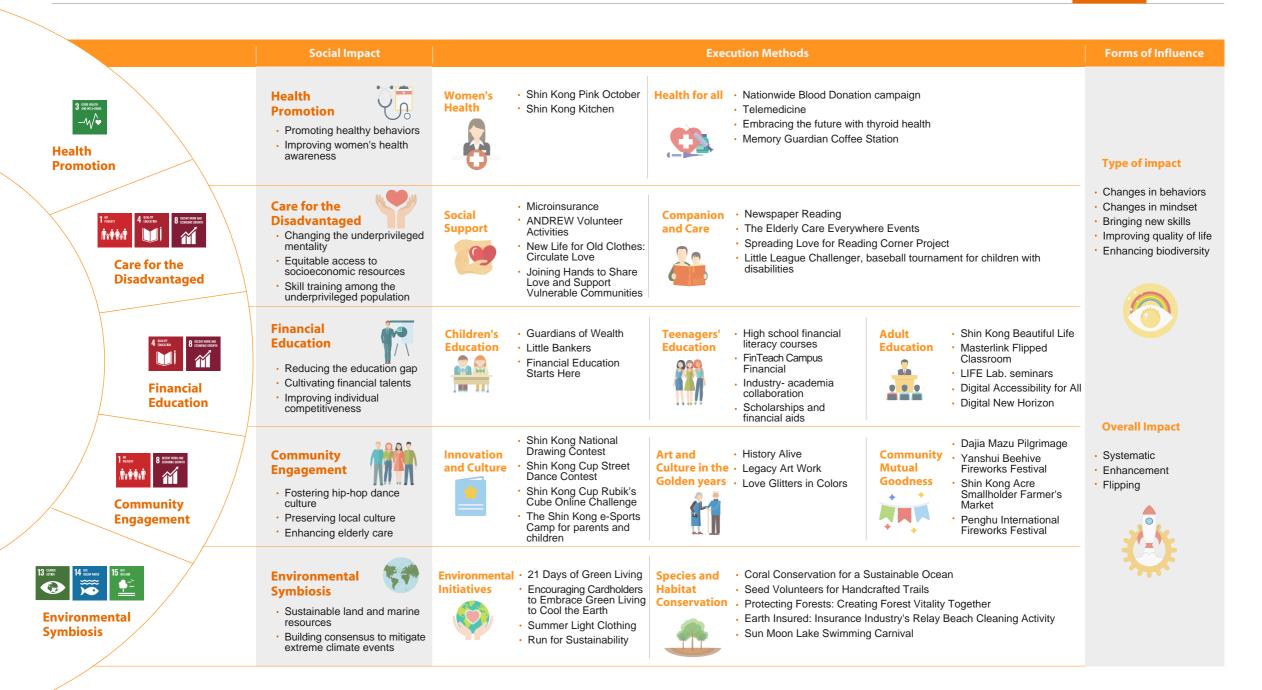
sense of belonging to the company and foster a culture





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7.2 Health Promotion

SKFH has long been committed to promoting prevention of dementia, 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 thyroid health talks. We advocate the idea that prevention is better than cure, and encourage people to prioritize their health. We also focus on women's health issues by organizing healthy kitchen workshops to promote health concepts for women.



benefiting around

Women's Health

Shin Kong Pink October

Problem solving

Breast cancer screening rate in Taiwan is relatively low, and also supporting International Breast Cancer Awareness Month campaign

Impact

Raising awareness among new female immigrants on their own health and breast cancer screening

Number of beneficiaries 22,113 persons Number of



Kitchen Workshops

Problem solving

With busy work schedules, many office workers rely on dining out and consume a Westernized diet, often overlooking the importance of healthy eating habits

Impact

Number of

To promote health concepts for women and advocate for healthy food choices and cooking methods

74 persons





Shin Kong Pink October

For 15 consecutive years, during the international breast cancer awareness month, we have organized nearly 57 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. In light of the low breast cancer screening rate in Taiwan, we worked with the Taiwan Breast Cancer Alliance for 18 consecutive years on the "Care for Your Breasts, Spread the Seeds of Love" campaign, as well as breast cancer talks for new immigrants in Taiwan, to raise awareness among women to cherish their health. For the past 3 years, we have also set up a mobile mammography unit at the SKFH headquarters to help women understand the importance of breast cancer screening. In 2023, a total of 22,113 beneficiaries were reached through our "Shin Kong Pink October" public welfare initiatives.





To promote the health and nutrition concepts for women, we organized the "Shin Kong Kitchen" healthy kitchen workshops to advocate for nutritional and healthy habits. This workshop featured lectures from doctors in nutrition and award-winning chefs, offering hands-on, interactive kitchen experiences to promote healthy ingredient choices and cooking methods to help people enjoy simple and healthy cooking during their busy lives. In 2023, the workshop was held across all regions of Taiwan, including the north central, south, and east. A total of 74 participants benefited from the event, with a satisfaction rate of 97.8%.





新光金控SKFH



SKFH Sustainable Development Strategy

Innovator of Financial Service

We partnered with Digital Humanitarian Association to

launch the Remote Healthcare Program in Rural Areas.

experts to provide online health consultations and health

education courses. In 2023, the remote health promotion

program introduced 203 sessions to community centers,

helping seniors enhance their health awareness and

delay degeneration. Meanwhile, we also strengthened

connections with local business units by adopting rural

locations and organizing corporate volunteer services,

integrating our core expertise in insurance in inclusive

financial education and scam prevention, safeguarding

the economic security of the elderly. Our volunteers also

engaged with seniors through paper crafting activities to

train hand-eye coordination, activate the brain and organs,

and delay aging. This year, we expanded our care centers to six locations, including Wutai in Pingtung County, the

Daycare Center in Hualien Fenglin, Beinan in Taitung,

Dabang in Chiayi, Jianshi in Hsinchu, and Suan Tou in Chiayi, to broaden the protection of rural elderly health

and safety. A total of 83 volunteers participated in the

Through digital tools, we connected over 1,800 health

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Appendix

Health for all

Nationwide Blood Donation Campaigns

Problem solving

Every year, before and after the Lunar New Year, there is a severe seasonal blood shortage in Taiwan

3,283 persons

4,590 bags

578 persons

98 persons

Impact

Increasing the blood donation rate among Taiwanese people

Number of blood donors

Blood donation quantity

Volunteering

Embracing the future with thyroid health

Problem solving

Thyroid dysfunction is a common condition with diverse symptoms that are often overlooked, leading to delayed medical treatment

Impact

Increasing public awareness of thyroid diseases to enhance self-health awareness

Number of beneficiaries 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	109 persons
SROI	9.57

Memory Guardian Coffee Station

Problem solving

There are many misconceptions about dementia, with many believing that dementia means the loss of ability

Impact

Helping dementia patients improve their self-identity

Changing the public's stereotypical views of dementia

10 sessions

473 persons

Sessions

Number of beneficiaries



I Highlight Events

Telemedicine

Practitioner of

Accountable

Governance



Memory Guardian Coffee Station

To encourage individuals with dementia to participate more in social activities, we organized ten "Memory Guardian Coffee Station" charity events. We arranged for elderly individuals with mild to moderate dementia to take part in hand drip coffee brewing workshops and serve as senior service volunteers at our branches and in the community. At these events, free hand-drip coffee was provided to the public, fostering close interactions to dispel societal stereotypes about dementia and establish an inclusive and supportive dementia-friendly community. Moreover, we integrated the World Alzheimer's Month campaign with fraud prevention advocacy, actively sharing common financial fraud patterns and prevention methods with the elderly, individuals with dementia, and their families to reduce the chances of falling victim to scams.





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7.3 Care for the Disadvantaged

SKFH strives to fulfill its corporate social responsibility through its core functions by financial inclusion products such as micro-insurance, small-amount whole life insurance, micro-loans, and micro-financial management services. 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.

approximately NT\$23.64 million was invested benefiting around 117,000 people



Companionship and Care

200 persons

20

Spreading Love for Reading **Corner Project**

Problem solving

Inadequate resources in nonmountainous and non-urban schools

Impact

Enhancing reading opportunities and financial literacy for students in nonmountainous and non-urban schools

Number of **beneficiaries**

Newspaper Reading

Problem solving

Reading and writing skills among rural students

Impact

Strengthening reading and writing abilities of rural children

Number of 1.110 persons beneficiaries **Beneficiary schools**

Little League Challenger, baseball tournament for children with disabilities
Problem solving
Lack of equal sports opportunities

for children with disabilities

Impact

Allocating resources and manpower to promote social inclusion and participation of children with disabilities

Number of 915 persons **beneficiaries**

The Elderly Care Everywhere **Events**

Problem solving

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

Accompanying elderly people with a spirit of local care **Sessions** 341 sessions 9,764 persons Number of beneficiaries Volunteering 3,854 persons

I Highlight Events

Spreading Love for Reading **Corner Project**

Recognizing the resource shortage faced by schools in non-mountainous and non-urban areas, where access to knowledge for students is particularly challenging, SKFH aimed to bridge the urban-rural gap and bring students closer to financial services. In collaboration with the Sanfar Education Foundation, we organized library visits for elementary school children from five non-mountainous, nonurban schools in Tainan City. These visits aimed to familiarize the students with library resources and facilities, broaden their horizons, and ignite their interest in reading. We also arranged storytelling sessions on financial education themes and children's financial literacy courses to enrich the learning experiences. Moreover, we donated over a hundred children's picture books to the visited schools, enhancing their library resources and sowing the seeds of reading.



Little League Challenger, baseball tournament for children with disabilities

When it comes to sports for children with physical and mental disabilities, many people envision hospital or rehabilitation rooms filled with tears, pain, and hardship. However, we hope to help these children build confidence and increase opportunities for interaction with the outside world through participation in baseball activities. We believe that empathy is essential to accumulate more positive energy. Therefore, by matching corporate volunteers to participate in baseball training activities for children with disabilities and assisting them on the sidelines, we gradually familiarize ourselves with the children, build trust and friendship, and accompany them to participate in the annual competition. Together, we hope to raise awareness among the general public about people with disabilities, enabling them to face their lives with confidence and ultimately enhancing social cohesion.







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Social Support

Microinsurance

Problem solving

Economically disadvantaged individuals or individuals with certain conditions have insufficient basic insurance coverage

Impact

Provide more care for economically disadvantaged families and establish a comprehensive social safety net

Number of 64,880 persons beneficiaries **Premium** NTS 11,512,756 donation

New Life for Old Clothes: **Circulate Love**

Problem solving

Fashion industry waste and pollution, lack of job opportunities for socially vulnerable individuals, and insufficient basic risk protection for economically disadvantaged individuals

Impact

Helping socially vulnerable individuals acquire opportunities to learn a skill and provide basic risk protection

414 persons

NT\$ 536,544

Number of **beneficiaries**

Collaborative fundraising

ANDREW Volunteer Activities

Problem solving

Helping underprivileged families, children and seniors avoid hunger and providing timely, needed resources

Impact

Assisting underprivileged children in achieving adaptive development, cultivating good character and correct values

Number of beneficiaries 3,255 persons



Joining Hands to Share Love and Support **Vulnerable Communities -**

Sharing the Joy of Mid-Autumn Festival

SKFH collaborated with the Down Syndrome Foundation R.O.C. to organize the corporate volunteer event, "Joining Hands to Share Love and Support Vulnerable Communities -Sharing the Joy of Mid-Autumn Festival". This initiative allowed the foundation to address the manpower and cost needs for a large number of orders during the Mid-Autumn Festival, with the assistance of SKFH corporate volunteers. Each volunteer carefully participated in packaging, inspection, and quality control, making these Mid-Autumn gift boxes even more joyful and sweet. A total of 305 volunteers took part in supporting children with Down syndrome.



Sustainable Insurance Cornucopia Welfare **Project - New Life for Old Clothes: Circulate Love**

In 2023, through the "New Life for Old Clothes: Circulate Light" campaign, SKFH completed the first "project to enhance social safety net" in Taiwan that creates job opportunities and insurance coverage for economically disadvantaged individuals by recycling waste resources and upgrading them through fashion design. Breaking away from the conventional practice of directly donating money from insurance companies, we partnered with Syin-Lu Social Welfare Foundation and social enterprise Story Wear with an innovative business model, inviting the public to contribute to charity by recycling, donating clothes or money. This campaign creates job opportunities and skills training for economically disadvantaged individuals, and provides the most basic insurance coverage for vulnerable groups, so that vulnerable families will not fall into poverty instantly in the event of an accident, and enhance financial inclusion.





Joining Hands to Share Love and Support Vulnerable Communities

Problem solving

Sheltered workshops lack sufficient production capacity to handle large orders during festivals

Impact

Assisting in increasing production capacity and income for sheltered workshops

Number of 9,125 persons **beneficiaries**





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approximately NT\$36.05 million was invested

benefiting around 246,000 individuals

Appendix

74 Financial Education

SKFH is committed to leveraging financial expertise to help individuals at every stage of life develop sound financial literacy. In addition to organizing campus recruitment, scholarships, industry-academia cooperation, and wealth management contests each year to provide young students with academic resources, to enhance their actual experience in the financial industry, and to improve their professional competitiveness, we also organize financial education courses and public lectures for both school children and adults.

Children's education

Little Bankers



Lack of financial knowledge among students with disabilities

Impact

Improving financial literacy and career exploration for students with disabilities

Number of beneficiaries

17 persons



Insufficient financial education resources in remote areas Impact

Enhancing students' knowledge of finance and insurance

150 persons

Number of beneficiaries

Number of

beneficiaries

Guardians of Wealth

Problem solving

Financial Education Starts Here - Being Friends with Money

Problem solving

Providing diverse learning opportunities for underprivileged students in remote areas

Impact

Establishing a correct understanding of money and setting clear savings goals





Little Bankers

Activities tailored for students with disabilities are not common, and "financial education activities" for this group are even rarer. With strategic partner social enterprise Re-U, SKFH jointly planned action plans that are friendly to individuals with disabilities and achieve educational objectives. Focusing on three main themes: "financial tools," "digital finance," and "teller sharing," experienced employees from various departments of the bank serve as volunteer instructors, guiding students with disabilities to develop correct financial concepts. They also lead students to experience various banking services firsthand, allowing them to explore endless possibilities in their future careers.



Guardians of Wealth

SKFH and strategic partner social enterprise Re-U jointly developed the "Guardians of Wealth" board game. By incorporating real scam scenarios into the game through "insurance event cards," the game creates situations for fraud prevention. With features like "easy introduction to insurance concepts" and "interactive fun," the game addresses the challenge of financial literacy education for teachers in remote areas. Through the game's characters and dicerolling process, students can understand how insurance provides personal risk protection and learn about avoiding becoming victims of fraud by not disclosing cash or personal information to others. Furthermore, the teaching aids and recycled paper, giving them a sustainable purpose.









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I Highlight Events

FinTeach Campus Financial Event

To promote the widespread adoption of financial education and encourage students across tertiary institutions in Taiwan to cultivate financial knowledge and establish correct investment concepts, MLS combines "Fin" representing finance with "Teach" representing education, inviting high school and vocational high school students and above to participate in sponsored online or offline financial educationrelated activities, allowing them to use their imagination to learn financial knowledge and enjoy teaching finance! In 2023, a total of 33 events were sponsored, benefiting 10,359 participants.



High school financial literacy courses

SKL collaborates with the Education Bureau of Taichung City Government and the Taiwan Association for Financial Literacy Promotion to promote financial literacy among teenagers. This initiative is extended to high schools at all levels. Financial experts and industry professionals are invited 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 this initiative, four supervisors from SKL serve as instructors for more interaction opportunities with Generation Z, helping students establish correct financial concepts to prevent financial disputes in advance. Since its inception, a total of 215 financial literacy courses have been conducted, with 418 hours of education provided. The post-course satisfaction rate is 4.3 out of 5. In 2023 alone, 11,018 individuals benefited from this initiative.



Teenager's education

FinTeach Campus Financial Event

Problem solving

Establishing correct investment and financial management concepts

Impact

Popularizing financial education

Successfully sponsored projects 33 Number of beneficiaries 10,359 persons

Industry-academia collaboration

Problem solving

Cultivating talents in the financial and insurance industry

Impact

Educating professional ethics in finance and insurance

192 persons

Number of beneficiaries 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 NT\$7,045,000 Number of beneficiaries 20,351 persons

High school financial literacy courses

Problem solving

Generation Z lacks proper financial literacy

Impact

Enhancing financial literacy among high school students to equip them with basic financial and investment analysis concepts

Number of beneficiaries 11,018 persons







Helping to address the concerns and

Enhancing public knowledge about

life planning, financial planning, and

Frequent occurrence of fraud cases

in the cryptocurrency circle due to

Providing comparisons between

cryptocurrencies, digital assets,

Enhancing awareness among

digital financial products

individuals with disabilities about

deeper insights into each

and traditional finance, along with

needs associated with life stage transitions

LIFE Lab. seminars

insurance aspects

Digital New Horizon

Problem solving

misinformation

Impact

Sessions

Number of

beneficiaries

Total views of

live streams

Problem solving

Impact

Sessions

Number of

beneficiaries

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44 sessions

15,913 persons

I 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 24 seminars were held, with 41,136 participants and 59,727 live views.



"2023 Digital Accessibility for All" Financial Education Program on Fair Customer Treatment

To practice fair customer treatment and friendly financial principles, we partnered with social enterprise Re-U to organize the "2023 Digital Accessibility for All" financial education courses in northern, central, and southern regions. Senior bankers served as instructors, sharing financial knowledge and the application of digital financial services. Nearly a hundred individuals with disabilities, including those with visual impairments, were invited to participate. Through on-site teaching and simultaneous explanations, attendees gained a clear understanding of the full functionality and features of the services. The curriculum also covered topics such as investment funds and smart finance, enabling participants to delve into the various financial methods and understand the risks involved.





Adult education

Shin Kong Beautiful Life

Problem solving

Free online seminars on finance, health, and recreational topics

Impact

Enhancing knowledge in finance and health among the general public

10 sessions

734 persons

Sessions

Number of beneficiaries

MasterLink Flipped Classroom— Investment Seminar

Problem solving

Addressing common misconceptions about investment among the general public

Impact

Enhancing the financial and investment knowledge of the general public

Sessions24 sessionsNumber of
beneficiaries41,136 personsTotal views of
live streams59,727 persons

"2023 Digital Accessibility for All" Financial Education Program on Fair Customer Treatment

Problem solving

Inconvenience faced by individuals with disabilities in using financial products

Sessions

3 sessions

Number of beneficiaries

Impact

91 persons

10 sessions

14,953 persons

15,904 persons

MasterLink Flipped Classroom Youtube





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approximately NT\$8.24 million was invested

benefiting around

710,000 individuals

7.5 Environmental Symbiosis

SKFH understands the catastrophic impact of climate change on global ecosystems and biodiversity. We recognize its effects on ecological, evolutionary, social, educational, and cultural aspects. In response, we support species conservation and environmental advocacy. We organize beach clean-ups, ocean clean-ups, and habitat maintenance activities to promote sustainable ecological development.

Species and Habitat Conservation

2 sessions

420 KG

110 persons



Seed Volunteers for Handcrafted Trails

Problem solving

Cleaning Activity

Earth Insured: Insurance

Industry's Relay Beach

Recognizing the importance and urgency of environmental protection, restoring Taiwan's pristine coastline

Impact

Call on corporate colleagues to exert their sustainable actions, establish the concept of waste reduction and improve the efficiency of waste recycling

Sessions

Number of volunteers

Total amount of waste landcrafted Trails

Problem solving

Conventional trail construction often causes harm to the sustainability of natural ecosystems

Impact

Number of

beneficiaries

Minimizing the disturbance to the ecological environment and enhance species diversity

76 persons

I Highlight Events

Earth Insured: Insurance Industry's Relay Beach Cleaning Activity

Marine waste has become a global environmental issue, and beach cleaning is the simplest and most direct starting point for ocean lovers. In 2023, SKL convened corporate volunteers to organize two beach cleaning activities. In addition to advocating the concept of "reducing waste is more meaningful than picking up," we encouraged employees to start with waste reduction. Collaborating with For Next Generation on "Lighting Up My Green Life," we collected recyclables and brought them to SKL's own buildings for recycling. After processing, some recycled PET bottles were handed over to economically disadvantaged or financially unstable families for sewing or cutting into fabrics, which were then transformed into exclusive co-branded gifts for SKL. This event reduced a total of 420 kilograms of waste, contributing to a positive green circular economy where waste is prevented from littering and recycled for reuse.





Seed Volunteers for Handcrafted Trails



We encourage employees to jointly focus on environmental conservation and social commitment issues. Actively participating in the handcrafting of trails organized by the Taiwan Thousand Mile Trail Association and becoming seed instructor volunteers, we provide the public with awareness of ecological protection through activities to enhance ecological education. Compared to conventional trail construction, the "handcrafted trail" utilizes manpower and non-motorized tools to assist in trail construction and maintenance. It emphasizes a back-to-basics approach, using locally sourced materials to minimize carbon emissions generated during transportation. Adhering to natural methods, the lowest environmentally damaging methods are used to create safe and resilient natural greenways, thereby promoting the integrity of surrounding ecological species and enhancing the sustainability of the trail's surrounding ecological environment.



新光金控SKFH



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Protecting Forests:

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Coral Conservation for a Sustainable Ocean

Problem solving

Climate change and excessive human development have led to challenges in coral and marine conservation

Impact

Number of

Total amount of

Number of events

divers

waste

Promoting marine knowledge and conservation awareness to the public, reducing marine litter, and restoring coral vitality Sun Moon Lake Swimming Carnival

Problem solving

Threat posed by the invasive species "Indonesian snakehead"

Impact

Habitat restoration efforts, increasing the native species "Presidential Fish"

Number of released fish fry 10,000

Protecting Forests: Creating Forest Vitality Together

288 persons

2.5 ton

13

Problem solving

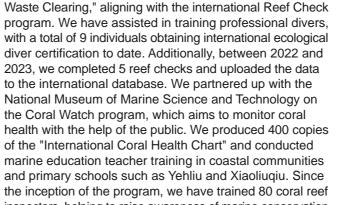
Planting bamboo forests due to human demand, disrupting the original habitat

Impact

Selective thinning of bamboo forests

ning rests 0.21 ha

Maintaining the biodiversity of the forest ecosystem in the Nature Valley habitat



inspectors, helping to raise awareness of marine conservation among local residents and students. To mitigate the damage caused by marine waste to corals, from 2022 to 2023, we organized 9 underwater clean-up activities involving experienced and certified divers, with a total of 394 volunteer participants removing 3,905 kilograms of marine debris.



E ye

Coral Conservation for a Sustainable Ocean

In response to the deteriorating marine ecology caused by

climate change and human activities, SKFH has embarked

on two strategic directions: "Coral Conservation" and "Ocean

Creating Forest Vitality Together The Nature Valley Environmental Trust base is a shallow mountain forest protected by environmental trusts. To jointly protect the mountains and maintain the biodiversity under the forest, SKFH, in collaboration with the Taiwan Environmental Information Association, held a half-day ecological work holiday at the Nature Valley Environmental Trust base in Qionglin Township, Hsinchu County. The event specially invited winners of the 19th Shin Kong National Drawing Contest in 2023 and a total of 25 corporate volunteers to participate in habitat maintenance. In earlier years, local residents intentionally planted bamboo forests to obtain construction materials and bamboo shoots. However, diverse wild orchids also grew within the bamboo forests. To maintain the diversity of the forest ecosystem

and prevent the continuous expansion of bamboo, it is necessary to selectively thin the bamboo to increase light penetration in the understory. This ensures that other plants are not suppressed and helps maintain a variety of vegetation within the habitat. The event was led by instructors to explore the ecology of Nature Valley, actively participate in habitat maintenance, protect the habitats of wild animals, and transform the abandoned landscape into a thriving forest.







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Environmental Initiatives

21 Days of Green Living

Problem solving

Reducing environmental impact and protecting Earth's resources

Impact

Encouraging employees to practice eco-friendly behaviors in daily life

110 persons

Number of beneficiaries Summer Light Clothing

Problem solving

High electricity consumption from summer air conditioning; promoting energy-saving and carbon reduction

Impact

Encouraging employees to implement various electricity-saving actions in daily lives

Implementation months

"Run for Sustainability"

Problem solving

Recognizing climate change, environmental protection, carbon reduction, and food security, among other sustainability issues

Impact

Advocating for mass participation in sports, making it Taiwan's first sports event to be awarded the "ISO 20121 Sustainable Event Management System"

Number of beneficiaries

935 persons Accumulated number of trees planted

Encouraging Cardholders to Embrace Green Living to Cool the Earth

Problem solving

Human deforestation and destruction have led to a rapid decline in forest biodiversity

Impact

Increasing forest carbon sequestration while enhancing cardholders' awareness of carbon reduction issues

6,250



5_M - 9_M

I Highlight Events

21 Days of Green Living

In order to encourage all employees to practice environmental behaviors in their daily lives, thereby reducing their impact on the environment and protecting Earth's resources, SKFH collaborated with the Taiwan Environmental Information Association on the "21 Days of Green Living" initiative. The activities included Earth Day education and training courses. All SKFH corporate volunteers completed the Earth Day education and training courses last year, and in 2023, they implemented action plans such as finishing all the food in their bowls, having a vegetarian meal, skipping meat for one meal to reduce carbon emissions, and achieving 100% waste sorting. Let's all develop green habits together and be a little kinder to the Earth.





"Run for Sustainability"

The Shin Kong Life Tower Climbing Competition is Taiwan's first sports event to be awarded the "ISO 20121 Sustainable Event Management System." The event incorporates sustainability elements and is planned in a way that minimizes environmental impact. Through green management, negative environmental impacts are reduced. In 2023, the event entered its 40th edition, with the theme "Run for Sustainability," aiming to raise awareness among the public about various sustainability issues such as climate change, environmental protection, carbon reduction, and food security. The event also advocates for Palau's "sustainable tourism" policy, urging everyone to consider local natural environments and ecological conservation while visiting world attractions and experiencing exotic cultures through more sustainable tourism practices.







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7.6 Community Engagement

approximately NT\$19.78 million 1001 was invested benefiting around 5.161 million people

With 60 years of deep roots in local communities, SKFH has been sponsoring and co-organizing local cultural activities to help preserve local cultural assets. Over the years, we have encouraged people to engage in cultural and artistic activities, fostering healthy and positive leisure entertainment. We have also organized various recreational sports events, providing opportunities for talents in various fields to showcase their skills. In recent years, we have begun to bring our years of experience and resources into remote areas to bridge the urban-rural gap, help these areas enhance their international perspective, and share the joy of sustainable living.

Innovation and Culture

Shin Kong National Drawing **Contest - Friendly Food Time, Creating a Happy Dining Table**

Problem solving

Taiwan's per capita food waste reaches 96 kilograms per year, surpassing that of China, Japan, and South Korea, making it the champion of food waste in East Asia. It is indeed urgent to promote the concept of reducing food waste

Impact

Through the creative process, arouse observation and reflection on food waste

Works submitted 10,391 pieces Number of beneficiaries 36,219 persons



Shin Kong Cup Street Dance Contest

Problem solving

Promotion of street dance culture

Impact

Creating a better street dance environment; Providing opportunities for youths in remote areas to learn street dance

Number of 1,350 persons **beneficiaries**

Number of 200 persons beneficiaries in remote areas



I Highlight Events

Shin Kong Cup Street Dance Contest

With the advent of the AI new generation, the 2023 Shin Kong Cup also celebrated its 20th anniversary. This year's Street Dance Contest embraced the technological trend by using Al-generated technology to create a 20th-anniversary commemorative single and music video. The lively melody coupled with energetic lyrics represents the spirit of the Shin Kong Cup, encouraging young people to bravely pursue their dreams and dance splendidly. The event continued the Olympic-style competition formats such as BREAKING BATTLE 1 ON 1 and group dance competitions. The event attracted 8 teams for online dance auditions, 118 teams for group dance, and 132 individuals for breaking, totaling 1350 participants. At the same time, to celebrate the 20th anniversary of the Shin Kong Cup, we expanded our reach to remote areas, organizing 20 rural street dance promotion events with 200 participants each. This initiative aims to provide more opportunities for talented young people to pursue their dreams and to promote the continuous cultivation and growth of street dance culture nationwide.









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Innovation and Culture

Shin Kong Cup Rubik's Cube **Online Challenge**

Problem solving

Teenagers in remote areas lack healthy leisure hobbies

Impact

Enhancing the memory, judgment, and spatial imagination of teenagers, while promoting interaction between parents and children

550 persons

82 persons

Number of **beneficiaries**

Number of beneficiaries in remote areas

Total views of 16,391 persons



The Shin Kong e-Sports Camp for parents and children

Problem solving

Instilling correct gaming habits and fostering a healthy gaming culture

Impact

Promoting interaction between children and parents and enhancing the social relationships with the older generation to jointly unleash each other's potentials

Number of 560 persons **beneficiaries** Total views of 54,128 persons



I Highlight Events

Shin Kong Cup Rubik's Cube Challenge

The Rubik's Cube is considered one of the world's top three intellectual games, offering significant benefits for logical thinking and cognitive development. In 2023, coinciding with Shin Kong's 60th anniversary, the Shin Kong Cup Rubik's Cube Challenge expanded its scale by hosting the largest number of participants in Taiwan's Rubik's Cube history, reaching 550 contestants. Moreover, it introduced WCA international certification for the first time, allowing the performance of each participant to be ranked in all WCA competitions worldwide, providing Rubik's Cube players with a platform for mental stimulation and healthy competition. In the future, we will continue to venture into remote areas to conduct Rubik's Cube workshops, hoping to let children experience the charm of the Rubik's Cube and gradually unleash their intelligence and potential, thereby transforming rural education and opening up new opportunities for growth.





The theme of the 5th Shin Kong e-Sports Camp for parents and children was "Pokémon Grand Gathering," aimed at promoting mutual entertainment, sharing, and prosperity between parents and children. The event featured six gym leaders who used Pokémon storylines to guide participants through various challenges and competitions, combining gaming with the diverse cultures of our global community to broaden children's perspectives. Moreover, upholding a spirit of diversity, sustainability, and social care, SKFH also aimed to enhance cultural integration through this renowned IP of Shin Kong e-Sports Camp to promote e-sports strength in Taiwan. This year's event was particularly inclusive, inviting foreign families, Taiwanese indigenous people, and new immigrants to participate. With a total of 260 registrations for the two sessions, the on-site attendance exceeded 560 people, and the total online livestream views reached 54,128 persons, allowing participants to experience being Pokémon trainers through virtual reality.











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Art and Culture in the Golden years

History Alive

Problem solving

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

Impact

Assisting elderly individuals in recalling their life experiences and sharing their unique stories through the guidance of performing arts

Number of beneficiaries 6,714 persons

Legacy Art Work

Problem solving

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

Impact

Assisting the elderly in releasing stress and revitalizing their memories through artistic expression that helps stimulate the brain, boost happiness, and improve social interaction

Number of beneficiaries 13,855 persons

I Highlight Events

History Alive

Shin Kong Life Foundation has hosted "History Alive" senior service program with Godot Theatre for 20 years. In 2023, held in commemoration of the foundation's 40th anniversary, "History Alive" came to the National Taiwan Arts Education Center Nanhai Theater, where the short play "Let's Read Poetry" was performed, with elderly performers aged 65-80 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, intertwined with the values of Shin Kong, to be recorded and represented on stage.



Legacy Art Work

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Since 2005, Shin Kong Life Foundation has been pioneering the "Legacy Art Work" program in Taiwan. This program employs group or one-on-one artistic sessions as therapeutic approaches to help elderly adults recall their life experiences, transforming their memories into touching and story-filled artworks. In 2023, in celebration of the foundation's 40th anniversary, SKL organized a series of seven "Taiwan Portrait of Happiness" events across Taiwan. These events involved art-assisted therapeutic self-portrait sessions, where creativity flowed as seniors celebrated their birthdays through art. Such endeavors not only instilled confidence in seniors through artistic creation but also rekindled their social connections, challenging societal stereotypes of aging and inspiring more individuals to join the movement. Together, we are turning "creative aging" into a social movement.

Love Glitters in Colors — Memory Art Creations Workshop



21 sessions

Number of beneficiaries 478 persons





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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	76 sessions
Number of beneficiaries	516 persons

Yanshui Beehive Fireworks **Festival**

Problem solving

Integrating festival-related attractions and arts and culture, along with strategies to increase tourism in Taiwan, can create job opportunities and boost economic development

Impact

Helping to preserve local cultural characteristics, encouraging participation of the general public and our clients in Taiwan's most iconic cultural events to drive local economic growth

Dajia Mazu Pilgrimage

Problem solving

Integrating festival-related attractions and arts and culture, along with strategies to increase tourism in Taiwan, can create job opportunities and boost economic development

Impact

Helping to preserve local cultural characteristics, encouraging participation of the general public and our clients in Taiwan's most iconic cultural events to drive local economic growth Number of 3 million persons

Penghu International Fireworks Festival

Problem solving

beneficiaries

Integrating festival-related attractions and arts and culture, along with strategies to increase tourism in Taiwan, can create job opportunities and boost economic development

Impact

Fostering a sense of community cohesion and revitalizing the local economy to promote sustainable social development



I Highlight Events

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Shin Kong Acre Farm Happy Table Project

SKFH's conception behind supporting smallholder farmers was the production and sales imbalance of bananas. We found that many farmers could only plant and did not know how to regulate production and marketing, which led to fallowing and guitting agricultural production. 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 as we have always paid close attention on the food safety and sustainable agricultural development of Taiwan.

We have been providing free booths to smallholder farmers for the organization "the Shin Kong Smallholder Farmer's Market", and stabilizing the income of our farmer friends through collaborative purchasing events. In 2022, we invited 67 local smallholders to sign a "Mutual Goodness Pledge", encouraged them to contribute to food sustainability through the food continuity program, donating quality but soon-toexpire ingredients to minimize food waste and support public welfare initiatives. In recent years, we have expanded our beneficiaries to include employees, their families, and policyholders. In 2023 alone, we organized five agricultural education experiences and 76 smallholder farmer's markets, with nearly 300 corporate volunteers participating, to promote the concept of food and agriculture harmony, and helped smallholder farmers generate over NT\$48 million in sales revenue.



Penghu International Fireworks Festival

Achiever of

Joyful Career

Since SKL established the Magong regional sales office in 1983, we have been deeply rooted in the local community for 40 years, providing professional insurance services to our policyholders and extending warm and caring support to local residents and disadvantaged families. As SKL cares deeply about the local development of Penghu, we have collaborated with the county government to promote local tourism development. Since 2014, we have participated in the Penghu International Fireworks Festival for ten consecutive years, organizing the corporate-themed event "SKL Night." During the peak summer tourism season, we take concrete actions to support tourism in outlying islands by showcasing our commitment to Penghu's tourism development. This event has been selected as an international event on the Taiwan Tourism Events by the Tourism Administration, M.O.T.C for several consecutive years.







Number of beneficiaries

3,000 persons

Number of Number of **0.52** million persons



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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.

I Boundary and Scope

The sustainability achievements of Shin Kong Financial Holding Co., Ltd. (hereinafter referred to as "SKFH") in 2023 (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 employment, 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.

I 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 Industry 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.

I Report Certification

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.

I 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: https://csr.skfh.com.tw/en

Current Version Released in June 2024 Previous Version Released in June 2023 Next Version to be released in June 2025



I Contact Information

If you have any opinion, question, or suggestion regarding this Report, please contact us:



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8.2 Supplemental Table of Economic, Environmental and Social Data

8.2.1 Engagement with Domestic and Foreign Organizations

Organization	Position
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	SKFH serves as Director
Taiwan Net Zero Emission Association	SKFH serves as Director
Chinese International Economic Cooperation Association	SKFH serves as Supervisor
Financial Governance and Compliance Association of the Republic of China	SKL serves as Director
Life Insurance Management Institute of the Republic of China	SKL serves as Supervisor
Insurance Society of the Republic of China	SKL serves as Director
Actuarial Institute of Chinese Taipei	SKL serves as Director
Life Insurance Association of the Republic of China	SKL serves as Director
Taiwan Contact Center Development. Association	SKL serves as Director
Taiwan Mobile Payment Co., Ltd.	SKB serves as Supervisor
Taiwan Securities Association	MLS serves as President
Chinese National Futures Association	MLS serves as Director
Chinese East Asia Economic Association	MLS serves as Supervisor

Taiwan Institute for Sustainable Energy, Financial Information Sharing and Analysis Center Member (F-ISAC), Innovation Lab -FinTechSpace, The Third Wednesday Club, Taiwan M&A and Private Equity Council, Financial Planning Association of Taiwan, Taiwan Stock Affairs Association, Association of Certified Anti-Money Laundering Specialists, Taiwan CIO Association, Bankers Association of Taipei, The Chinese Human Resource Management Association, Computer Society of the Republic of China, Life Office Management Association (LOMA),International Insurance Society (IIS), FIACBI-Taiwan, Insurance Society of the Republic of China, Chinese Excellent Management Association, Information Management Association of R.O.C., The Institute of Internal Auditors, R.O.C., Taiwan Financial Services Roundtable (TFSR), Financial Ombudsman Institution, Taiwan Insurance Institute, Institute of Financial Law and Crime Prevention. Taiwan Academy of Banking and Finance Fintech. Taiwan-Japan Cultural and Economic Association, Taiwan Chamber of Commerce & Industry, Taiwan Insurance Law Association, Association of Industrial Relation, ROC-USA Business Council. Chinese Personnel Executive Association. Taipei Songshan Airport Airlines Association. Taoyuan International Airport Industry Development Association, Taipei Bar Association, The Institute of Actuaries of Japan, Trust Association of Republic of China, National Credit Card Center of R.O.C., Central Deposit Insurance Corporation, Bankers Association of the Republic of China, Taiwan Securities Association, Factors Chain International, Financial Information Service Co., Ltd., Securities Investment Trust & Consulting Association of the R.O.C., Fintech Ecosystem Research and Development Association, Overseas Credit Guarantee Fund, Small & Medium Enterprise Credit Guarantee Fund of Taiwan(Taiwan SMEG), Agricultural Credit Guarantee Fund, Taiwan Clearing House, R.O.C. Bills Finance Association, Open API Research and Application Development Committee, Taiwan Private Equity Association, Securities Analysts Association, Cross-Strait CEO Summit, Institute for Biotechnology and Medicine Industry, Chinese National Futures Association, Insurance Agency Association of the Republic of China

Contributions and Other Spending for Public

Annual Contributions and Expenditures (NT\$)	2020	2021	2022	2023
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)	38,115,706	48,711,904	38,423,683	34,805,547
Other (e.g. Spending related to ballot measures or referendums)	0	0	0	0
Total contributions and other spending	38,115,706	48,711,904	38,423,683	34,805,547
Data coverage (as % of Shin Kong Financial Holding Company and all Subsidiaries)	100	100	100	100

SKFH's Expenditures to Public Issues in 2023

Issue	Description of Engagement	Total spend in FY 2023
Industrial development and policy promotion	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.	6,171,403
Sustainable operation and development of enterprises	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.	3,376,577

SKFH's Large Expenditures to Interest Representations in 2023

Name of organization	Туре	Total spend in FY 2023 (NTD)
Financial Information Sharing and Analysis Center	Industry/Trade Association	1,600,004
The Bankers Association of The Republic of China	Industry/Trade Association	1,451,120
The Life Insurance Association of the Republic of China	Industry/Trade Association	1,140,000

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8.2.2 Sustainability Impact Valuation Values Over the Years and the Definition of Impact

Cause of the	Impact Item	Type of	2021	Monentory(KNTD) 2022	2023
Impact	Social externalities - Boosting supply chain output value	Impact Positive(+)	57,386,658	31,402,788	14,727,730
100	Social Externalities - Income of employees in the supply chain		2,476,562	· ·	
	Environmental externalities - Supply chain greenhouse gas	Positive(+)	· · ·	2,697,000	1,333,768
Supply Chain	emissions	Negative(-)	201,723	180,790	85,143
Supply Chain	Environmental externalities - Supply chain air pollution emissions	Negative(-)	252,986	243,952	107,830
	Gross Value Added (GVA) (Including net profit, taxes, interest and lease, and depreciation and amortization)	Positive(+)	35,096,502	17,339,155	19,844,822
	Environmental externalities - Greenhouse gas emissions	Negative(-)	45,604	48,726	41,136
		Positive(+)	0	0	556
	Environmental externalities - Use of water resources	Negative(-)	5	6	8
	Environmental externalities - Air pollution emissions	Negative(-)	2,578	2,981	2,868
	Environmental externalities - Waste	Negative(-)	4,550	4,086	3,633
	Social externalities - Employee salaries	Positive(+)	20,186,809	18,274,460	19,803,705
Business Operation	Social externalities - Personal data breach	Negative(-)	5	5	10
	Social externalities - Occupational accident	Negative(-)	354	3,948	13,380
	Social externalities - Employee health risks	Negative(-)	19,372	36,582	27,411
	Social externalities - Employee health management	Positive(+)	0	0	12,672
	Social externalities - Employee future benefits	Positive(+)	1,512,424	1,854,670	2,055,188
	Social externalities - Social investment value	Positive(+)	108,329	88,524	90,718
	Social externalities - Boosting supply chain output value	Positive(+)	2,308,704,637	2,664,278,372	2,567,460,392
Ī	Social externalities - Income of employees in the industry chain	Positive(+)	292,043,215	337,534,866	332,074,795
	Environmental externalities - Industry chain greenhouse gas emissions	Negative(-)	10,712,793	12,635,224	12,929,067
Product	Environmental externalities - Industry chain air pollution emissions	Negative(-)	16,232,588	18,595,585	18,595,585
and Service	Environmental externalities - Benefits of green investments and loans	Positive(+)	1,223,173	2,784,280	8,877,052

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 lending 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. However, strategic adjustments and the shift of some cases to maintenance operations resulted in reduced procurement demand, the demand for procurement decreased, leading to a noticeable decline in the environmental and social externalities of the supply chain in 2023. For more details, please refer to the chapter "5.5 Sustainable Supply Chain".

Achiever of

Note 2:

The benefits of green investments and loans refer to the use of funds for renewable energy generation, including solar wind, hydro, and geothermal power. These benefits assess the carbon social costs avoided by renewable energy compared to conventional grid electricity throughout its lifecycle. Due to renewable energy power generation generated by green investment and loans continues to rise, the renewable energy generation resulting from green investments and loans grew 2.2 times compared to the previous year in 2023. For more details, please refer to the chapter "Sustainable Financial Impact". For more details, please refer to chapter "5.2Responsible Investment and Lending ".

Note 3:

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). Employee compensation is calculated based on salary and welfare expenses. For more details, please refer to chapter "Business Performance". Due to the life insurance industry is sensitive to financial environment changes and fluctuations of investment market, the consolidated net profit after tax in 2023 amounted to NT\$7.3 billion. However, the overall value-added income generated for stakeholders increased compared to the previous year. Note 4:

Environmental externality factors include the social cost of carbon derived 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). For more details, please refer to chapters "4.2 Low-carbon Operations". Because SKFH's SBT goal has been approved, combined with the subscription of 720,000 kWh of renewable energy, the overall negative environmental impact during the operational process decreased by 26.8% compared to the previous year.

Note 5:

The direct and indirect costs derived from personal data breaches include future discounts on products and services, customer churn, and internal and external investigations. Monetary values are calculated based on IBM (2023). In 2023, there were a total of 2 incidents of personal data breaches, primarily due to the erroneous delivery of account statements and data misplacement by an outsourced printing vendor. For more details, please refer to chapter " 2.3 Information Security".

Note 6:

The social costs derived from occupational accidents are calculated by considering the willingness of employees to pay to avoid occupational accidents and the medical resources invested in response to occupational accidents. The methodology is based on the UK HSE (2017), Jiune-Jye Ho (2005), and the Institute of Labor, Occupational Safety and Health (2013). For more details, please refer to chapter "6.5Joyful and Healthy Workplace".

Note 7:

Employee health risks and management are addressed through regular health check-ups to detect early signs of hypertension, hyperlipidemia, hyperglycemia, and obesity among employees. Various plans are formulated to ensure appropriate control of the risk of cardiovascular diseases among employees. This approach is based on research studies such as IWA (2021), WHO (2008), and Chieh-Hsien Lee (2009), considering the attributing factors of cardiovascular diseases to work stress and the calculation of social costs related to relevant medical resources. For more details, please refer to chapter "6.5Joyful and Healthy Workplace".

Note 8:

Employee future benefits refer to the assessment of colleagues who have acquired professional skills and knowledge through company training programs. This not only enhances productivity but also improves employability for career development. The source of reference is VBA (2021). As the increase in productivity resulting from employee training is already reflected in the company's financial statements, this indicator evaluates the contribution of trained employees to their well-being due to changes in income after transitioning to new roles. For more details, please refer to chapter "6.4Talent Cultivation and Career Development".

Note 9:

The social investment value is assessed using the London Benchmark Group (LBG) Community Investment Assessment Mechanism. This mechanism calculates the cash, materials, time, and management costs invested in welfare activities to evaluate and allocate the quantitative benefits of various projects. For more details, please refer to chapter "7.1 Social Welfare Strategy".

Note 10:

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).



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8.2.3 Description of GHG Emissions

GHG Emissions by each scope for SKFH and its subsidiaries in 2023

Scope 1	Scope 2	Scope 3 (Excluding Category 15)				
SKFH (including SKVC)						
47.61	199.00	52.75				
	SKL					
1,463.21	12,484.70	2,789.30				
	SKB					
1,593.25	8,707.63	2,196.04				
	MLS	·				
351.23	3,608.88	722.24				
	SKIT					
4.74	151.41	36.11				
	SKPIA					
19.84	31.61	12.75				
	Total					
3,479.89	25,183.23	5,809.19				

Note: The GHG Emissions of Scope 1 to 3 mentioned above are based on the results of ISO14064 verification by SKFH and its subsidiary. For the past two years, the scope, organization, and opinion of assurance for SKFH and its subsidiaries can be found in <u>2023 SKFH Annual</u> <u>Report, P.93.</u>

Scope 3 GHG Emissions in 2023

	Categories	Emissions	Description
3	Category 1 Purchased Goods and Services	108.4	Hybrid method and Average product method. The emissions from purchased goods and services include upstream purchase of goods (A4 paper) and tap water consumption. The activity data and emission factor of water were from Taiwan Water Corporation.
	Category 3 Fuel- and Energy-Related Activities	5,294.06	Average data method. Purchased energy in the form of electricity consumption and fuel for upstream production; annual consumption of electricity and different types of fuel is the activity data. Emissions were calculated by multiplying the activity data and the corresponding carbon footprint coefficients (which deduct the carbon footprint of the electricity and fuel usage stages). (Carbon footprint coefficients obtained from Carbon Footprint Information Platform of Taiwan's Ministry of Environment.)
	Category 5 Waste Generated in Operations	159.58	Average data method and Waste type specific method. Total weight of waste generation was used for the activity data and emission factor of incineration obtained from Carbon Footprint Information Platform of Taiwan's Ministry of Environment. The amount of waste generated by the organization's operations was calculated based on a representative measurement of the waste per person at headquarter buildings and branches of SKFH and its four major subsidiaries, which was then used to calculate total waste based on all employees of SKFH and its subsidiaries and the number of working days in 2023.
	Category 6 Business Travel	247.12	Fuel-based method /Distance-based method. Employee travel includes land and air transportation. Domestic business travel includes high-speed rail and taxi. Based on the carbon footprint of 32g CO ₂ e per person- kilometer extension of the high-speed rail, the taxi is calculated based on the number of kilometers from the departure point of the business trip. Emissions from flights taken were calculated based on flight information from travel agencies and data from Version 10 of the ICAO's Carbon Emissions Calculator Methodology
	Category 9 Downstream Transportation and Distribution	0.03	Distance-based method. SKB has calculated the emissions of credit cards delivered to customers and waste paper treatment. Compiled the weight of credit cards that have been issued and calculated the emissions generated during the transportation and distribution stage of their life cycles. Waste paper treatment was calculated by the ton-kilometers of each type of vehicle based on the weight and distance of the goods transported by vehicle type, and then calculated the emissions based on the corresponding emission coefficient of each type of vehicle
	Category 10 Processing of sold products	58.50	Average product method. Compiled the weight of credit cards that have been issued and calculated the emissions generated during the processing of sold products stage of their life cycles.
	Category 11 Use of sold products	187.68	Average product method. Compiled the weight of credit cards that have been issued and calculated the emissions generated during the use of sold products stage of their life cycles.
Q	Category 12 End-of-life treatment of sold product	54.79	Average product method. Compiled the weight of credit cards that have been issued and calculated the emissions generated during the final treatment of sold products stage of their life cycles.
•	Category 15 Investment	2,228,128	In accordance with the Financial Carbon Emission Calculation Guidelines issued by PCAF and SBTi, the financed emissions of investment and lending are calculate

Total Water Consumption

Water Consumption	Unit	2020	2021	2022	2023	Target for 2023
A. Water withdrawal (excluding saltwater)	Million cubic meters	0.363480	0.349461	0.380424	0.410733	0.346663
B. Water discharge (excluding saltwater)	Million cubic meters	0.363480	0.349461	0.380424	0.410733	0.346663
Total net fresh water consumption (A-B)	Million cubic meters	0	0	0	0	0





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8.2.4 Analysis on Employee's

Region/ Nationality in 2023

Percentage of total employees	Percentage of all management positions
Taiv	van
99.83%	99.9%
Hong	Kong
0.12%	0.1%
Vietr	nam
0.01%	0%
Mala	ysia
0.01%	0%
Myar	nmar
0.01%	0%
Chi	na
0.02%	0%

8.2.5

New Full-time Employees in 2023

				Unit: Persor
		Number of employees	% of all new full-time employees	% of all full-time employees
_	< 30	209	19.1%	1.4%
	30-49	234	21.4%	1.6%
Male	>=50	52	4.8%	0.3%
	Subtotal	495	45.3%	3.3%
	< 30	276	25.3%	1.8%
	30-49	275	25.2%	1.8%
Female	>=50	46	4.2%	0.3%
	Subtotal	597	54.7%	4.0%
	Junior	46	4.2%	0.3%
	Middle	23	2.1%	0.2%
Management Level	Senior	24	2.2%	0.2%
	Taiwanese	1,084	99.3%	7.2%
Nationality	Foreign National	8	0.7%	0.1%
*	Taiwan	1,079	98.8%	7.2%
Workplace	Overseas	13	1.2%	0.1%
Total		1,092	100%	7.3%

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 2,477, and the proportion of new employees to all full-time employees is 16.4%.
- 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 2023.
- Note 4: % of all full-time employees = the number of new employees in 2023 / the total number of full-time employees of SKFH and its subsidiaries.

8.2.6

Number of Employees Who Resigned and Turnover Rate in 2023

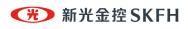
Achiever of

				Unit: Person
			Total	% of all full-time employees
	Numb who l	per of employees eft the company	1049	
	Total	Turnover Rate (%)		12.7%
)	< 30	138	1.7%
V		30-49	299	3.6%
Resigi Mal	ned e	>=50	107	1.3%
		< 30	148	1.8%
		30-49	279	3.4%
Resigi Fema	ned ale	>=50	78	0.9%
•		Junior	24	0.3%
	•	Middle	31	0.4%
Resigi Manage	ned ment	Senior	55	0.7%
0		Turnover Rate(%)		1.3%
		Taiwanese	1,033	12.5%
Nation	ality	Foreign National	16	0.2%
24		Taiwan	1,031	12.5%
Workp	lace	Overseas	18	0.2%
	Disa	bilities	3	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 and those who have not yet passed the probationary period.
- 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.

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8.2.7

Internal Hiring Analysis in 2023

		Total
	< 30	12
	30-49	113
Male	>=50	55
	Subtotal	180
	< 30	23
	30-49	169
Female	>=50	55
	Subtotal	247
	Junior	30
	Middle	50
Male >=50 Subtotal < 30 30-49 >=50 Subtotal Subtotal	33	
	Taiwanese	425
Nationality	Foreign National	12 113 55 180 23 169 55 247 30 50 33 6 425 424
* *	Taiwan	424
Workplace	Subtotal Subtotal 30-49 >=50 Subtotal >=50 Subtotal Management Level Junior Management Level Senior Taiwanese Foreign National Workplace Taiwan Vortseas Overseas	3
Total		427

8.2.8

Occupational Accident Data and Absenteeism Statistics in 2023

	Male	Female	Total
Occupational Injuries	4	11	15
Occupational Deaths	0	0	0
Disabling Injury Frequency Rate (FR)	0.65	1.09	0.92
Disabling Injury Severity Rate (SR)	8.00	22.40	16.93
Frequency Severity Indicator (FSI)	0.07	0.16	0.12
Absentee Days	4,020	9,462	13,482
Absentee Rate (AR)	0.52%	0.75%	0.66%
Total Hours Worked	6,190,896	10,111,832	16,302,728

Note 1: Due to the different nature of sales business, the above table does not include insurance agents. Note 2: 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 3: 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 4: Frequency severity indicator (FSI, the third decimal place is unconditionally rounded off) = square root of (FR X SR / 1,000)

Note 5: Absentee days: include sick leave, occupational injury leaves, and personal leave taken by employees who are absent from work due to disability but not limited to work- related injury or disease and excluding statutory leaves such as festivals and holidays, training, maternity/paternity leave, and bereavement leave.

Note 6: Absentee rate (AR)=(Number of absentee days in the accounting period / Total days scheduled to be worked in the accounting period)x 100%

Note 7: Total days scheduled to be worked in the accounting period =total number of employees*annual workdays

Note 8: Total hours worked: Expected total number of employee hours worked (total number of employees * daily working hours * annual workdays)

8.2.9

Penalties and Improvement Measures of Subsidiaries

Explanation of penalty events	Improvement Measures						
	SKL						
There are deficiencies in the handling of real estate investment and development cases, failure to implement a control mechanism on whether customers have used loans, policy horrowings, or funds from	 Formulate operating procedures for the control and reporting of real estate development projects to the board of directors, and also establish standard operating procedures for emergency construction and document management of development projects to be followed. 						
policy borrowings, or funds from terminating old policies to purchase new policies within three months and the company's handling of public complaints by salespersons	 Review the remuneration payment and control process for salespersons who recommend customers to apply for loans, complete system corrections, and recover application incentive remuneration. 						
If there are any deficiencies in the solicitation and management of equity investment, a fine of NT\$2.4 million was imposed.	 Revise and issue special forms to notify each complaint handling personnel such as channel solicitation and service process reports, as well as new contract solicitation dispute contract withdrawal handling procedures. 						
	• A new control mechanism was added, standard operating procedures were revised, and a conflict of interest review and reporting mechanism was added.						
The company handled the suitability assessment of investment insurance products for seniors and failed to implement the overall policyholder product suitability assessment, resulting in a fine of NT\$1.2 million.	The revision of underwriting regulations and the issuance of announcements have been completed regarding the insurance of investment-type flexible payment products for the elderly, as well as the insurance status of high-risk disputed objects in underwriting practice, and the evaluation mechanism for product suitability of policyholders has been strengthened.						
	SKB						
Violation of relevant deficiencies in the Money Laundering Prevention Act resulted in a fine of NT\$1.5 million.	Conduct a comprehensive review and improvement of the deficiencies involved, report the improvement measures to the board of directors, and punish relevant delinquent personnel.						
	MLS						
The transactions between interested parties were not properly managed and a fine of NT\$2 million was assessed.	Amend the "Checklist for Transactions Other than Credit Transactions with Stakeholders and Quasi- Stakeholders", and strengthen the stakeholder-related database and procurement control mechanism.						

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 2023 SKFH Annual Report, P.110.





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8.3 GRI Content Index

Statement of Use

SKFH has referred to the GRI standards in reporting the information cited in the GRI appendix table from January 1, 2023, to December 31, 2023.

GRI 1 Used

Applicable GRI Sector Standard GRI G4 Indicators of Financial Service Sector

	Disclosure	Corresponding Chapter / Content	Page Number		Disclosure	Corresponding Chapter / Content	Page Numb
Gener	al Disclosures			Gener	al Disclosures		
GRI 2	· General Disclosures 2021			GRI 2	· General Disclosures 2021		
2-1	Organizational details	About SKFH	04	2-15	Conflicts of interest	2023 SKFH Annual Report:	
2-2	Entities included in the organization's sustainability reporting	About SKFH	04			Chapter 3. Corporate Governance Report II. Background Information of Directors, the President,	
2-3	Reporting period, frequency and contact point	8.1 About This Report	165			Senior Vice Presidents, Vice Presidents, and Heads of Departments and Branch Offices	
2-4	Restatements of information	None	-			VII. Changes in Equity Transfer and Pledged Equity of Directors or Managerial Officers, and Those Required to	
2-5	External assurance	8.10 Assurance and Verification Statements	180			Make a Declaration of Shareholding Changes by Article 11 of the "Regulations Governing A Same Person or A Same	
2-6	Activities, value chain and other business relationships	About SKFH	05			Related Party Having Held the Equity of A Same Financial Holding	
2-7	Employees	About SKFH	04	2-16	Communication of critical concerns	1.2.1 Corporate Sustainability Committee	
-8	Workers who are not employees	6.1.1 Employee Status6.1.1 Employee Status	124 124			2.1.1 Composition and Operation of the Board of Directors SKFH CSR Website/Corporate Governance	3
2-9	Governance structure and composition	 1.2.1 Corporate Sustainability Committee 2.1.1 Composition and Operation of the Board of Directors SKFH Official Website/Corporate Governance/Functional Committees 	13 32	2-17	Collective knowledge of the highest governance body	1.2.1 Corporate Sustainability Committee2.1.4 Director TrainingSKFH Annual Report P.66:Refresher courses attended by the directors of the Company in 2023.	
2-10	Nomination and selection of the highest	1.2.1 Corporate Sustainability Committee	13	2-18	Evaluation of the performance of the highest governance body	2.1.2 Evaluation of Board Performance	:
	governance body	2.1.1 Composition and Operation of the Board of Directors	32	2-19	Remuneration policies	2.1.3 Remuneration of Directors and Managers	:
		SKFH Official Website/Corporate Governance /Board of Directors/ Board Diversity Policy and Implementation		2-20	Process to determine remuneration	2.1.3 Remuneration of Directors and Managers	;
2-11	Chair of the highest governance body	1.2.1 Corporate Sustainability Committee 2.1.1 Composition and Operation of the Board of Directors	12 32	2-21	Annual total compensation ratio	 The compensation of the highest-paid individual within the organization is 12 times the median compensation of the organization's employees (excluding the highest-paid individual) 	3
2-12	Role of the highest governance body in overseeing the management of impacts	1.2.1 Corporate Sustainability Committee 2.1.1 Composition and Operation of the Board of Directors	13 32			 The annual compensation growth rate of the highest-paid individual couldn't be calculated due to the individual being on board in mid-2023. 	
		SKFH CSR Website/Corporate Governance		2-22	Statement on sustainable development strategy	Message from the Chairman and President	(
2-13	Delegation of responsibility for managing impacts	1.2.1 Corporate Sustainability Committee	13	2-23	Policy commitments	2.2.1 Ethical Management and Code of Ethics 6.1.3 Human Rights Protection	:
2-14	Role of the highest governance body in sustainability reporting	1.2.1 Corporate Sustainability Committee	13	2-24	Embedding policy commitments	2.2.1 Ethical Management and Code of Ethics	1: :
						6.1.3 Human Rights Protection	





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GRI 2 : General Disclosures 2021 2-25 Processes to remediate negative impacts 2-26 Mechanisms for seeking advice and raising concerns 2-27 Compliance with laws and regulations		
2-25 Processes to remediate negative impacts 2.2.1 Ethical Management and Constrained for the formation of the form		
2-26 Mechanisms for seeking advice and raising concerns 2.2.1 Ethical Management and Co 2-27 Compliance with laws and regulations 2.2.2 Legal Compliance		
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2-28 Membership associations 8.2.1 Engagement with Domestic Organizations	and Foreign	166
2-29 Approach to stakeholder engagement 1.5 Stakeholder Engagement		26
2-30 Collective bargaining agreements 6.2.2 Diverse Communication		131
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GRI 3 : Material Topics 2021		
3-1 Process to determine material topics 1.3.1 Material Analysis and Prioriti	ization	14
3-2 List of material topics 1.3.1 Material Analysis and Priorit	ization	16
Business Performance		
GRI 3 : Material Topics 2021		
3-3 Management of material topics 1.3 Identification of Material Issue About SKFH	IS	14 04
GRI 201 : Economic Performance 2016		
201-1 Direct economic value generated and distributed About SKFH		06
Talent Recruitment and Retention		
GRI 3 : Material Topics 2021		
3-3 Management of material topics 1.3 Identification of Material Issue 06. Achiever of Joyful Career-Sho 0.9 Joyful Career-Sho Long-Term Goals 1.3 Identification of Material Issue	-	14 123
6.3 Talent Recruitment and Emplo	oyee Care	132
GRI 401 : Employment 2016	0000	400
401-1 New employee hires and employee turnover 8.2.5 New Full-time Employees in 8.2.6 Number of Employees who I Turnover Rate in 2023		169
401-2Benefits provided to full-time employees that are not provided to temporary or part-time employees6.3.3 Employee Support Program	IS	136
401-3 Parental leave 6.3.3 Employee Support Program	IS	135

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Corpor	rate Governance and Ethical Management		
•	Material Topics 2021		
3-3	Management of material topics	1.3 Identification of Material Issues02. Practitioner of Accountable Governance - Short, Mid, and Long-Term Goals2.2 Ethical Management	14 29 38
GRI 20	5 : Anticorruption 2016		
205-2	Communication and training about anticorruption policies and procedures	2.2.1 Ethical Management and Code of Ethics 2.2.2 Legal Compliance-Anti-Money Laundering	3
205-3	Confirmed incidents of corruption and actions taken	2.2.1 Ethical Management and Code of Ethics	3
Sustai	nable Finance		
GRI 3 :	Material Topics 2021		
3-3	Management of material topics	 1.3 Identification of Material Issues 05. Driver of Sustainable Value Chain - Short, Mid, and Long-Term Goals 5.1 Sustainable Finance Strategy 	10 10 10
GRI 20	3 · Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	1.4 Sustainability Impact Valuation5.2 Responsible Investment and Lending5.3 Sustainable Stewardship	24 100 113
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GRI 3 :	Material Topics 2021		
3-3	Management of material topics	 1.3 Identification of Material Issues 04. Guardian of Natural Environment - Short, Mid, and Long-Term Goals 5.1 Sustainable Finance Strategy 	1 6 10
GRI 20	1 : Economic Performance 2016		
201-2	Financial implications and other risks and opportunities due to climate change	4.3 Climate Actions	7

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Climat	e Action		
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1.2	When reporting on GHG emissions targets, the reporting organization shall explain whether offsets were used to meet the targets, including the type, amount, criteria or scheme of which the offsets are part	4.2 Low-carbon Operations	70
305-1	Direct (Scope 1) GHG emissions	4.2 Low-carbon Operations	70
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Low-carbon Operations	70
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305-4	GHG emissions intensity	4.2 Low-carbon Operations	70
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GRI 41	8 : Customer Privacy 2016		01
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.2Safeguarding Customer Privacy and Rights-Protection of Customer Privacy	57
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GRI 3	Material Topics 2021		
3-3	Management of material topics	 Identification of Material Issues Innovator of Financial Service -Short, Mid, and Long-Term Goals Customer Relationship Maintenance 	14 49 56
GRI 41	7 · Marketing and Labeling 2016	· · · · · · · · · · · · · · · · · · ·	
417-1	Requirements for product and service information and labeling	3.2.2. Safeguarding Customer Privacy and Rights- Legal Compliance of Products and Marketing Strategies	57
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	-

	Disclosure	Corresponding Chapter / Content	Page Numbe
Innova	tion and Digital Finance		
GRI 3 :	Material Topics 2021		
3-3	Management of material topics	 1.3 Identification of Material Issues 03. Innovator of Financial Service - Short, Mid, and Long-Term Goals 3.1 Innovation and Digital Finance 	14 49 50
GRI 20	3 · Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	1.3 Sustainability Impact Valuation3.1 Innovation and Digital Finance	24 50
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GRI 3 :	Material Topics 2021		
3-3	Management of material topics	 1.3 Identification of Material Issues 02.Practitioner of Accountable Governance - Short, Mid, and Long-Term Goals 2.2.2 Legal Compliance 	14 29 37
GRI 20	6 : Anti-Competitive Behavior 2016		01
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.1 Ethical Management and Code of Ethics	35
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GRI 3 :	Material Topics 2021		
3-3	Management of material topics	 1.3 Identification of Material Issues 02. Innovator of Financial Service - Short, Mid, and Long-Term Goals 3.3 Financial Inclusion 	14 49 61
GRI 20	3 · Indirect Economic Impacts 2016		01
203-2	Significant indirect economic impacts	1.4 Sustainability Impact Valuation 3.3 Financial Inclusion	24 61
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GRI 3 :	Material Topics 2021		
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8.4 GRI G4 Indicators of Financial Service **Sector**

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Product p	ortfolio		
	FS1	Policies with specific environmental and social components applied to business lines	61, 105
	FS2	Procedures for assessing and screening environmental and social risks in business lines	105-109
DMA	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	113-117
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	74, 77, 138
	FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	113-117
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	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	110-112
Local Con	nmunitie	25	
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	61
Product a	nd Servi	ce Labeling	
DMA	FS15	Policies for the fair design and sale of financial products and services	56, 61
DIVIA	FS16	Initiatives to enhance financial literacy by type of beneficiary	154-156

8.5 Index of Sustainability Accounting Standards Board (SASB) Insurance

Code	Accounting Metric	Disclosure Content in 2023
Topic : Activity	Metrics	
FN-IN-000.A	Number of policies in force by segment: (1) property and casualty, (2) life, and (3) assumed reinsurance	 Premium income by insurance type: SKL Website Home/About Us/Information Disclosure/Business Overview/Premium Income and Insurance Benefits by Insurance Type (Data: March 2024)
		Number of policies in force in 2023: 18,065,526
Topic : Transpa	rent Information & Fair Advice for Cu	ustomers
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 competer authority and others (information date: September 2023) https://reurl.cc/EoKkon
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 https://reurl.cc/K06ZLq
		 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= [75/638,401] * 1000=0.1174
FN-IN-270a.3	Customer retention rate	Insurance Information Public Inquiry/Single Inquiry/Shin Kong Life Insurance Co., Ltd./ Financial Business Indicators: Customer retention rate
FN-IN-270a.4	Description of approach to informing customers about products	 Chapter 5 Service Innovation - Fair Treatment of Customers in the SKL Sustainability Report SKL Website Home/About Us/ Fair Treatment of Consumers SKL Website Home/About Us/ Products and Services
Topic : Incorpor	ration of Environmental, Social, and	Governance Factors in Investment Management
FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	 Chapter 7.1 Promote sustainable finance in the SKL Sustainability Report SKL Institutional Investors Stewardship Report
Topic : 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 5.1 Sustainable Insurance in the SKL Sustainability Report SKL Website Home/ Products and Services/ Health Managemer

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Insurance

isurance					
Code	Accounting Metric	Disclosure Content in 2023	Code	Accounting Metric	Disclosure Content in 2023
Topic : Financed	Emissions		Topic : Data Sec	curity	
FN-IN-410c.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	 Operational emissions (Scope1, 2, 3) in Chapter 3.2.1 Implement Greenhouse Gas Inventory in the SKL Sustainability Report. Financed emissions in Chapter 2.4 Climate Metrics and Targets in the SKL Sustainability Report 	FN-CB-230a.1	 Number of data breaches percentage involving personally identifiable information (PII) 	 No data breaches incidents in 2023 The ratio of data breaches related to personal information was 0 No account holders were affected
FN-IN-410c.2	Gross exposure for each industry by asset class	Chapter 2.4 Climate Metrics and Targets in the SKL Sustainability Report		(3) number of account holders affected	
		 Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2022 and 2023 (P.144) 	FN-CB-230a.2	Description the of approach to identifying and addressing data security risks	• 2.3 Information Security • "2.4 Information Security" in the SKB Sustainability Report for 2023
FN-IN-410c.3	Percentage of gross exposure included in the financed emissions calculation	Chapter 2.4 Climate Metrics and Targets in the SKL Sustainability Report	Topic : Financia	I Inclusion and Capacity Education	
FN-IN-410c.4	Description of methodology used to calculate financed emissions.	Chapter 2.4 Climate Metrics and Targets in the SKL Sustainability Report	FN-CB-240a.1	(1) Number and (2) amount of	• SKB has offered a total of 4,916 loans to small and medium
Topic : Environr	nental Risk Exposure			loans outstanding qualified to programs designed to promote	enterprises in 2023
FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related			small business and community development	 The total loan amount was NT\$181.69 billion (For the definition of small enterprise, please refer to the Small and Medium Enterprise Administration, Ministry of Economic Affairs)
	natural catastrophes	Not applicable. SKL does not provide property insurance products.			 SKB has offered 44 loans for the reconstruction of dangerous and old buildings in 2023, the total loan amount was NT\$6.48 billion
FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Not applicable. SKL does not provide property insurance products.	FN-IN-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-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	 SKL is active in life insurance, and the correlation between insurance contracts and environmental risks is low, so the metric is not applicable. Chapter 2.3Climate Risk Management and Chapter6.3 Risk Management in the SKL Sustainability Report 	FN-IN-240a.3	.3 Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	 In order to provide deposit services to the general public, SKB ha not charged any deposit service-related fees. As of the end of 2023 SKB had 4,877,275 general deposit accounts. Since the 1990s, SKB has been committed to expanding inclusiv banking products, offering charity current savings deposit accounts and providing people with disabilities and low-income household with a 1.625% deposit discount of less than NT\$2 million (inclusive)
Topic : Systemic	Risk Management				Interest rates, as of the end of 2023, there were 449 SKB heartwarmin demand savings deposit accounts.
FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of	 Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2022 and 2023–9. Financial instruments at fair value through profit or loss- (P.49) SKL currently only has potential exposure to non-centrally 			Note 1: Qualifications for opening "heartwarming demand savings deposit accounts":Individuals hold government-issued document certifying disabilities or low-income status, such as "disability certificates," "disability cards," or "low-income household cards,".
	acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	cleared derivatives and doesn't have potential exposure to centrally cleared derivatives and acceptable collateral posted with the central clearinghouse, so metrics (2) and (3) are not applicable.			Note 2: The current SKB official website announces the a preferentia interest rate for "heartwarming demand savings deposit accounts is 1.625%, with a maximum deposit limit of NT\$2 million per account.
FN-IN-550a.2	Total fair value of securities lending collateral assets	SKL didn't have the securities lending collateral assets in 2023	FN-CB-240a.4	Number of participants in financial	• SKB partnered with social enterprise Re-U to invite people with
		 SKL didn't have a financial asset securities lending agreement in 2023 : Shin Kong Life Insurance Co., Ltd. Parent Company Only Financial Statements and Auditor's Report in 2022 and 2023 (P.154) 		literacy initiatives for unbanked or underbanked customers	disabilities to participate in SKB's inclusive finance courses. Members from the Financial Management Product Department and Digital Finance Department served as financial lecturers to teach people with disabilities to understand financial management tools, used digital methods to manage assets, and digital financial
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 2022 and 2023 (P.148~151 \ 159~160)			 security instructions, through digital tools, people with disabilities can apply to experience using OU digital deposit accounts. Digitally facilitated financial education for people with disabilities Number of participants: 117



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Commercial Banks

Code	Accounting Metric	Disclosure Content in 2023	Code	Accounting Metric	Disclosure Content in 2023
Topic : Incorpor	ration of Environmental, Social, and	Governance Factors in Credit Analysis	Topic : Business	s Ethics	
FN-CB-410a.2	Commercial and industrial credit exposure, by industry	 5.1 Sustainable Finance Strategy 5.2 Responsible Investment and Lending Chapter 2.2 Corporate Governance and Ethical Management and Chapter 3.2 Sustainable Finance in the SKB Sustainability Report. 	FN-CB-510a.1	as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation,	In 2023, SKB had no employees violating integrity management- related incidents (including behaviors involving fraud, insider trading, anti-competitive behavior, antitrust and monopoly behavior, market manipulation, etc.). However, in 2023, SKB was fined NT\$1.5 million for violating money laundering prevention regulations. The reason for the case was that the bank's credit granting case involved the
Topic : Finance	d emissions			financial industry laws or regulations	"Jiang Mama Real Estate Speculation Case" and whether relevant colleagues received improper benefits is still under investigation.
FN-CB-410b.1	Absolute gross financed emissions,	Chapter 3.2.4Carbon Asset Risk Exposure in the SKB			
	disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Sustainability Report.	FN-CB-510a.2	Description of whistleblower policies and procedures	SKB Internal and External Personnel Whistleblowing Procedures https://www.skbank.com.tw/200638
FN-CB-410b.2	Absolute gross financed emissions,		Topic : System I	Risk Management	
disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3 • Corporate Lending:	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		
		 Accounting for 37.7% of investment and lending portfolios For exposures by industry, please see Chapter 3.2.4Carbon Asset Risk Exposure in the SKB Sustainability Report. 	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress	 Capital adequacy is disclosed on P.89~90 and P.95~97 of the SKB 2023 Annual Report
FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation	 The inventory scope is based on the required activities of the SBT target setting announced by Science Based Targets initiative(SBTi).:The inventory coverage rate for investment is 100%; for corporate credit except for corporate long-term loans and commercial real estate loans, the inventory coverage rates are 94% and 68% respectively, the inventory coverage rate for other asset classes is 100% Chapter 3.2.4 Carbon Asset Risk Exposure in the SKB Sustainability Report. 	test plar stra	tests into capital adequacy planning, long-term corporate strategy, and other business activities	 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
			Topic : Activity	Metric	Anticle 7 of SKB's Stress Test Operating Suldennes
FN-CB-410b.4	Description of methodology used to calculate financed emissions	 SKB compiles and discloses financed emissions for each asset class with reference to the PCAF standards, and verifies them through a third-party external agency to ensure the accuracy of the calculation results. 	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a)personal and (b) small business	Chapter 1.3 Sustainable Strategy in the SKB Sustainability Report.
		Chapter 3.2.4 Carbon Asset Risk Exposure in the SKB Sustainability Report.	FN-CB-000.B	 (1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate 	(a) The personal credit balance is NT\$513,714 million (b) The small business credit balance is NT\$181,689 million (c) The corporate credit balance is NT\$317,088million

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8.6 Index of United Nations Global Compact

Торіс	Compact	Corresponding Chapter
	1. Businesses should support and respect the protection of internationally proclaimed human rights.	6.2.1 Human Rights Protection
Human Rights	2. Make sure that they are not complicit in human rights abuses.	6.2.1 Human Rights Protection 5.5.1 Supplier Management
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	6.2.2 Diverse Communication
	4. The elimination of all forms of forced and compulsory labor.	6.2.1 Human Rights Protection
Labor	5. The effective abolition of child labor.	6.2.1 Human Rights Protection
	6.The elimination of discrimination in respect of employment and occupation.	6.2.1 Human Rights Protection
	7.Businesses should support a precautionary approach to environmental challenges.	4.2.3 Carbon Reduction Action
	8.Undertake initiatives to promote greater environmental	5 Driver of sustainable value chain
	responsibility.	4.1 Environmental Commitment and Management
Environment		4.2.2 Energy Resource Management
	9. Encourage the development and diffusion of environmentally friendly technologies.	5.2.3 Sustainable Finance Impact
Anti Comunica	10.Businesses should work against corruption in all its forms, including extortion and bribery.	2.2.1 Ethical Management and Code of Ethics
Anti-Corruption		

8.7 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

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Item	Disclosure	Corresponding Chapters
Reference Article: Article 4, Pa	ragraph 3	
Number of data breaches, percentage of personal data breaches, and number of account holders affected.	Number of data breaches:2 Percentage involving personally identifiable information:100% Number of account holders affected:18	2.3.3 Reporting of Information Security Incidents and Simulation3.2.2 Protection of Customer Privacy
The number and balance of loans for promoting small businesses and community development.	Number of loans: 6,295 Loan balance: NT\$191.14 billion (SME loans, Microbusinesses loans and Loans for reconstruction of urban unsafe and old buildings)	3.3 Financial Inclusion
The number of participants in financial education programs for the disadvantaged without adequate access to banking services.	Number of participants: 22,020 (Financial Education Starts Here - Being Friends with Money, Guardians of Wealth, Little Bankers, FinTeach Campus Financial Event, Industry- academia collaboration, High school financial literacy courses and "2023 Digital Accessibility for All" Financial Education Program on Fair Customer Treatment)	7.4Financial Education
Products and services designed by each business unit to create environmental or social benefits.	The carbon reduction by green investment and lending as well as the performance of Microinsurance product.	5.2.3.4The Carbon Reduction by Green Investment and Lending in Renewable Energy3.3 Financial Inclusion

Note:For article 4-1, Paragraph 1, please see 4.2 Low-carbon Operations < 4.3 Climate Action < 8.2.3 Description of GHG Emissions of this report, and 2023 SKFH Annual Report p.120-125

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8.8 TCFD Recommended Disclosures Index Comparison Table

TCFD Framework	General Guidance	Implementation results	Corresponding Sections and Chapters
	Describe the board's oversight of climate-related risks and opportunities	 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 	4.3.1 Climate and Nature
Governance	Describe management's role in assessing and managing climate- related risks and opportunities.	• 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.	- Governance Structure
		 There are seven executive groups under the "Corporate Sustainability Management Committee". Among them, the "Environmental Protection Group" is responsible for promoting the internal carbon reduction plans and the implementation of carbon reduction goals; the "Sustainable Finance Group" is responsible for climate-related risk assessment as well as the planning and implementation of green investment and lending. 	
	Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	 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. 	
	Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning + According to the ranking of risks, we have analyzed business activities based on qualitative and quantitative analysis, and proposed response plans.		4.3.2 Climate Strategy
Strategy	Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios.	 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 home loan and investment portfolio. By understanding the risk exposure based on different climate scenarios, we can actively carry out relevant management actions and countermeasures. 	-
	Describe the company's processes for identifying and assessing climate-related risks.	 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. 	
Risk Management	Describe the company's processes for managing climate-related risks	 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. 	4.3.3 Climate Risk Management
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management	 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. 	-
	Disclose the metrics used by the company to assess climate- related risks and opportunities in line with its strategy and risk management process.	 SKFH takes sustainable investment process, credit limits, green procurement, green building, green energy and resource efficiency as climate-related indicators. 	
Metrics and Targets	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 category 15 greenhouse gas (GHG) emissions, and the related risks	 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. 	4.3.4 Climate Metrics and Targets
	Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.	 This year, we established relevant targets for specific indicators, and relevant departments will formulate plans, implement actions, and then report the results to the Board of Directors on a regular basis. 	<u> </u>

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8.9 Index of ISSB IFRS Sustainability Disclosure Standard

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Core Content

Core Content	Disclosure		Corresponding Chapter	Page
	The governance processes, controls and	1.2	Sustainable Business Framework	12
500	procedures the entity uses to monitor and manage sustainability-related risks and	1.3	Identification of Material Issues	14
	opportunities	2.4	Risk Management	41
Governance				
		1.1	Blueprint of Sustainability Strategies	11
		1.3	Identification of Material Issues	14
	The approach the entity uses to manage	1.4	Sustainability Impact Valuation	24
	sustainability-related risks and opportunities	2.4	Risk Management	41
		4.3	Climate Action	76
Strategy		4.4	Nature Action	96
onatogy		5.2	Responsible Investment and Lending	106
	I 	1.3.1	Material Analysis and Prioritization	14
	The processes the entity uses to identify,	1.3.2	Impact Description and Management Policy of Material Issues	18
	assess, prioritize and monitor sustainability- related risks and opportunities	1.3.3	Incorporating Material Issues into Risk Management	19
Risk Management		2.4.3	Risk Management Process and Identification Results	44
		2.4.4	Emerging Risks	46
Metrics and Targets	The entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation	1.3.4	Material Issue Strategies and Short-, Mid- to Long-Term Goals	22

Judgements, uncertainty and Errors

S1	S1 Disclosure		Corresponding Chapter	
Judgements	An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts, that the entity has made	1.3	Identification of Material Issues	14
Judgements	in the process of preparing its sustainability-related financial disclosures and that have the most significant effect on the information included in those disclosures.		Climate Action	76
			Nature Action	96
Measurement uncertainty	An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its sustainability- related financial disclosures.	8.1	About This Report	165
Errors	An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.	8.1	About This Report	165

General requirements

S1	Disclosure	Corresponding Chapter	Page
Sources of guidance	Identifying sustainability-related risks and opportunities, identifying applicable disclosure requirements, and disclosure of information about sources of guidance	8.1 About This Report	165
Location of disclosures	An entity is required to provide disclosures required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reports	8.1 About This Report	165
Timing of reporting	An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements.	8.1 About This Report	165
Comparative information	An entity shall disclose comparative information in respect of the previous period for all metrics disclosed in the current period.	About SKFH 8.1 About This Report	04 165
Statement of compliance	An entity whose sustainability-related financial disclosures comply with all of the relevant requirements of IFRS Sustainability Disclosure Standards shall include an explicit and unqualified statement of compliance.	8.1 About This Report	165

IFRS S2 Climate-related Disclosures

The purpose of IFRS S2 "Climate-related Disclosures" is to require companies to disclose information on their climate-related risks and opportunities. The scope includes the entity exposure to climate-related transition and physical risks, and available climate-related opportunities; The core content follows the TCFD framework, including governance, strategy, risk management, metrics and targets, etc., so that stakeholders can measure SKFH' climate-related risks and opportunity information, which is useful when making decisions about providing resources to the company. For information on SKFH's climate-related disclosures, please refer to <u>4.3 Climate Action</u> in this report.





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8.10 Assurance and Verification Statement

I Independent Assurance Statement

ASSURANCE STATEMENT SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG FINANCIAL HOLDING CO., LTD.'S SUSTAINABILITY REPORT FOR 2023 NATURE AND SCOPE OF THE ASSURANCE 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 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards (2021) and AA1000 Accountability Principles (2018), ESG disclosure topics & accounting metrics follows sustainability accounting standards (SASB) - Insurance version 2023-12, and GHG Protocol (Scope 3 Category 15 Investments) during on-site assurance (2024/03/11~2024/05/10) in SKFH headquarter. The boundary of this report includes SKFH Taiwan and oversea operational and service 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 disclosed outside the scope, such as Impact Valuation and its related quantitative information disclosed, GRI G4 Financial Services Sector Disclosures, and non-material topics and its performance indicators 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 2023 and its presentation are the responsibility of the directors or governing body 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 assurance 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 TWLPP5008 Issue 2404

 The assurance of this report has been conducted according to the following Assurance Standards:

 Assurance
 Level of Assurance

 A
 SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in A1000)

 B
 AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

- 1 GRI Universal Standards (2021) (Reference)
- 2 AA1000 Accountability Principles (2018)
- 3 GHG Protocol (Scope 3 Category 15 Investment)
- 4 SASB (Insurance, Version 2023-12)
- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in the Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for SKFH and moderate level of scrutiny for its subsidiaries.
- The evaluation of the report against the SASE Disclosures and Metrics included in the Insurance Sustainability Accounting Standard (VERSION 2023-12) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.
- evaluation of the reporting emission against the GHG Protocol (Scope 3 Category 15 Investments) and conducted an evaluation of accuracy assurance at moderate level of scrutiny.

elow from sampled text and data of SKFH's	Report :
Material Topics:	GRI Indicators :
Business Performance	Disclosure 201-1 Direct economic value generated and distributed 2016
Risk Management	Internal indicator(s)
Corporate Governance and Ethical Management	Disclosure 205-2 Communication and training a bout anti- corruption policies and procedures 2018 Disclosure 205-3 Confirmed incidents of corruption and actions taken 2016
Sustainable Finance	
Financial Inclusion	Disclosure 203-2 Significant indirect economic impacts 2016
Social Participation	
Information Security and Privacy	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data 2016
Customer Relationship and Service Quality	GRI 417: Marketing and Labeling 2016
Innovation and Digital Finance	Disclosure 203-2 Significant indirect economic impacts 2016
Legal Compliance	GRI 208: Anti-competitive Behavior 2018
Climate Action	GRI 305: Emissions 2016 Disclosure 201-2 Financial implications and other risks and opportunities due to climate change 2016
Talent Recruitment and Retention	GRI 4D1: Employment 2016

TWLPP5008 Issue 2404

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I Independent Assurance Statement

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, Social Return on Investment assessments (SRO), Impact Valuation and its related quantitative information disclosed, GRI G4 Financial Services Sector Disclosures, and non-material topics and the related performance indicators have not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SOS Group of companies is the world leader in inspecton, testing and assurance, operating in more than 140 countries and providing services including management systems and service certificator; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SOS affirm our independence from SKRH, 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.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is 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 indusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability 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 soutions.

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 identify and fairly represented impacts that encompass a range of environmental, social and governance topics from vide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

TWLPP5008 Issue 2404

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SKFH's Sustainability Report of 2023, 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 200/300400 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, and by due diagnoce in GRI conducted, to consider the impact measurement scope in the comprehensive value chain to demonstrate SKFH's edition in impact management.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

SKFH has referenced with SASB's Standard, Insurance, VERSION 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in SKFH's Sustainability Report of 2023. 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 ecommended to monitor internal and external drivers of ESG risk and opportunities and benchmarks performances on SASB disclosure topics within the sectors to enhance confluous improvement.

GHG PROTOCOL CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

SGS has been commissioned by SKFH for the verification of indired 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 2,228.1 thousand metric tons of CO2 equivalent within SKFH's Sustainability Report of 2023, were assessed for its accuracy and completeness a moderate level of scrutiny as part of the SGS ESG & Sustainability Report Assurance process. Information has been gathered, recorded, compiled, 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 emission amount related to SKFH is investment activities.

Signed: For and on behalf of SGS Taiwan Ltd.



Stephen Pao Business Assurance Director Taipei, Taiwan 19 June, 2024 WWW.SGS.COM

TWLPP5008 Issue 2404



SKFH Sustainable Development Strategy

Practitioner of

Accountable

Governance

Innovator of **Financial Service** Promoter of Sustainable Prosperity

I Independent Assurance Statement

KPMG 主体建立成合体目的变体的 La la constantina de la consta

Independent Limited Assurance Report

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Based on the work we used performed and the invidence we have obtained, as described above, sending have even in our attention that ensures on a balance that the balance Matter Information has on been integerly prepared, in all material answers in accordance with the applicable micros. Other Masters

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ISO 14001 Environmental management systems (SKB)

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ISO 20400 Sustainable procurement (SKB)

ISO 14046 Water Footprint (SKL)



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Independent Verification Opinion

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SKFH Sustainable Development Strategy

Practitioner of

Accountable

Governance

Innovator of **Financial Service**

Guardian of Natural Environment

Driver of Sustainable Value Chain

Promoter of Sustainable Prosperity



Shin Kong Financial Holding Co., Ltd 38F., No.86, Sec. 1, Churg-Holap W. Rd., Talpel, Tolwan, R.O.C.

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ISO 14064 Greenhouse Gas Emission (SKFH)





Shin Kong Investment Trust Co., Ltd. 11F., No. 167, Sec. 2, Narring E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)

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ISO 14064 Greenhouse Gas Emission (SKB)

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ISO 14064 Greenhouse Gas Emission (MLS)

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ISO 14064 Greenhouse Gas Emission (PIA)

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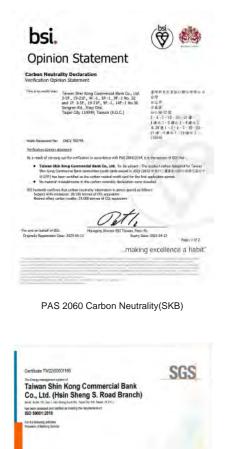
Innovator of **Financial Service**

Guardian of Natural Environment

Driver of Achiever of Sustainable Value Joyful Career Chain

Promoter of Sustainable Prosperity

Appendix





I Social

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Certificate of Registration

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Holds Cartificator No. CMS 681092 and operates a Costower Satisfaction Honoverrent System that is depined with 190 (2002-2008)

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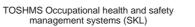
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January 16, 2024 **Effective Date** January 15, 2027 Expiry Date: Cemfication Body: ARES International Certification Co., Ltd.

General Manage 26 LARS HIT ERHAMONIAL (ERMANDAR CO., LTD. No. 13: 4, Lo. 1807, Weeping Hd., Anping Dicc, Tokum Coy 700, Toman (R.D.C.). TEL 06:295.99596 (Ad.-US-295.9667 RES

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Effective Data: 2022-07-71 Expiry Data: 2023-07-33 Page: 1 of 4

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ISO 50001 Energy management (SKB)

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SKFH Sustainable Development Strategy

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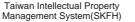
Appendix

I Governance











ISO 27001 Information Security Management System (SKB)



ctory or telephone +866 (302)355-0033. Taiwan Haadouatan: 2nd Floor, No.37, 3-Hu Hd., Noi-Ha Din, Taipai 114, Taiwan, R.G.C. & Nember ef the ISSI Geogra-of Companies.

ISO 27001 Information Security Management System (MLS)

