

2022 SKFH Human Rights Due Diligence Report

I. Purpose of Human Rights Due Diligence:

Shin Kong Financial Holding Co., Ltd. and its subsidiaries (hereinafter referred to as the "Company") carry out the human rights due diligence regularly, in order to understand whether there are any potential human rights issues during the Company's operation, value chain activities, and new business development courses, which may have impacts on the stakeholders of the Company.

II. Human Rights Due Diligence Process

- (I) Collection and Distinction: Sustainable Development Department collects domestic and overseas trends and human rights issues of concern to the industry, and conducts an online survey with CS Committee working groups; Distinct the frequency of the issues that may occur during corporate operating and value chain activity courses, the stakeholders which may suffer impacts, as well as the extent of the impacts of such issues on the Company by the online questionnaire to ESG working groups.
- (II) Identification and Prioritizing: After identifying the issues and the stakeholders, the Office ranks the human rights issues into material issues, secondary issues and basic issues based on the survey results, and creates the risk matrix.
- (III) Evaluation and Response measures: The departments in charge of material issues shall conduct a risk assessment on the issues and related stakeholders, and formulate mitigation plans and remediation actions to manage and reduce the identified risks and have proper responses when the risk occur.
- (IV) Regular reviews and amendments: The Sustainable Development Department shall prepare the Human Rights Due Diligence Report for disclosure to the public, and regularly review and revise current human rights statement and strategies.

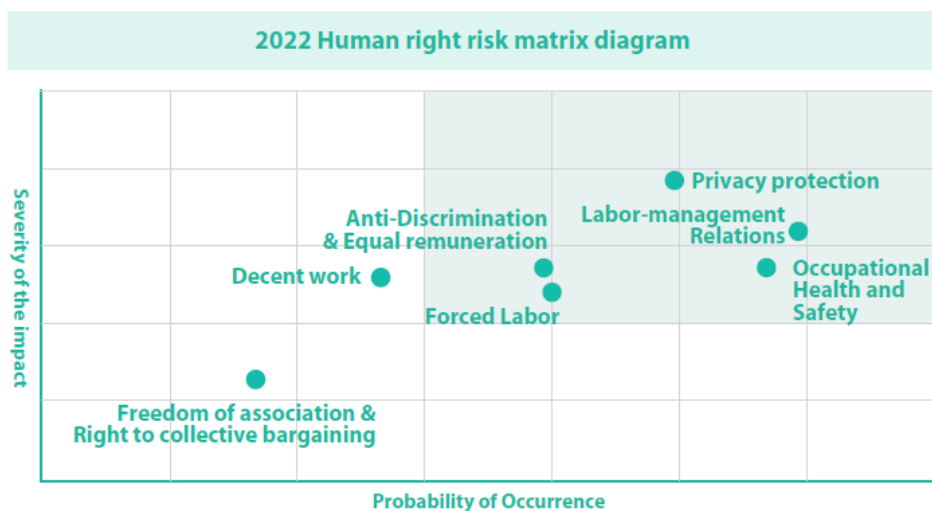
III. Contents of Human Rights Due Diligence in 2022

(I) Covered Scope and Groups:

Scope	Groups of Stakeholders
Company's operating	All employees (including indigenous people, third-party contracted and migrant workers), Female employees
Value chain	Suppliers, Customers
Business Partners	Joint ventures, Investing and financing Subjects

(II) Covered Issues:

Issues	Description	Risk assessment standards
Forced Labor	Exceeding legal overtime work hours limits and leave restrictions.	Overtime work for more than 40 hours per month
Labor-management Relations	Damages by the management to the rights and interests of the workers, contract disputes between the management and the workers, and other issues.	Dispute between management and labors
Anti-Discrimination & Equal remuneration	Discrimination and harassment related to gender, age, nationality, rank, etc.	Complaints about sexual harassment and work violence
Occupational Health and Safety	Employees' health, maternity protection, occupational injuries, work-related injuries, and other issues.	Health and safety management objects, and number of occupational accidents
Freedom of association & Right to collective bargaining	Whether having any rights to collective bargaining, establishment of associations, organization of trade unions, etc.	Whether restricting the freedom of assembly and association
Privacy protection	Violating of personal privacy, publicizing or disseminating the privacy or personal information of others without their consent, etc.	Personal information breach events
Decent work	Involvement in human trafficking, or employment of illegal migrant workers, or child or forced labor, etc.	Whether involving human trafficking, or employment of child labor or forced labor, etc.

(III) 2022 Human Right Risk Matrix Diagram


IV. Human Rights Due Diligence Results and Mitigation/ Remediation Measures:

● Employees :

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
Forced Labor	4.15 %	<ul style="list-style-type: none"> Formulate the normal working hours in work rules and personnel regulations. The attendance management system checks the attendance records every week and reviews abnormal working hours. Inspect every department's working overtime status monthly. Take care of those who work overtime exceeds 40 hours in that month. Provide a leave system and a leave prearrangement mechanism, and regularly review the use of annual leave by employees. 	100%	<ul style="list-style-type: none"> Provide the overtime pay or overtime compensatory leave. Employees can choose the compensation method for their overtime. Unconsumed annual leave can be exchanged for salary.
Labor-management Relations	0.08 %	<ul style="list-style-type: none"> Comply with labor laws and regulations, and clearly set out in work rules and personnel regulations. Hold regular labor-management meetings and set up a "Salesman's Opinion Mailbox". Regularly organize courses on the labor regulations to help the employees understand their labor rights and help managers establish appropriate management methods. 	100%	<ul style="list-style-type: none"> Provide compensation according to the mediation plan. Improve the internal promotion mechanism.
Occupational Health and Safety	8.99 %	<ul style="list-style-type: none"> Implement regularly health examinations for the employees. Establish a management mechanism and provide corresponding health services and tracking management for high health risk and sub-health risk groups. Implement regularly investigations of the abnormal workload-induced diseases, and check the status of employees' "personal-related overwork" and "work-related overwork". Introduce ISO 45001 Occupational Health and Safety Management System. 	100%	<ul style="list-style-type: none"> High-risk health management cases are prompted by health managers to seek active medical treatment to avoid the deterioration of diseases. Organize the health promotion activities for the sub-health groups to improve the health of employees. Provide on-site medical consultation service, health and disease prevention consultation for employees. Arrange professional doctor interviews and health counseling for the high-risk employees.
Privacy Protection	0.00%	<ul style="list-style-type: none"> Formulate the "Privacy Policy", "Personal Data Management Policy", "SKFH and its subsidiaries Firewall Policy" to build a comprehensive personal data confidentiality mechanism, protection and management process. Incorporate personal data protection into the assessment of the risk management system and compliance. Establish "Personal Data Protection and Management Working Group" to plan and implement personal data protection. Conduct education, training and legal tests related to personal data protection 	100%	<ul style="list-style-type: none"> Report and respond according to the reporting process of personal data infringement. Suspend the violator's access to the corporate information, make punishment in accordance with HR regulations, and hold the violator liable for the incident based on the severity. Improve and review by education, training and performance management. Strengthen the control mechanism of the customer data and enhance employees' awareness of personal data protection.

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
		<ul style="list-style-type: none"> Introduce ISO 27001 Information Security Management System. 		

● Female Employees

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
Occupational Health and Safety -Maternity Protection	0.47 %	<ul style="list-style-type: none"> Provide maternity leave, paternity leave, flexible working hours and leave without pay that are superior than the statutory requirement. Set up Pregnancy Gift, Mother Gift, and Parenting Gift to increase the number of protected female employees to apply for inclusion in the protection and care targets. Perform the maternal risk identification of the operating environment and operating process to ensure that control measures are available for the response to the main risk sources. 	100%	<ul style="list-style-type: none"> 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.

● Suppliers

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
Labor-management Relations	8.5 %	<ul style="list-style-type: none"> Establish "Supplier Management Standards" Require new suppliers to sign a "Supplier CSR Commitment Letter", promising to abide by the corporate ethics, protect the rights and interests of employees, and protect the local community environment. Require new suppliers to sign the "Confidentiality Consent Form for Corporation" and "Confidentiality Consent Form for Individual" to ensure the confidential information of the Company and customers is properly used and not leaked. Distribute the CSR Risk Assessment Self-assessment Questionnaires (including risk assessment of human rights issues) to assess whether suppliers have human rights issues. Organize the supplier conferences and conduct sustainability education and training for suppliers. Set up "Regulations on Contractor Work, Safety and Health Management" to manage contractor operations and safety. 	100% of new suppliers have signed the CSR Commitment Letter	<ul style="list-style-type: none"> Conduct on-site audits of medium and high-risk 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.
Privacy Protection				
Occupational Health and Safety				

● Customers

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
Privacy Protection	0.00%	<ul style="list-style-type: none"> Establish policies such as "Privacy Policy", "Personal Information Management Policy", and "Joint Marketing Management Regulations among Subsidiaries" to establish a comprehensive personal information confidentiality mechanism, defense line and management process. Sign the "Joint Declaration on Confidentiality of Customer Information of SKFH and its Subsidiaries" and the "Agreement on Confidentiality of Customer Information of SKFH and its Subsidiaries" to clearly define the responsibilities and obligations of SKFH and its subsidiaries. Incorporate the protection of personal information into the risk management system and the assessment of compliance with laws and regulations. Establish the "Personal Information Protection Management Executive Team" to plan and promote personal information protection matters. Organize training and legal tests for personal information protection. Introduce ISO 27001 Information Security Management System and ISO 10002 Customer Complaint Management System. 	100% of employees have completed training and legal tests related to privacy protection	<ul style="list-style-type: none"> Notification and contingency measures in accordance with the personal information infringement notification process. Cease the access to company information of those violate the provisions, and shall be punished and prosecuted for legal liabilities according to HR rules according to the seriousness of their circumstances. Improve and review through education and training, performance management. Strengthen the control mechanism of customer list and enhance the awareness of personal information protection of employees.

● Investment and Financing Subjects

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
ESG Evaluations on Corporate Customers	0.00%	<ul style="list-style-type: none"> Formulate the "SKFH Sustainable Finance Policy", and incorporate ESG issues into its three major businesses: investment, financing and life insurance. Subsidiaries have signed the "Stewardship Principles for Institutional Investors" compliance statement. Incorporate ESG issues into the investment analysis and decision making process, and check whether the investment and financing subjects breach the principles of environmental, social (including labor human rights) and corporate governance, so as to assess whether the subject is exposed to human rights risks. Invested companies can contribute to ESG or SDGs will be listed in priority in terms of investment or financing. Evaluate whether customers comply with the Equator 	100% completion of evaluation on the investment subjects	<ul style="list-style-type: none"> After ESG risk evaluation, new transaction may be declined for the industries listed in the exclusion with potentially controversial issues until their improvement or remediation actions have been approved. Continue to monitor whether there are any significant ESG issues that occurred to invested companies. Communicate with the invested companies that have experienced significant ESG incidents, and track the improvements progress, and adjust the strategies for the

		Principles during credit investigation. • The regulations relating to the Equator Principles are added into the Credit Business Manual, while tracking management operations are handled to maintain a good quality of subject assets.		transactions with the counterparties if necessary. • Participate in the shareholders' meeting of the invested companies. Vote against the proposals that could adversely affect the governance, environment or society (including human rights violations). • Adjust the credit line utilization and liquidation conditions of the creditor according to the seriousness of its abnormal situation.
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● **Joint Ventures**

Risk Issues	Risk Ratio	Mitigation Plans	Implementation ratio of mitigation measures	Remediation Actions
Labor Human Rights Issues Review	0.00%	<ul style="list-style-type: none"> Regularly review joint ventures for significant environmental, social (including human right issues), and corporate governance violations to assess whether there are human rights risks. 	The reviews of joint ventures was 100% completed.	<ul style="list-style-type: none"> If a significant ESG violation is investigated, the company will be required to improve the situation.