



# **Shin Kong Financial Holding Co., Ltd., 2023 Climate Lobbying Report**



## I. Introduction

Shin Kong Financial Holding Co., Ltd.(SKFH) contribute to the sustainable development by actively advocating issues related to corporate sustainability. We fulfill our responsibilities to shareholders, employees, customers, and society, the company identifies significant public policy issues annually, covering all business promotion areas of SKFH and its subsidiaries. In this process, we not only adhere to "SKFH Sustainable Development Policy" (Sustainable Insurance Principles) and also consult with third-party advisors to fully consider external perspectives.

Lobbying and political participation are important risk management measures for the board of directors and senior management. The Public Affairs Department, responsible for public and government affairs, plans lobbying activities. General Manager is responsible for managing, guiding lobbying work, and political donations. The company's lobbying and political donation activities are conducted in accordance with the "SKFH Donation Management Regulations" and are submitted for approval by executive level or above. A special project meeting may be convened for detailed discussion and review if necessary.

## II. Climate Policy

To implement climate change risk management, respond to international initiatives, and address the challenges of climate change, SKFH publicly releases its Climate Risk Management Policy. We establish climate risk management measures and commit to working towards mitigating climate change.

### **Responding to the Paris Agreement and international climate initiatives and commitment to net zero emissions by 2050:**

Our company responds to the Paris Agreement by aiming to control the global temperature rise within 2°C this century, with a more ambitious goal of limiting it to 1.5°C. We also refer to the "Taiwan 2050 Net Zero Emissions Pathway" published by the National Development Council

and commit to implementing greenhouse gas emission reduction measures in our operational activities, gradually moving towards achieving net zero emissions by 2050.

**Formulate the Sustainable Finance Policy, establish the Group low-carbon transformation goals, and implement corporate climate governance:**

To implement the spirit of sustainable finance, SKFH has formulated Sustainable finance policy" that incorporates Environment (including climate risks), Social, and Governance into investment, financing, and life insurance decision-making processes to reduce potential risks and achieve sustainable development for the company, society, and the environment. SKFH has officially signed a commitment to develop Science-based Targets initiatives (SBTi) for carbon reduction, which has been approved through target review, and actively established climate governance to accelerate the group's low-carbon transformation. Following the framework of Task Force on Climate-Related Financial Disclosures(TCFD), we continue to issue TCFD reports to analyze the potential impacts of climate change on the company's operations and value chain, establish a comprehensive climate risk management system, and enhance the company's climate resilience.

**Leveraging financial influence to drive corporate low-carbon transformation and decarbonization:**

According to the sustainable finance policy of Shin Kong Financial Holding, we have established Financed emissions management guidelines, Carbon-intensive industries management measures, and Asset class specific guidelines / Sector specific guidelines. These guidelines assist our subsidiary companies in effectively managing climate risks in investment, financing, and life insurance. We are committed to gradually phasing out businesses related to coal, unconventional oil, and natural gas, and have set phased targets to lead the company's low-carbon transformation and decarbonization. Additionally, we have established a " Supplier management regulations" and " Supplier ESG commitment Letter" to ensure that our suppliers actively participate in environmental protection and sustainable development.

### **III. Climate Management**

SKFH actively implements and promotes various corporate climate risk management measures.

1. In 2021, we joined hands with other enterprises to become a founding member of the Taiwan Alliance for Net Zero Emission, and promise to jointly promote the transformation of Taiwan's low-carbon economy to achieve the net zero emissions target in 2050.
2. In 2023, we were awarded the "Green Level" label by the Taiwan Alliance for Net Zero Emission. Furthermore, we support the government's renewable energy strategies, contributing to the mutual international net-zero goal.
3. In 2023, SKFH continued to publish its first Climate-Related Financial Disclosures (TCFD) report to proactively assess climate-related physical risks, transition risks, and opportunities.
4. The 2023 CDP (Carbon Disclosure Project) climate survey received a "B" management level rating.
5. SKFH officially signed the Science-Based Targets initiative (SBTi) in 2022 and underwent target review in February 2024. We publicly endorse concrete measures for emissions reduction efforts both domestically and internationally.

### **IV. Lobbying Governance**

#### **Direct Lobbying**

Direct lobbying means oral or written communication directly with the lobbied party or its designee that a lobbyist intends to affect the lobbied party or its agency regarding the formulation, enactment, passage, modification or annulment of laws, government policies or legislation. SKFH and its subsidiaries actively engage with government agencies through direct ways to advocate for sustainable and climate risk management. This includes SKL collaborating with the Financial Supervisory Commission, Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of the Interior, and designated financial institutions to develop

the "Reference Guidelines for Sustainable Economic Activities". Through the establishment of these guidelines, we encourage businesses to transition towards sustainable carbon reduction and achieve climate risk management. Additionally, subsidiaries such as SKL, SKB, and MLS jointly issued the first and second editions of the "Sustainable Finance Evaluation". During this process, they actively participated in workshops organized by the Taiwan Academy of Banking and Finance, Insurance Development Center, and Securities and Futures Institute and provided suggestions on behalf of the SKFH group.

## **Indirect Lobbying**

To exert public influence and promote climate change management, SKFH actively participates in influential associations and chambers of commerce, and takes on leadership roles within the organization. Through the power of indirect lobbying, we strive to promote social stability and development.

SKFH supports various trade associations to facilitate conversations and sound public policies in areas related to corporate interests and operations. These areas include climate change actions, corporate governance and integrity, customer relationship management, innovation and digital finance, information security, sustainable finance, social engagement, inclusive finance, a friendly and healthy workplace, talent attraction, retention, and development.

SKFH typically holds leadership positions on trade association boards, and policy committees provide valuable opportunities for us to learn from other members. We are also able to share SKFH's policy principles to the industry associations of which we are members. SKFH's stance may not always align with these trade associations, we strongly encourage our trade associations to support our initiatives, including the targets of the Paris Agreement and cost-effective decarbonization policies that contribute to a net-zero future.

## V. Assessment methodology and Results

### Review and Assessment methods

We expect our collaborating organizations to actively participate in discussions and research on climate policies, leading society towards a net-zero future. To confirm whether relevant institutions and associations are aligned with our company's net-zero target, we conducted a review and assessment based on the following conditions. In 2023, our company engaged in direct or indirect climate lobbying actions with a total of 36 organizations, including 8 government agencies directly lobbied and 28 indirectly lobbied organizations.

	<b>Review Methods</b>	<b>Assessment Methods</b>
<b>Direct Lobbying</b>	For direct lobbying activities, all lobbying activities will be reviewed and confirmed to be in line with the company's position before participation.	<ul style="list-style-type: none"> <li>● The trade association's publicly stated positions to determine if they acknowledge the risks of climate change and express support for the goals of the Paris Agreement, remain silent on the issue, or fail to actively engage in climate policy development.</li> <li>● The trade association's statements and policy principles to ascertain a clear position on limiting global average temperature rise to below 2°C.</li> <li>● The trade association's principles and policy positions supporting public incentives for energy efficiency and carbon reduction.</li> <li>● The trade association's advocacy actions regarding specific climate policies (net-zero actions, SBTi, green buildings), as well as discussions and deliberations among members on current and future policy positions.</li> <li>● Assessing the alignment of these trade associations' positions and advocacy actions with the goals of a net-zero future, including whether they are fully aligned, partially aligned, or not aligned.</li> </ul>
<b>Indirect Lobbying</b>	For indirect lobby targets, we regularly conduct reviews based on the following criteria : <ul style="list-style-type: none"> <li>● Identifying trade associations that</li> </ul>	<ul style="list-style-type: none"> <li>● The trade association's publicly stated positions to determine if they acknowledge the risks of climate change and express support for the goals of the Paris Agreement, remain silent on the issue, or fail to actively engage in climate policy development.</li> <li>● The trade association's statements and policy principles to ascertain a clear position on</li> </ul>

	<p>actively engage in climate-related policies and are influential.</p> <ul style="list-style-type: none"> <li>● Examining the climate-related statements and positions of these trade associations.</li> </ul>	<p>limiting global average temperature rise to below 2°C.</p> <ul style="list-style-type: none"> <li>● The trade association's principles and policy positions supporting public incentives for energy efficiency and carbon reduction.</li> <li>● The trade association's advocacy actions regarding specific climate policies (net-zero actions, SBTi, green buildings), as well as discussions and deliberations among members on current and future policy positions.</li> <li>● Assessing the alignment of these trade associations' positions and advocacy actions with the goals of a net-zero future, including whether they are fully aligned, partially aligned, or not aligned.</li> </ul>
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## Action Plan

For organizations assessed as partially aligned or not aligned, the Company respond by:

1. Identifying and fully understanding areas of misalignment and their reasons.
2. Publicly stating the Company's position to clarify differences with non-aligned organizations.
3. Ensuring that the Company's position is understood by the organizations and maintaining ongoing communication, with a review of the organization's position in an annual assessment report.
4. When the organization is unable to actively pursue and promote effective climate policies, it is recommended to reiterate the company's position and provide suggestions through various forms (including but not limited to proposing resolutions at meetings, conducting surveys, inviting participation in company forums, etc.). Observe whether the organization responds within one year after the suggestions are made by the company and propose specific improvement measures. If there is still no progress, an assessment process for exiting the organization will be initiated.

## Assessment Results

In our evaluation of 2023, we include organizations in which SKFH and its subsidiaries are members of, based on their active engagement in climate-related policies and their influence. Other organizations are not within the scope of the report's assessment. The results and explanations regarding whether the assessment scope is consistent with the company's net-zero target are as follows:

	Target	Aligned	Partially aligned	Not aligned
<b>Direct Lobbying</b>	Financial Supervisory Commission	V		
	Ministry of Environment	V		
	Ministry of Economic Affairs	V		
	Ministry of Transportation and Communications	V		
	Ministry of the Interior	V		
	Taiwan Academy of Banking and Finance	V		
	Insurance Development Center	V		
	Securities and Futures Institute	V		
<b>Indirect Lobbying</b>	The Life Insurance Association of the Republic of China	V		
	Chinese National Association of Industry and Commerce	V		
	The Bankers Association of the Republic of China	V		
	The Bankers Association of Taipei	V		
	Taiwan Securities Association	V		
	Securities Investment Trust and Consulting Association of the R.O.C.	V		
	Trust Association of R.O.C.	V		
	R.O.C. Bills Finance Association	V		
	Chinese National Futures Association	V		
	Securities Analysts Association, Chinese Taipei	V		
	China Insurance Agency Association	V		
	Insurance Institute of the Republic of China	V		
	Taiwan Institute for Sustainable Energy	V		



	Taiwan Net Zero Emissions Association	V		
	The Third Wednesday Club	V		
	Chinese International Economic Cooperation Association (CIECA)	V		
	Taiwan Insurance Institute	V		
	Life Office Management Association (LOMA)	V		
	International Insurance Society (IIS)	V		
	The Chinese Financial Governance and Legal Compliance Association of Taiwan	V		
	The Real Estate Association of R.O.C.	V		
	Chinese Insurance Service Association	V		
	Chinese Excellent Management Association	V		
	Taiwan Financial Services Roundtable	V		
	East Asia Economic Association	V		
	Chinese Human Resource Management Association	V		
	Taiwan Chamber of Commerce & Industry	V		
	Cross-strait CEO Summit	V		

### 1. Aligned

All 36 organizations assessed are aligned with the goal of a net-zero future. These organizations acknowledge climate change risks and their statements and policy positions are consistent with limiting global warming to well below 2°C. They advocate for relevant climate policies to support Taiwan's decarbonization targets

### 2. Partially aligned

There were 0 organizations found partially aligned with the net-zero goal.

If any organizations are found to be partially aligned with the net-zero goal in future assessments, we will verify whether they express support for a net-zero future and explore opportunities to strengthen their policies or lobbying activities, aiming for full alignment with the net-zero goal.

### 3. Not aligned

There were 0 organizations found not aligned with the net-zero goal. If any organizations are found to be not aligned with the net-zero goal in future assessments, we will actively engage in communication with them and recommend their support for climate-related policies to contribute to realizing a net-zero future. Their position and actual actions and strategies will be reassessed in the next evaluation.

SKFH will continue to monitor direct lobbying opportunities, the internal developments and external statements of the trade organizations we are a part of. An annual review will be conducted and publicly reported to assess their commitment to actively engage in climate policy. In the future, SKFH will continue to enhance its climate change mitigation and adaptation strategies, embodying the sustainable spirit and value of "our light and heart are always with you," working towards the goal of corporate sustainability.

