



新光金控 SKFH

2020

Corporate
Social
Responsibility
Report



About This Report

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

Boundary and Scope

The specific CSR achievements of Shin Kong Financial Holding Co., Ltd. (hereinafter referred to as "SKFH") in 2020 (January 1 to December 31) are disclosed in this Report. The scope of disclosure in this Report is focused on SKFH's operations in Taiwan as specified in the Consolidated Financial Statements. The contents and performance data include information of SKFH and all subsidiaries: Shin Kong Life Insurance(SKL), Shin Kong Bank(SKB), Masterlink Securities(MLS), Shin Kong Investment Trust(SKIT), and Shin Kong Property Insurance Agency(SKPIA), Shin Kong Venture Capital is not significant ,therefore only its green investment performance data is included.

The scope of disclosure in the Report is not significantly different from the scope in the previous version. Where the data measurement method differs from that of the previous version, it shall be specified in detail in the paragraph. All statistical data disclosed in the Report have been prepared by departments of SKFH and processed through document management. In addition, financial performance data was published after the CPA's certification and is consistent with the data from the Company's Annual Report.

Reporting Standards and Guidelines

This Report is written in accordance with the Global Reporting Initiative (GRI) Standards and G4 Financial Services Sector Disclosures, Sustainable Accounting Standards Board (SASB)-Insurance, Commercial Bank, Sustainable Development Goals (SDGs) of the United Nations, Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the United Nations Global Compact. It meets most of the demands of external stakeholders in regard to corporate sustainability information disclosure.

Report Certification

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

Release Information

SKFH regularly publishes the "Corporate Social Responsibility Report" each year and provides a digital file of the Report on SKFH's CSR website for download. Website URL: <https://csr.skfh.com.tw/en>



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If you have any opinion, question, or suggestion regarding this Report, please contact us: Corporate Sustainability Office, Shin Kong Financial Holding Co., Ltd.

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2020 Sustainable Awards



Our light and heart are always with you

From the Chairman and President

In 2020, COVID-19 has globally spread, severely affecting people's lives and the economy in all regions of the world where many challenges were faced. By the end of 2020, more than 1.8 million people had died and more than 80 million cases had been confirmed. The impact of the epidemic has brought about changes in lifestyle, which in turn has affected consumer behaviors and devastated financial markets and the world economy.

Since the outbreak of the epidemic, SKFH immediately established the "Epidemic Prevention and Control Team" to initiate remote support and continuous BCP operation plans. Shin Kong Life Insurance has broadened a number of services to assist policyholders with claim processing as quickly as possible. Shin Kong Bank deferred payment of credit cards, extended the consumption amount credit, and developed a non-contact mobile payment for customers affected by the pandemic. Though there were uncertainties in international trends, SKFH was still working hard with all its staff members to improve the overall performance and was able to stabilize its operations. The consolidated net profits after tax amounted to NT\$14.459 billion and the EPS was NT\$1.12. The consolidated shareholders' equity amounted to NT\$241.58 billion and the net value per share was NT\$18.12. The total consolidated assets reached the highest record in history, with the amount of NT\$4.36 trillion, an increase of 8.1% compared to the previous year. SKFH continued to rank as the fifth-largest financial holding company nationwide.

The impact of the epidemic has made us realize the importance of corporate resilience and maintaining steady revenue growth. Companies must consider long-term risks and plan ahead for responses in order to build a foundation for sustainable growth. SKFH has long been committed to corporate sustainability. We will keep our promises in respect to three major areas, corporate governance, environmental protection, and social welfare, which are aligned with the SDGs of the United Nations.

In terms of corporate governance, SKFH actively responded to the regulatory policies of competent authorities and followed international trends to strengthen corporate governance, including the various policies from the Corporate Governance 3.0 Sustainability Blueprint. We upheld ethical management principles to create the maximum value for shareholders continuously, and took the implementation of Treating Customer Fairly Principles as an important task of the company. In addition, we included corporate governance-

related indicators in the annual key performance indicators (KPIs) of the company's subsidiaries to ensure the completeness of the operating mechanism. Furthermore, in order to respond to Green Finance 2.0 policies, we complied with the Principles for Responsible Investment to support enterprises with outstanding ESG performance through actual investments, and increased the amount of investment and financing in environmental-friendly enterprises. SKL, SKB, MLS, and SKIT have all signed the "Stewardship Principles for Institutional Investors". SKL also responded to the "Principles for Sustainable Insurance" (PSI) and actively initiated personal and group micro insurance. Since their debut, more than 160 thousand people have purchased these insurances. We also received recognition for the "Excellent Performance in Micro Insurance Contest" from the Financial Supervisory Commission. Since this year, we have also included SASB (Sustainability Accounting Standards Board) standards in the report to communicate with investors on ESG information that has significant impacts on finance.

In response to impacts of climate change, SKFH was able to complete the "Task Force on Climate-related Financial Disclosures" (TCFD) and assess physical risks related to the climate and transitional risks. We have established goals for reducing carbon emissions, electricity, and water consumption by 1%, including purchases of renewable energy to demonstrate our resolve for implementing energy conservation and carbon emission reduction. In 2020, SKFH, SKL, SKB, MLS, SKIT, and SKPIA have all completed the ISO 14064-1 greenhouse gas inventory for all business locations and continued to implement various measures for reducing greenhouse gas emissions and reducing energy conservation.

In terms of employee care, SKFH focused on talent training and regarded employees as important assets for the company's sustainable management. We encouraged employees to be innovative and seek self-growth, so we promoted a reward system for employee proposals. We were also committed to creating a happy and healthy workplace. In addition to the provision of leaves, holidays, benefits, and maternity subsidies, which are superior to that stipulated by laws, we conducted regular engagement surveys to understand the thoughts of employees. Since 2020, we have initiated employee shareholding trusts to unite employees to help them to improve their benefits after retirement. In terms of social care, SKFH established five major welfare strategies: "Health Promotion", "Care for the Disadvantaged", "Financial Education", "Care for

the Elderly", and "Community Engagement". Integrate the resources of its subsidiaries, foundations, and affiliates to help promote the positive development of society. SKFH invested more than NT\$60 million in social engagement in 2020 which benefited approximately 1.68 million participants.

SKFH actively developed financial technology (FinTech) by focusing on "customer experience", "data value", and "technology application". In 2020, 18 patents were obtained and the first AI signature identification system was created. Furthermore, the "Sales Representative Anti-fraud Risk Control Model" was established to strengthen pre-control and post-audit mechanisms and to comprehensively enhance the awareness of fraudulence prevention throughout the company. The establishment fosters good business quality and environment. In the future, we will also make good use of FinTech and prioritize the value in utilizing speed, security, and convenience to improve operational efficiency and customer experience.

While positively looking ahead, SKFH will focus on "Excellent Experience and Sustainable Shin Kong" as its major strategies for 2021 as well as "Resources Integration", "Digital Transformation", "Stable Profitability" and "Sustainable Management" for its mid- and long-term management. On one hand, we will deepen the customer base to improve the overall efficiency of channel management. On the other hand, we will accelerate and drive the growth momentum of FinTech development. At the same time, it is necessary to comply with the requirements of the International Accounting Standards (IFRS17), Insurance Capital Standards (ICS), and other international standards. More importantly, we will implement Fair Customer Treatment and ESG sustainable development and perform corporate responsibilities to promote the achievement of SDGs so that we fulfill our spirit of sustainability and our values in our motto, "Our light and heart are always with you".



Chairman

A handwritten signature in black ink, appearing to read "Olivia Wu".

President

A handwritten signature in black ink, appearing to read "Olivia Wu".

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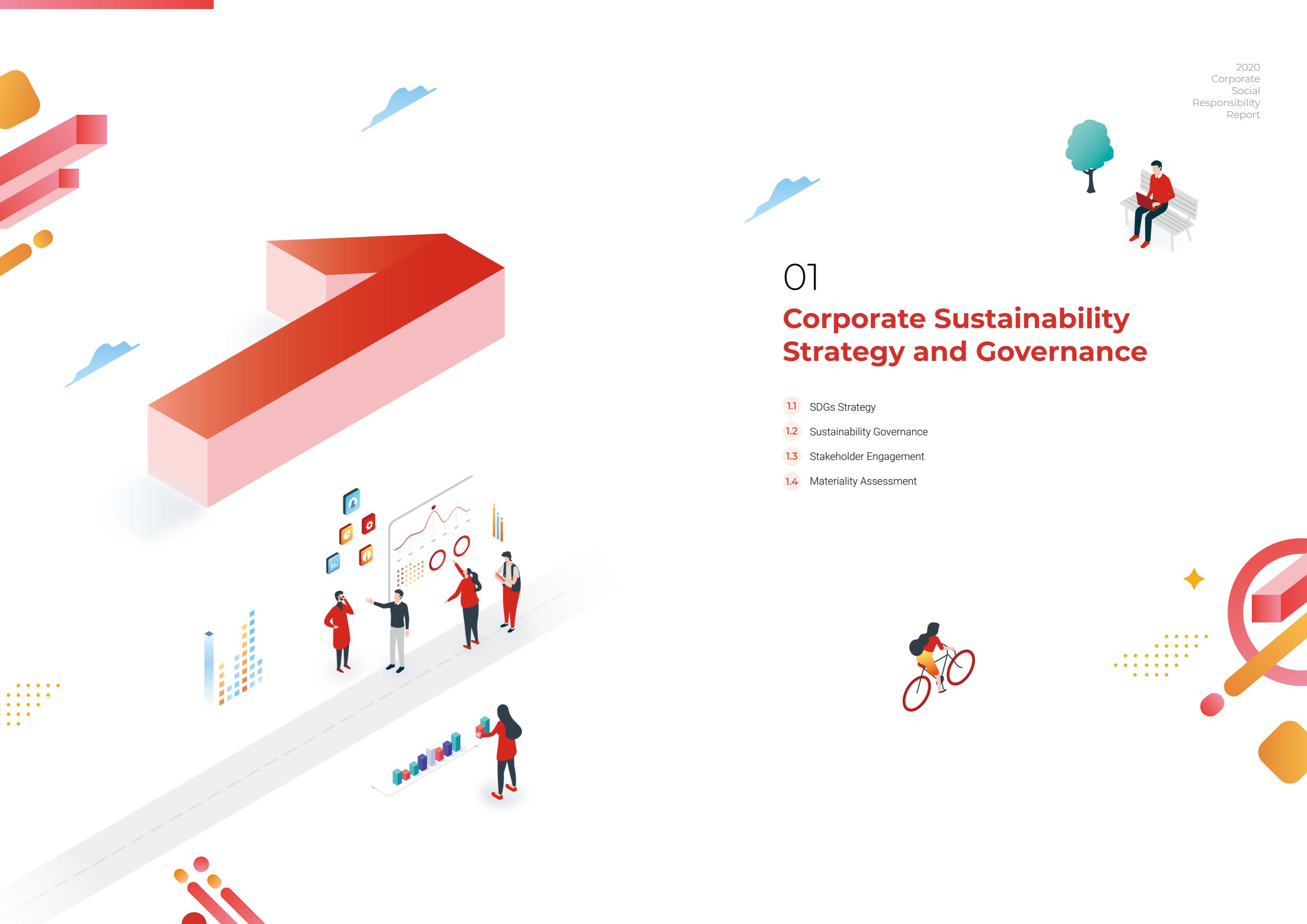
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01

Corporate Sustainability Strategy and Governance

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



Chapter 01

Corporate Sustainability Strategy and Governance

1.1 SDGs Strategy

SKFH focuses on five areas including learning, Integrity, green finance, helpfulness, and technology, and responds to 7 United Nations Sustainable Development Goals (SDGs). SKFH initiated strategic actions and sets targets, uses our core competencies to resolve issues of concern to internal and external stakeholders, and actively meets international standards to implement sustainable projects and increase corporate influence.



1.2 Sustainability Governance

1.2.1 Corporate Sustainability Committee

The Company changed the name of the "CSR Committee" into "Corporate Sustainability (CS) Committee" in 2020 to fulfill corporate sustainable development. CS Committee is a functional committee subordinated to the Board of Directors, and its members are nominated by the Chairman and approved by a resolution of the Board of Directors. The Committee has 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 setting CSR targets and reviewing improvement measures. 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 2020, and the attendance rate of the members was 100%. The Committee reported the corporate sustainability performance and future plans, as well as the corporate governance and integrity implementation status.

1.2.2 Organizational Chart of SKFH CS Committee



Note SKFH established the Corporate Sustainability Office in January 2021, and the Executive Secretariat was reorganized from the former Public Affairs Department to the Corporate Sustainability Office.

1.2.2 CSR Policy and Guidelines

To ensure the implementation of our CSR Policy, SKFH established the "Corporate Social Responsibility Policy" and "Corporate Social Responsibility Best Practice Principles" to integrate the sustainable development philosophy into ethical management, customer services, product innovation, commitment to shareholders, employee care, social engagement, environmental protection, and other daily operations. Please refer to the official website for details of the SKFH "Corporate Social Responsibility Policy" and "Corporate Social Responsibility Best Practice Principles".

1.2.3 Promotion and Public Influence of Sustainability

SKFH joined the Taiwan Institute for Sustainable Energy to promote sustainable development. The Chairman, President, and Senior Vice President of SKFH serve as the Directors of the Institute to jointly support the promotion of sustainability issues and promote the transformation of Taiwan's low-carbon economy.

To exert its public influence, and promote the stable development of the industry, SKL joined in Life Insurance Association of the Republic of China and allocates a part of its revenue from insurance premiums to Taiwan Insurance Guaranty Fund to stabilize the insurance market and protect the rights and interests of proposers, insured persons and beneficiaries. SKB joined in Bankers Association of the Republic of China to promote the sustainable development of financial insurance industry through the association in the industry and the strength of the public. (Please refer to 7.1.1 Engagement with Domestic and Foreign Organizations for other associations that SKFH participated in.)

1.3 Stakeholder Engagement

SKFH has established a diverse communication interface. We carefully listens to the feedback from stakeholders and maintain good relationships with stakeholders. We used internal and external questionnaires to identify stakeholders that may be reached, affected, or impacted in the subsidiaries' business operations, and identified the following eight groups of stakeholders. We also use various channels to engage with stakeholders.

I Methods and Issues of Stakeholder Engagement

Stakeholders	Main Communication Channel	Frequency of Communication	Methods of Communication	Issues	Communication Results in 2020
Shareholders and investors	<ul style="list-style-type: none"> Company website Institutional investors' conference Credit ratings Spokesperson Investors' conference Email Service hotline 	<ul style="list-style-type: none"> Permanent Quarterly Annually Permanent Irregular Permanent Permanent 	<ul style="list-style-type: none"> Set up an Investor Relation section on the company website to provide comprehensive information for investors Host quarterly investor conference to fully communicate with investors Set up a dedicated contact window and email Investor's contact email: ir@skfh.com.tw. Answer questions from investors and analysts via telephone and email and collect feedback 	<ul style="list-style-type: none"> Information disclosure Business overview Dividend policy Laws and regulations Corporate governance 	<ul style="list-style-type: none"> Held 4 conferences on legal entities both in Chinese and English Updated the credit ratings of SKFH and its major subsidiaries in 2020
Employees	<ul style="list-style-type: none"> Internal website Official document announcements Newsletter Service hotline Email Seminar Employee engagement survey Club activities Communication publications Meetings Training Seminars Unions Labor-management meeting Exit interview 	<ul style="list-style-type: none"> Permanent Irregular Monthly Permanent Irregular Once every two years Irregular 6 times/year Irregular 4-5 sessions/year Irregular Quarterly Irregular 	<ul style="list-style-type: none"> Use the internal website, announcements, email notifications, meetings, and publications to notify employees of information in the Company. Set up employee communication channels, employee complaint channels, and the "sexual harassment" mailbox and hotline Conduct the anonymous "employee commitment 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 emissions reduction Organize internal seminars in different fields including financial trends, workplace environment, physical and mental health, social care, or corporate governance topics Disaster prevention exercises, labor work environment evaluation, and the establishment of the "health center" Organize one labor-management meeting every 3 months to actively interact with employees and maintain good relations 	<ul style="list-style-type: none"> Remuneration and benefits Career development Labor relations Education and training Recruitment Work environment Safety and health Human rights protection Communication channels Performance management 	<ul style="list-style-type: none"> The employee engagement rate was 75% Held 4 labor-management meetings

Stakeholders	Main Communication Channel	Frequency of Communication	Modes of Communication	Issues	Communication Results in 2020
Customers	<ul style="list-style-type: none"> Physical service locations, exclusive services, VIP activities, satisfaction surveys, policy surveys, care for policyholders Online: company website, 0800 customer service hotline, Facebook fan pages, APP 	Permanent	<ul style="list-style-type: none"> Counter services, automatic service equipment Web/app online service functions 24H Customer service center (online AI, audio, and email customer services) Social media Issuance of newsletters and digital brochures Organize finance seminars Visits 	<ul style="list-style-type: none"> Customer rights Service quality Complaint channels Product innovation Financial inclusion Green finance Digital services 	<ul style="list-style-type: none"> SKL NPS: 75.7% Satisfaction with SKB: 7.57 Satisfaction with MLS: 91%
Suppliers, business partners	<ul style="list-style-type: none"> Supplier Management Regulations Price negotiation meetings Project meetings Contract negotiations 	<ul style="list-style-type: none"> Irregular Irregular Irregular Irregular 	<ul style="list-style-type: none"> Business seminars and price negotiation meetings Onsite audit, inspection and acceptance, and education of labor safety and health awareness 	<ul style="list-style-type: none"> Public tender invitation Fair price negotiation Fair procurement 	<ul style="list-style-type: none"> 100% of new suppliers have signed the Supplier's Commitment Statement
Key Investees and Borrowers	<ul style="list-style-type: none"> Personal visits Attend Institutional investors' conference Attend Shareholders' Meeting 	<ul style="list-style-type: none"> Irregular Irregular Annually 	<ul style="list-style-type: none"> Visit the spokesperson or IR Attend on site or through video E-vote or attend in person Signed the "Stewardship Principles for Institutional Investors" 	<ul style="list-style-type: none"> Industry Overview Financial Performance Business Strategies Related News Financial Performance Industry Overview Business Strategies Environmental Protection Actions ESG Issues 	<ul style="list-style-type: none"> SKL, SKB, MLS, and SKIT have all issued due diligence governance reports of institutional investors
Government and Regulatory Authorities	<ul style="list-style-type: none"> Official letters Attend meetings organized by the competent authority Court activities Conferences 	<ul style="list-style-type: none"> Irregular Irregular Irregular Irregular 	<ul style="list-style-type: none"> Cooperate with the competent authority's verification, policy promotion, and related activities Directors and Supervisors have attended continuing education courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies Comply with policies of the competent authorities, attend related meetings, provide recommendations where necessary, and promote financial knowledge education 	<ul style="list-style-type: none"> Compliance with laws and regulations Cooperate with education on regulations and policy implementation Information disclosure Honest tax returns filing 	<ul style="list-style-type: none"> Be selected to the FTSE4Good TIP Taiwan ESG Index. Publish the CSR Report both in Chinese and English Publish the Shareholders' Meeting Annual Report both in Chinese and English Participate in corporate governance evaluation Participate in the conferences and business promotion meetings, etc. held by competent authorities
Communities, and NPO/NGO	<ul style="list-style-type: none"> Seminars Press conferences Art and cultural activities and activities in the public interest Foundation Website Conferences Environmental conservation activities Cash donations Sponsorship and collaboration 	<ul style="list-style-type: none"> Irregular Irregular Irregular Permanent Permanent Irregular Irregular Irregular 	<ul style="list-style-type: none"> Participate in seminars Organize press conferences Sponsor art and cultural performances Organize related activities in the public interest Organize wealth management, health, and general seminars Academic or industry-related seminars Cooperate or participate in related environmental conservation activities Charitable donations or sponsorship for activities in the public interest 	<ul style="list-style-type: none"> Environmental protection Ecological conservation Job opportunities Community development and care activities Academic promotion Public interest 	<ul style="list-style-type: none"> Invested NT\$64,328,040 in social participation, benefited persons for 1.68 million times
Media	<ul style="list-style-type: none"> Rating and surveys Seminars Interviews Press conferences Press Releases 	<ul style="list-style-type: none"> Irregular Irregular Irregular Irregular Irregular 	<ul style="list-style-type: none"> Participate in rating and surveys organized by various institutions Invite the media to participate in material activities 	<ul style="list-style-type: none"> Financial performance Corporate governance Labor relations Caring for disadvantaged groups Green finance 	<ul style="list-style-type: none"> Participate in the competition for the CSR Award of Global Views and the "Corporate Citizen Award" of CommonWealth Magazine Only held 1 media meal due to the impact of the epidemic

1.4 Materiality Assessment

To understand the connection between issues of concern to stakeholders and the Company's long-term values, we identify material issues in accordance with GRI reporting standards. We also established related performance indicators to manage the material economic, environmental, and social issues we identified and included them into work items of SKFH for the current year to manage corporate sustainability.

I Material Issues Assessment Methods and Procedures

Collection and identification

Step 1

Principles

Sustainability Context,
Stakeholder Inclusiveness, and
Completeness

- Research into international sustainability development trends, material issues of domestic and foreign financial industry, and compliance with the latest laws and regulations.
- Align SKFH 2020 strategies.
- 17 sustainability issues related to SKFH were listed.

Step 2

Assessment

Principles

Stakeholder Inclusiveness

- Issued questionnaire to the working group members of CS Committee of SKFH and its subsidiaries and invite them to conduct assessments based on the impact of various sustainability issues on the economy, environment, and society, and the level of concern of stakeholders with regard to the issues. There were 123 employees participating in the assessment.
- Conducted an online survey and distributed questionnaires at institutional investor conferences and seminars. 63 external stakeholder questionnaires were collected.

Step 3

Ranking

Principles

Materiality and Completeness

- Analyze sustainability issues and rank important topics and concerns based on the results of the questionnaire, for all working group members of CS Committee to review.
- Submit them to the supervisors' meeting, and make suggestions after they are discussed by the President, first-level supervisors and department supervisors.

Step 4

Verification and review

Principles

Completeness and
Sustainability Context

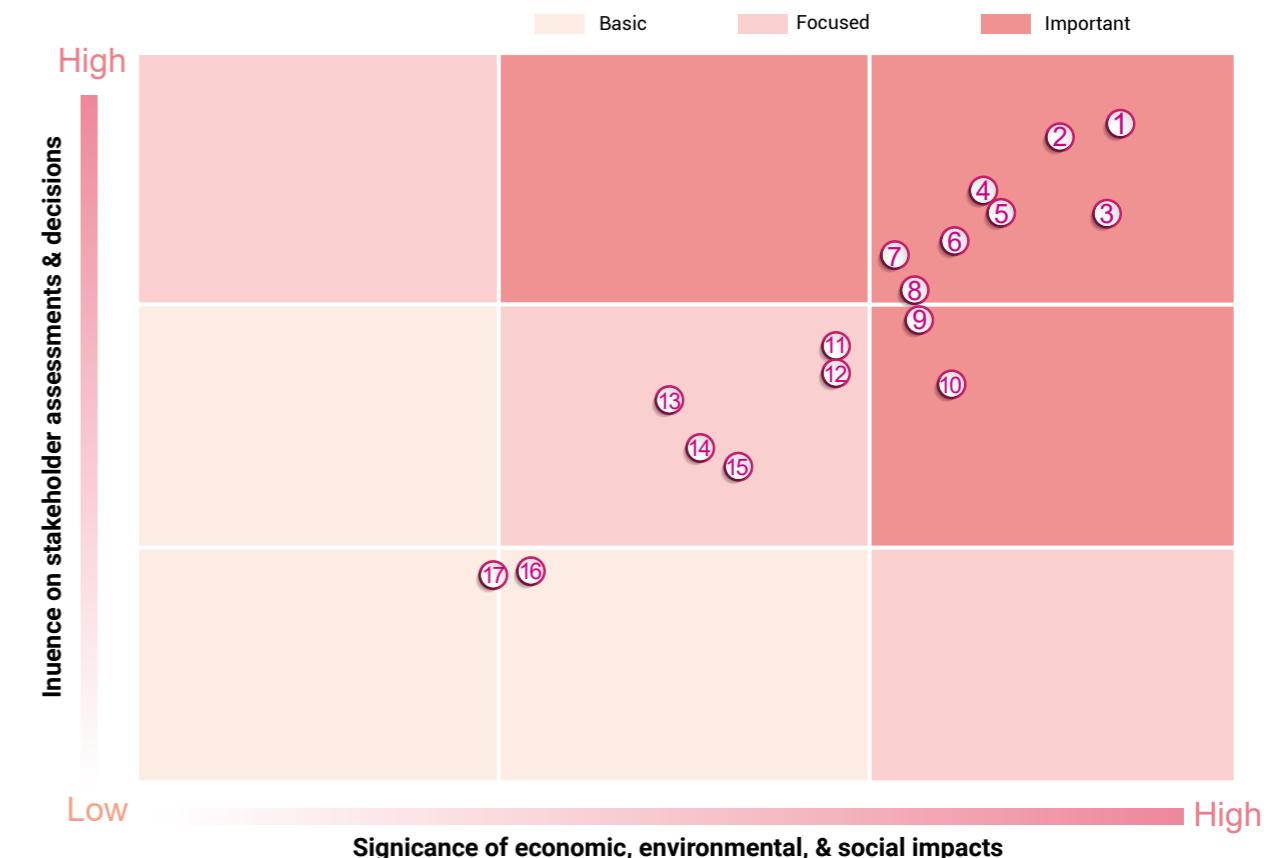
- Confirm the completeness of the materiality matrix by senior-level managers.
- The important issues of the materiality matrix shall be the key points in response to stakeholders, and we have disclosed strategic objectives, management methods and performance. For the focused issues, we have disclosed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



I SKFH 2020 Materiality Matrix

According to definitions in the GRI Standards, the X axis of the materiality matrix was set to the significance of economic, environmental & social impacts of the topic, while the Y axis was set to the influence on stakeholder assessments & decisions in regard to this topic. The priority of the issues on the matrix reflects their materiality and they are divided into "important issues", "focused issues", and "basic issues" based on materiality.

Materiality Metric



- ① Legal compliance
- ② Corporate governance and ethical management
- ③ Information security
- ④ Financial performance
- ⑤ Customer relations and service
- ⑥ Risk and crisis management
- ⑦ Actions for climate change
- ⑧ Sustainable finance
- ⑨ Innovative and digital finance
- ⑩ Talent cultivation and education
- ⑪ Social participation
- ⑫ Workplace health and safety
- ⑬ Talent recruitment and retention
- ⑭ Human rights and decent work
- ⑮ Financial inclusion
- ⑯ Business impacts on environment
- ⑰ Supplier sustainability management



I Material Issues and Their Impacts on Organization

- significant impact
- insignificant impact
- no impact

Materiality — Important Issues

Subject	Material Issues	GRI-specific topic	SKFH and Its Subsidiaries	Shareholders/ Investors	Customers	Suppliers	Investment credit object	Corresponding Sections and Chapters
		GRI 206: Anti-competitive behavior						
Legal compliance		GRI 307: Environmental compliance GRI 419: Socioeconomic compliance	●	●	●	○	●	2.3 Legal Compliance
		GRI 102: General disclosures						1.2.1 Corporate Sustainability Committee
Corporate governance and ethical management		GRI 205: Anti-corruption	●	●	●	●	●	2.2 Corporate Governance 2.3.1 Ethical Management
	Information security	GRI 418: Customer privacy	●	●	●	●	●	3.2.3 Protection of Customer Privacy
Economy	Financial performance	GRI 102: General disclosures GRI 201: Economic performance	●	●	●	●	●	2.1.2 Financial Performance and Information Transparency
	Customer relations and service quality	GRI 417: Marketing and labeling	●	○	●	○	○	3.2.1 Compliance with Product and Marketing Regulations
	Risk and crisis management	GRI 102: General disclosures	●	●	●	○	●	2.5 Risk Management
	Sustainable finance	GRI 203: Indirect economic impacts	●	●	●	○	●	3.5 Sustainable and Responsible Finance
	Innovative and digital finance	GRI 203: Indirect economic impacts	●	○	●	○	○	3.1 Digital and Innovative Finance
Environment	Actions for climate change	GRI 305: Emissions GRI 201: Economic performance	●	●	●	●	●	4.1 Environmental Sustainability 4.2 Green Operation
Society	Talent cultivation and education	GRI 404: Training and education	●	○	○	○	○	5.3 Career Development

Materiality — Focused Issues

Subject	Material Issues	GRI-specific topic	SKFH and Its Subsidiaries	Shareholders/ Investors	Customers	Suppliers	Investment credit object	Corresponding Sections and Chapters
	Social participation	GRI 203: Indirect economic impacts	●	○	●	○	○	6.1. Social Welfare Strategy
	Workplace health and safety	GRI 403: Occupational health and safety	●	○	○	●	○	5.4 Happy and Friendly Workplace
	Talent recruitment and retention	GRI 202: Market presence GRI 401: Employment GRI 402: Labor/Management relations	●	○	○	○	○	5.2 Talent Attraction and Retention
Society	Human rights and decent work	GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 412: Human rights assessment	●	○	●	●	○	5.1 Employee Equality and Inclusiveness
	Financial inclusion	GRI 203: Indirect economic impacts	●	○	●	○	○	3.4 Financial inclusion

Materiality — Basic Issues

Subject	Material Issues	GRI-specific topic	SKFH and Its Subsidiaries	Shareholders/ Investors	Customers	Suppliers	Investment credit object	Corresponding Sections and Chapters
		GRI 204: Procurement practices						
Environment	Supplier sustainability management	GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	●	○	○	●	○	4.3 Supply Chain Management and Green Procurement
	Impacts of business operations on environment	GRI 305: Emissions GRI 306: Waste	●	○	○	●	○	4.2 Green Operation



● Strategies and Goals for Material Issues

Innovative and digital finance

Formulate customer-centric experience strategy, centric data value chain and expand technology application as the engines for driving transformation.

Medium and Long-term goal

- Goals to be achieved by 2024:
 - SKFH's digital customers >3 million
 - Proportion of SKL's e-insurance remains >95%
 - Proportion of SKB's digital transactions >87%
 - Proportion of MLS's digital transactions >76%

Achievement

- SKFH's digital customers were 2.3 million in 2020
- Proportion of SKL's e-insurance was 94.6% in 2020
- Proportion of SKB's digital transactions was 84.4% in 2020
- Proportion of MLS's digital transactions was 74.3% in 2020

Talent cultivation and education

Continuously refine the human resource management and development system and provide employees with a development environment based on character, caliber and premise.

Medium and Long-term goal

- Goals to be achieved by 2025:
 - The average training hours per employee reaches 100 hours
 - The rate of replacement for internal vacancy remains at 50%

Achievement

- The average training hours per employee was 97.71 hours
- The rate of replacement for internal vacancy was 52%

Sustainable finance

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

Medium and Long-term goal

- Goals to be achieved by 2025:
 - SKL: Continue to strengthen our sustainable investment process to achieve sustainable and stable investment performance. Securities investment fully complies with the principle of corporate responsible investment, with a CAGR of 3% in 5 years
 - SKB: Sign up to the Equator Principles, and continue to promote the financing for solar power plant projects, with a CAGR of 8% in 5 years
 - SKIT: Issue green industry-related funds

Achievement

- Has completed formulation of Sustainable Finance Policy

Customer relations and service

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

Medium and Long-term goal

- Goals to be achieved by 2025:
 - The annual NPS of major subsidiaries increases by 1% as compared with the previous year.

Achievement

- SKL's NPS was 75.7%

Information security

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

Medium and Long-term goal

- Goals to be achieved by 2025:
 - Complete the overall organization for information security governance
 - Establish a system for assessment on the overall maturity of information security governance
 - Establish a Computer Security Incident Response Team (CSIRT)
 - Establish an information security and threat information sharing mechanism for the Group
 - Continue to cultivate information security talents

Achievement

- Major subsidiaries have obtained ISO 27001 certification

Actions for climate change

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

Medium and Long-term goal

- Goals to be achieved by 2025:
 - Reduce carbon by 6% (as compared with 2019)
 - Obtain 6 licenses for green buildings
 - The project investment in green energy related business increase to 400%, as compared with 2020

Achievement

- Carbon emissions were reduced by 3.8%
- Has obtained 2 licenses for green buildings and 4 pending licenses for green buildings

Risk and crisis management

- Investment strategy:
 - (1) Focus on asset-liability matching, such as the matching of currency and duration
 - (2) Increase qualified investments in assets, such as the bonds with long time period and large credit spreads
- Product strategy:
 - (1) Promote foreign currency insurance policies
 - (2) Continue to improve liability costs
- Other strategies:
 - (1) Be involved in and understand the development of supervision standards actively
 - (2) Reduce risks by taking advantage of diversification of impact
 - (3) Improve the resilience to interest rate fluctuations, such as evaluating the benefits of interest rate hedging

Medium and Long-term goal

- Goals to be achieved by 2026:
 - The company's ICS ratio shall reach the capital adequacy standards or above

Achievement

- Has promoted in the company
- Has shared current status analysis with and suggest subsequent directions to research institutions
- Was responsible for editing the first ICS technical guidelines in the insurance industry
- Has conducted the first comprehensive trial calculation in the insurance industry

Corporate governance and ethical management

- 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.

Medium and Long-term goal

- Goals to be completed by 2026:
 - Establish a nomination committee
 - Increase the number of female Directors, reaching over 20% of the all the Directors of the Board of Directors
 - Increase the number of Independent Directors, reaching more than one-third of the all the Directors of the Board of Directors
 - Continue to implement the dishonest behavior risk assessment mechanism, so that the risk matrix score calculated by multiplying the overall operation frequency by operation amount is less than 3 (the highest 9 points and the lowest 1 point for risks).

Achievement

- Has completed the establishment of the preliminary structure of the dishonest behavior risk assessment mechanism

Legal compliance

- Establish a legal compliance management system for the Group, and promote the electronic process of legal compliance.
- Convey the Group's anti-corruption policy, ethical management and other concepts to reduce the losses to be caused by artificial and illegal factors.

Medium and Long-term goal

- Goals to be completed by 2025:
 - 100% of electronic business process of legal compliance
 - The education and training related to Anti-Corruption Policy and ethical management in the Group reach 100%

Achievement

- Has completed the formulation of Anti-Corruption Policy and revised the Guideline for Ethical Corporate Management Policy and Best Practice Principles

Financial performance

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

Medium and Long-term goal

- Goals to be completed by 2025:
 - Maintain a long-term stable profit and dividend distribution.

Achievement

- The consolidated net profit after tax in 2020 was NT\$14,459 million and the EPS was NT\$1.12. The total asset scale exceeded NT\$4.36 trillion, an increase of 8.12% year on year. The consolidated shareholders' equity was NT\$241,579 million and the net value per share was approximately NT\$18.12. Cash dividends are distributed at NT\$ 0.4 per share in 2020.

02

Sustainable Business

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

2020 Major Sustainability Performance

- Completed external evaluation on Board's performance
- Added **emerging risk** issues in the report of Risk Management Committee
- Implemented **TCFD** to identify climate-related risks and opportunities and their impacts on finance



Chapter 02

Sustainable Business

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

2.1 SKFH Overview

2.1.1 About SKFH

Brand Spirit

SKFH adheres to its four main characteristics of ethos: Innovation, Service, Integrity, and Giving back, and focus on people's life value to bring happiness to others. SKFH adopts a humble approach to provide local and down-to-earth services and give back to society.



Management Objectives

- Stabilize Profit and Increase Net Worth
- Integrate resources and enhance synergy
- Prioritize digitalization to optimize experience
- Create profit sources and expand markets
- Focus on Legal Compliance and Risk Control, Implement Corporate Governance, and Promote Sustainable Operation

Service Network and Value Chain

Shin Kong Financial Holding Co., Ltd. was established on February 19, 2002, and it currently operates subsidiaries including Shin Kong Life Insurance (SKL), Shin Kong Bank (SKB), MasterLink Securities (MLS), Shin Kong Investment Trust (SKIT), Shin Kong Property Insurance Agency (SKPIA). The Group creates a comprehensive financial service network composed of life insurance, banking, securities, mutual funds etc. for more than six million customers. In 2020, there was no significant change in SKFH's scale, structure, and ownership.

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

SKFH Value Chain



Overview of Domestic Business Locations

Unit: locations

Company		SKL	SKB	MLS	SKIT	SKPIA	
Service and Business Locations	Branch	Regional Sales Office and Branch Office	Service Center	Branch	Branch	Location	Company
Area with low population density (Note 1)	2	13	1	1	1	0	0
Off-shore islands (Note 2)	1	2	0	0	0	0	0
Total locations in Taiwan	23	293	36	104	47	3	1

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

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

Note 3 SKL airport locations: Songshan International Airport, Taoyuan International Airport, Kaohsiung International Airport, Hualien Airport, Kinmen Airport, and Taichung Airport.

I SKFH Overseas Deployment



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 a representative office in Myanmar.



SKB has set up a branch in Hong Kong to provide services to overseas Taiwanese businesses from Hong Kong. It also set up a representative office respectively in Vietnam and Myanmar in 2007 and 2015, to promote the development of corporate finance and foreign exchange business.



MLS 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.

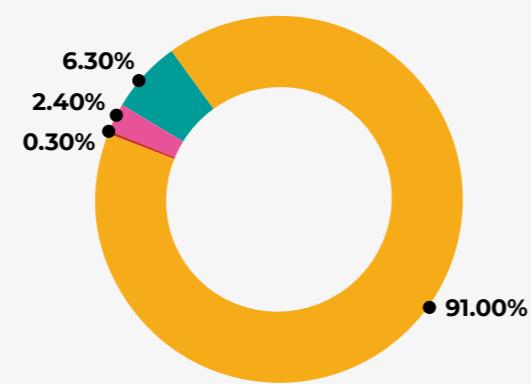
2.1.2 Financial Performance and Information Transparency

SKFH upholds a stable business strategy. We achieved a consolidated net profit of NT\$14.459 billion with an EPS of NT\$1.12. The total asset amounted to NT\$4.36 trillion with an annual growth rate of 8.12%. The consolidated shareholders' equity amounted to NT\$241.579 billion, and the net value per share was NT\$18.12.

In 2020, Shin Kong Financial Holding recorded a consolidated net profit of NT\$268.1 billion. In particular, the life insurance sector contributed 91% of the profit, followed by the banking sector and the securities sector with a contribution of 6.3% and 2.4% respectively. The other sectors (including Shin Kong Financial Holding itself but excluding the long-term investment income, as well as investment trust, venture capital and insurance agent) contributed only 0.3% of the profit, and Shin Kong Financial Holding doesn't operate the property insurance business.

Please refer to "Chapter 5 Operational Highlights" in the SKFH 2020 Shareholders' Meeting Annual Report for the operating performance and asset portfolio of SKFH in 2020.

I Consolidated net profit



- Life insurance sector
- Banking sector
- Securities sector
- Other sectors

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

● SKFH Economic Performance in the Past Three Years

Type	Item	Unit	2018	2019	2020
Operation ability	Total assets	NT\$ millions	3,648,467	4,029,814	4,357,124
	Operating revenue (net revenue)	NT\$ millions	252,860	279,245	268,137
	Revenue per employee	NT\$ millions	15	16	16
	Profit per employee	NT\$ millions	0.62	1.14	0.84
Profitability	Return on assets	%	0.30	0.51	0.34
	Return on shareholder's equity	%	6.97	9.44	6.03
	Earnings per share	NT\$	0.89	1.61	1.12
Economic value	Operating costs	NT\$ millions	25,697	25,875	26,964
	Employee wages and benefits	NT\$ millions	15,162	15,825	16,825
	Dividends for shareholders	NT\$ millions	3,679	2,445	5,073
	Payments to the government	NT\$ millions	571	320	1,592
	Charitable contributions and sponsorship	NT\$ millions	104	113	64
	Economic value retained	NT\$ millions	222,913	250,605	234,508
	Retained earnings	NT\$ millions	25,999	85,388	81,023
	Political contributions	NT\$ millions	0	0	0

Note 1 For the total liabilities, please refer to the operational highlights in the 2020 Annual Report.

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

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

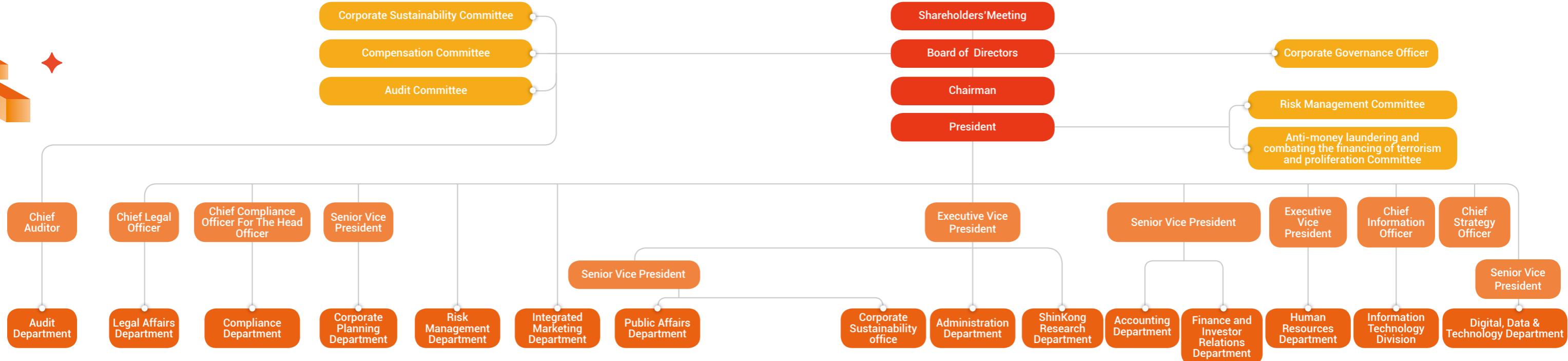


Information Transparency

SKFH is committed to disclosing material information necessary for stakeholders in a prompt, accurate, and fair manner. We will continue to uphold the principles of fairness, transparency, and promptness in the future to disclose financial and business information to protect the rights and benefits of stakeholders.

 <p>Appointment of the Spokesperson and Acting Spokesperson</p> <p>SKFH has assigned a Spokesperson and an Acting Spokesperson in accordance with the "Corporate Governance Code of Practice for Financial Holding Companies" and "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".</p>	 <p>Website</p> <p>We continue to maintain and update related information of the Company on the website for investors to learn about the latest information of the Company.</p>
 <p>Analysts/investors' conferences and roadshows</p> <p>We actively engage analysts, investors, and other individuals in the securities market by one-on-one meetings, investors' conferences, and roadshows.</p>	 <p>Quiet period</p> <p>To avoid selective disclosure, the Company enters a "quiet period" in the two weeks before earnings release. The Company's spokesperson will not actively meet or communicate with analysts, investors and the media, and will avoid discussing the profit and financial performance in the current quarter.</p>
 <p>Media</p> <p>In addition to analysts/investors' conference and road shows, SKFH uses press releases, press conferences, media interviews, and other channels for investors and the public to learn about the latest development of the Company.</p>	 <p>Stakeholders engagement</p> <p>SKFH set up a "stakeholder engagement" section on the official website to understand the various issues considered by our stakeholders, and moreover to provide communication channels for them to exchange opinions and ideas with us.</p>

SKFH Organizational Chart



2.1.3 Tax Governance

SKFH established the "Tax Governance Policy" in response to trends in international tax governance. The Policy specifies principles for processing taxes, responsible units, and their duties in order to fulfill the sustainable development goal for transparency in taxation.

SKFH mainly operates in Taiwan and is therefore subject to the profit-seeking enterprise income tax rate in Taiwan. The effective tax rate in the past two years is as follows:

	2019	2020	Average
Effective tax rate	-6.83%	-70.27%	-26.69%
Cash tax rate	1.72%	18.75%	7.05%

Note 1 The statutory profit-seeking enterprise income tax rate in Taiwan is 20%. The tax payable is the higher of the "general income $\times 20\%$ " or "basic income $\times 12\%$ ".

Note 2 The major components of tax benefit is deferred tax In respect of the current year, which is due to unrealized gain (loss) on financial assets.

2.2 Corporate Governance

SKFH pays close attention to the rights and interests of shareholders and stakeholders. We established the "Corporate Governance Best Practice Principles" and supervised its subsidiaries to ensure their compliance with the Corporate Governance Best Practice Principles established for their respective industries. With comprehensive and independent supervision functions, our professional management team and Board of Directors have established rigorous internal audit and internal control mechanisms, as well as transparent and prompt communication channels to construct a complete corporate governance system.

SKFH is now a constituent stock of the "Taiwan Corporate Governance 100 Index" and "FTSE4Good TIP Taiwan ESG Index". We have been recognized as one of the top 20% companies in the "Corporate Governance Evaluation" conducted by Taiwan Stock Exchange Corporation for seven consecutive years. We ranked among the top 5% in the Second Corporate Governance Evaluation. These results affirmed the performance of SKFH's corporate governance.

2.2.1 Board of Directors

SKFH Board of Directors has 15 Directors including 3 Independent Directors. A total of 15 meetings were convened in 2020 and the attendance rate of members of the Board of Directors was 98.6%. The Chairman of the Board does not serve concurrently in other roles in the management team. The average tenure of the directors at Shin Kong Financial Holding and its subsidiaries is 11.04 years.

To ensure SKFH Board of Directors' diversity and its ability to both review and discuss economic, environmental, and social issues, the Directors are selected from talents with diverse professional backgrounds, foresight in international affairs, and leadership skills. Through the Directors' extensive experience in the finance industry and their skills, we aim to improve the corporate operation system and protect investor interests.



Basic Information and Diversity of Board of Directors

Name	Basic Information							Experience in the Industry				Expertise					Independence	
	Nationality	Gender	Serve concurrently as the Company's employees	Age		Length of continuous service as a director of the Company			Insurance	Banking	Securities	Asset Management	Accounting	Law	Information Technology	Risk Management	Financial Management/Actuarial	
Victor Hsu (Chairman)	ROC(Taiwan)	Male		31~50	51~70	>71	<3y	3~9y	>9y								●	●
Te-Cheng Chiu	ROC(Taiwan)	Male			●		●											●
Benson Wu	ROC(Taiwan)	Male		●			●											●
Yun-Wan Yeh	ROC(Taiwan)	Male			●			●						●				●
Po-Han Lin	ROC(Taiwan)	Male		●				●										●
Shih-Chi Hung	ROC(Taiwan)	Male		●			●											●
Tung-Ming Wu	ROC(Taiwan)	Male			●			●						●				●
Hsin-Ta Wu	ROC(Taiwan)	Male		●			●											●
Chi-Ming Su	ROC(Taiwan)	Male			●			●						●				●
Pan, Po Tseng	ROC(Taiwan)	Male		●			●							●				●
Min-Wei Wu	ROC(Taiwan)	Male		●				●										●
Tseng-Chang Lee	ROC(Taiwan)	Male			●		●							●				●
Chi-Ming Wu	ROC(Taiwan)	Male		●			●											●
Yung-Ming Shiu	ROC(Taiwan)	Male		●			●											●
Mei-Hwa Lin	ROC(Taiwan)	Female		●				●										●

Note The independence of directors is defined as per the following criteria. To be considered independent, the director has to meet at least four of the following nine criteria and two of the first three criteria: (for criteria incorporated in domestic laws and regulations, please refer to the 2020 Annual Report)

- (1) A director who has not served as a senior executive of the Company during the past five years.
- (2) A director or his/her family member who has not accepted any compensation from the Company or any of its subsidiaries exceeding US\$60,000 in the current year and within three years unless otherwise permitted by the US SEC 4200 clause.
- (3) A director whose family member is not, or at any time during the past three years was not, employed by the Company or any subsidiary as a senior executive.
- (4) A director who is not a consultant of the Company or the executives and has no related interest with the consultant of the Company.
- (5) A director who has no related interest with the Company's major customers or suppliers.
- (6) A director who does not enter into any service contract with other companies or their executives.
- (7) A director who has no related interest with the non-profit organizations that are the main recipients of the Company's donations.
- (8) A director who is not a current partner of the Company's outside auditor, or was not a partner of the Company's outside auditor at any time during the past three years.
- (9) A director who has no conflict of interest with the independence of the Board of Directors.

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 every year according to the regulations, and organizes external performance evaluation at least once every 3 years, with the contents of evaluation including the overall performance of the Board of Directors, individual members of the Board of Directors and functional committees. In 2020, the performance evaluation results of the board of directors and functional committees was "excellent". SKFH organized the external performance evaluation of the Board of Directors which is required once every three years. We appointed the Taiwan Institute of Ethical Business and Forensics (TIEBF) for the performance evaluation. TIEBF evaluated the performance of the Board of Directors based on the four major dimensions including the professional competencies, decision-making effectiveness, degree of adherence and supervision to internal controls, and the attitude to sustainability and corporate social responsibility. The evaluation result was 4.34 points (maximum 5 points). The Company researches, discusses, and executes improvement measures based on the objective suggestions made by external evaluation organization to continue to improve the effectiveness of the Board of Directors and strengthen corporate governance mechanisms. Please refer to SKFH's official website for the detailed internal and external performance evaluation results of its Board of Directors in 2020.

The Board of Directors of SKFH supervises functional committees such as the Compensation Committee, Audit Committee, CS Committee (refer to 1.2.1 CS Committee), and the Audit Department to improve corporate governance and sustainable operation.

2.2.2 Functional Committees

I Compensation Committee

Independent Directors of SKFH serve as members of SKFH Compensation Committee. The main task of the Committee is to assist the Board of Directors in the establishment and regularly reviews of the policies, systems, standards and structures of the performance evaluation and compensation of Directors and the President. The Committee convenes at least two meetings per year.

● Compensation Policy for Directors and the President



The Company's financial returns relevant for Directors and organizational performance

The amount of compensation received by Directors shall be determined by the Board of Directors according to the contribution of the individual and extent of involvement in the Company's operations, taking into account the general compensation standards within the industry.

Directors receive fixed monthly compensation and may receive lump-sum bonuses based on the Company's annual profitability, Standards for the Distribution of Annual Performance Bonus for Managerial Officers and Employees, and the results of performance evaluation of Directors. These measures effectively connect the compensation for the Directors to the performance of the organization, which fully demonstrate the consistency in the goals of the Directors, managerial officers, and employees and sharing of profits.

In addition to the compensation specified above, the Articles of Incorporation specifies that if the Company generates profit in the current year, the Board of Directors shall set aside no more than 1% of the profit as compensation for Directors.

The Board of Directors shall set fixed compensation for Independent Directors who shall not participate in the Company's earnings distribution.

To connect financial performance to bonus, the annual performance bonus and long-term incentive bonus for the President and senior-level managers are effectively connected to the Company's business performance and their personal performance. Annual performance indicators are set according to the company's operating and development strategies, and the indicators are classified into financial-oriented ones and non-financial-oriented ones.



Proportion	Dimension	Indicators	Achievement Rate in 2020
50%	Financial-oriented indicators	The business performance of SKFH and its subsidiaries, such as financial revenue, premium performance, net worth, proprietary/brokerage/underwriting performance, deposits/financial management trust/scale of funds, investment/fund/commission performance, ROE, ROA, breakeven rate, recurring income rate before hedging, hedging costs, employee productivity, management fees/income from handling fees, risk indicators (NPL Ratio, Coverage Ratio, BIS, etc.), and capital adequacy ratio	108%
50%	Non-financial-oriented indicators	Talent cultivation and exchange, the achievement of promotion of digital finance and information security, implementation of legal compliance and the effectiveness of internal control system, CSR and corporate governance evaluation results of SKFH and its subsidiaries	112%

The annual compensation for the Company's President and senior-level managers 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-level managers), long-term incentive bonus and compensation to employees.

- **Annual performance bonus:** The budget for annual performance bonus is based on net profits (40%) and the increase in shareholders' equity (60%), and it shall be adjusted by referring to the achievement of the performance indicators specified in the above table, and then paid depending on individual's performance; in addition, individuals may choose to acquire the company's shares by means of trust within a certain percentage of the annual performance bonus, and the company shall allocate the shares to be acquired fully based on individual's deposit amount.

- **Long-term incentive bonus:** The budget for long-term incentive bonus awards is based on net profits (40%) and the increase in shareholder's equity (60%), and then paid depending on individual's performance. In response to the company's long-term development strategies, the company shall establish unlocking conditions for granting the awards. The awards shall be paid after the waiting period finishes depending on the satisfaction with the company's unlocking conditions and the ratio of individual performance and serving period. The longest performance waiting period is 3 years. In 2020, the company's unlocking conditions for granting long-term incentive bonus are: the cash dividends distributed and paid in 2023 reach the average amount of the past three years, and capital adequacy ratio reaches the goal.

- **Compensation for employees:** Subject to Article 32 of the Company's Articles of Incorporation, if the Company made profits in the year, it shall allocate no less than 0.01% but no more than 0.05% of its profits of such year as the compensation for employees. Employees of affiliated companies who meet certain qualifications may be included in the payment objects. If there are accumulated losses, the Company shall keep some amount to cover the losses, and then use the balance to make allocation based on the aforementioned proportion.

- **Cancel or clawback:** If the President violates the terms of the employment contract or the Company's work rules, commits a gross negligence, or causes material financial losses to the Company and such action is verified by the Company, the Company has the right to cancel all or part of the long-term incentive bonus previously granted or request the return of long-term incentive bonuses already paid.

Audit Committee

SKFH Audit Committee consists of all Independent Directors who adopt their own profession and keep their independence to assist the Board of Directors in the supervision, exercise of powers granted in related laws and regulations, fulfillment of their responsibilities, and improvement of the corporate governance performance. 12 meetings of the Audit Committee were convened in 2020 and average attendance rate was 100%.

2.2.3 Audit Department

SKFH has established an audit system and an internal audit unit under the Board of Directors in accordance with the "Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The unit maintains its independence in the performance of audits and provides recommendations for improvements at appropriate times to ensure the effective implementation of the internal control system.

Internal Audit Mechanisms and Achievements in 2020



- 1** Operations related to ESG topics such as digital finance (e-commerce and digitalization), anti-money laundering and anti-terrorist financing, personal data protection, financial consumer protection, and outsourced operations were included as key items in annual audits.
- 2** SKFH completed the annual audit plan in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and submitted the "2020 Internal Control System Statement" to the Board of Directors for disclosure on the Company's website and in the Annual Report

2.3 Legal Compliance

SKFH understands the importance of compliance for the Company's stable operations. SKFH established the "Legal Compliance Policy", "Legal Compliance System", and "Legal Compliance Critical Incident Reporting Regulations". SKFH shall continue to implement operating activities in accordance with laws and regulations and collect information on the latest laws, regulations and penalties in the industry every day. We deliver legal information to units and subsidiaries instantly via email, and regularly organizes self-inspections for changes in laws, regulations and penalties in the industry to optimize the compliance procedures and critical incident reporting mechanisms for SKFH and its subsidiaries. To implement the legal compliance system, we convened a total of 6 legal compliance operation meetings of SKFH and subsidiaries in 2020, 2 compliance self-inspection, 1 education and training program for the Directors, Supervisors, and senior executives of SKFH and subsidiaries, 2 legal compliance educations for employees, and the annual legal compliance review meeting. The legal compliance implementation status is also reported to the Board of Directors and Audit Committee every six months. In 2020, SKFH continued to evaluate the legal compliance of its subsidiaries in accordance with the "Regulations for the Evaluation of Legal Compliance Operations of Subsidiaries". The contents of the evaluation include the implementation status of the legal compliance system, anti-money laundering and counter the financing of terrorist, which improve the effectiveness of the legal compliance by SKFH and its subsidiaries.

When a subsidiary plans to launch a new product or service or applies to open a new business, and such businesses are deemed by the competent authority as materials changes for financial products for which approval is required, or when they use specific or large amounts of funding, they must submit opinions stating that such businesses meet regulatory requirements and internal regulations and affix their signature to take responsibilities and implement legal compliance principles.

In 2020, Shin Kong Financial Holding didn't receive penalties imposed by the competent authority. In th cases where the subsidiaries suffered penalties, they have made the improvement and reinforced the internal communication and internal control operation. For relevant details, please check Appendix 7.1.7.

2.3.1 Ethical Management

SKFH has enacted regulations such as the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Policy and Best Practice Principles", "Code of Ethics", and "The Company's Internal and External Personnel Whistleblowing Procedure" and established ethics consultation channels to create an ethical corporate culture.

SKFH maintains a "zero tolerance" policy for unethical conduct such as bribery and corruption. We also recognize and comply with the "United Nations Convention against Corruption", World Economic Forum's "Partnering Against Corruption-Principles for Countering Bribery", "Business Principles for Countering Bribery" of the Transparency International and Social Accountability International, and "ICC Rules of Conduct and Recommendations to Combat Extortion and Bribery" of the International Chamber of Commerce. SKFH established the "Anti-Corruption Policy" for compliance by all employees and all business partners.

To achieve the core value of honesty and integrity, and to expect that the Company's personnel, customers, suppliers, and other parties having contractual relationships with the Company can understand and jointly protect the ethical standards and culture of Shin Kong Group, the Company has established its "Code of Ethics" in 2005, covers directors, supervisors, managers and employees of the Company and the Company's subsidiaries. The group-wide Code of Ethics includes honest and moral behaviors, equal hiring and non-discrimination principles, healthy and safe working environment, prevention of conflict of interest, anti-bribery and anti-pursuit of personal gains, confidentiality responsibility, fair trading and anti-insider trading, anti-money laundering, safeguard and proper use of the company's assets, legal compliance, handling of material operating risks, encouragement whistleblowing of any illegal activities or any activities violating the Code of Ethics, disciplinary measures, etc. The Company also has established related mechanisms to ensure the effective implementation of the Code of Ethics, including clearly defining the responsibilities, accountabilities and reporting lines establishing a whistleblowing system (to be accepted by a dedicated unit, and disclosed on website), linking with the employee's performance appraisal system and remuneration. Through internal control systems and internal auditing mechanisms, the Company prevent and detect potential violations and improve the compliance of the Code of Ethics. The Company adopts zero tolerance for the acts against the "Code of Ethics". If there is any violation of the "Code of Ethics", the Company will handle it and take disciplinary actions in accordance with its HR management regulations and related laws and regulations. In 2020, the SKFH group (including subsidiaries and joint ventures) have 100% completed education and training courses related to the Code of Ethics.

In 2020, Shin Kong Financial Holding incurred no corruption or bribery cases such as malpractice and acceptance of bribes. Listed below are the key 14 cases that the employees of the subsidiaries have breached the Code of Ethics, and all these cases have been investigated and substantiated. The subsidiaries have taken disciplinary actions against related employees, such as dismissal and revocation of registration.

Areas of breaches	Bribery	Pursuit of personal gains	Discrimination	Violation of confidentiality	Conflicts of interest
Number of substantiated cases	0	14	0	0	0

Areas of breaches	Violation of anti-competitive / antitrust law	Money-laundering	Insider trading or violation of fair trading	Violation of environment, health and safety
Number of substantiated cases	0	0	0	0



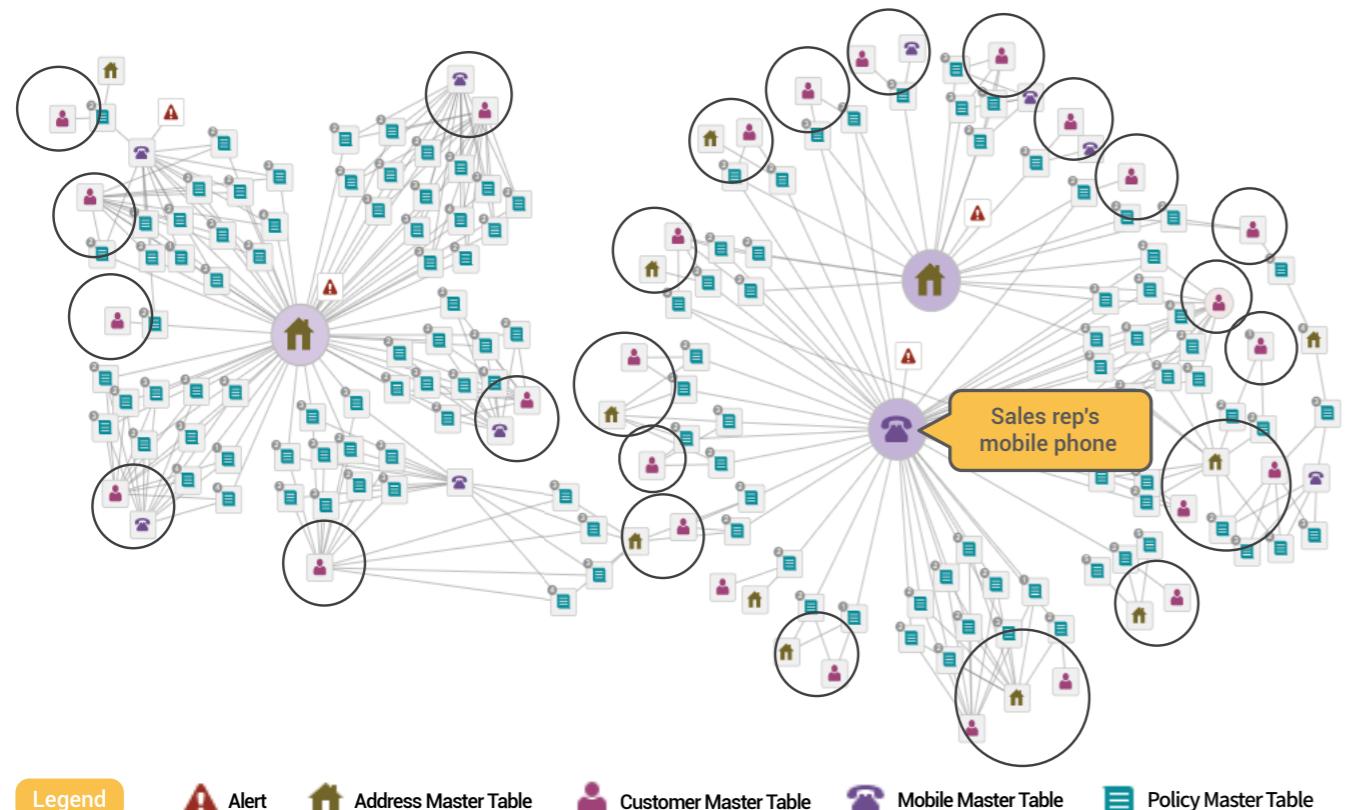


Legal Compliance Divination Lot is made in a form of folk belief, which simulates the words of divine instruction to advise compliance to employees. The content is as follows:

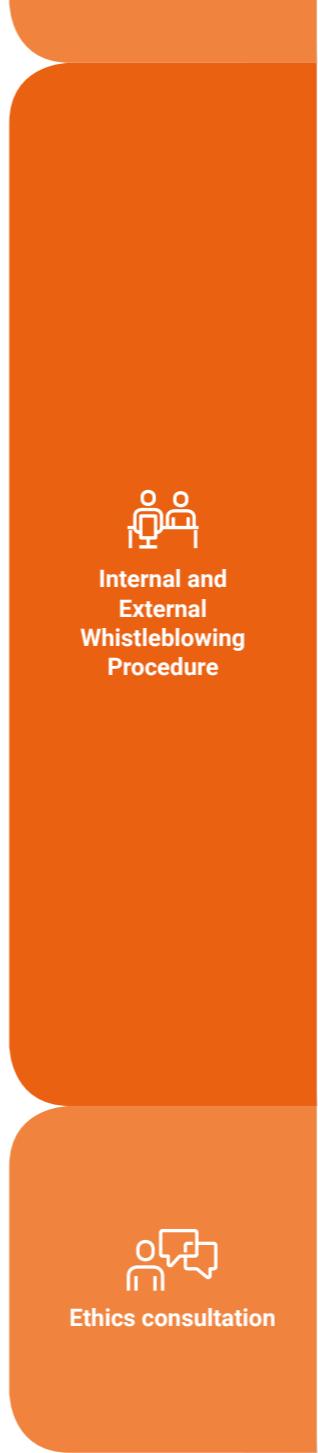
Clear rights & obligations are the best kinds of complaint prevention. Visiting customers is a must, and signing in person keeps our trust. Insurance discounts and rebating only lead to our credibility's abating.

Policy loans and terminations increase performance, and recovering commissions is of utmost importance. Honesty and integrity show our sincerity and bring you prosperity.

To proactively prevent violation of the above-mentioned Code of Ethics, SKL has prepared the "13 Legal Compliance Courses for Sales Representatives". Since September 2019, supervisors of business units conducted legal compliance training courses for the personnel every month. We also prepared "Legal Compliance Divination Lot" slides and indicate various punishment measures. In addition, SKL launched the "Sales Representative Fraud Risk Prevention and Control Model" from January 2020 as a leader in the life insurance industry. The model can effectively grasp the abnormal solicitation acts of sales representatives, and then make analysis in detail by using AI technology. It uses more than 30 indicators to evaluate sales representatives based on high, medium and low risks, and adopts visual tools to make graph analysis to allow inspectors to find abnormalities actively. Once any suspected features are detected, it will be displayed on the warning dashboard based on the level of risk, specifying the suspicious behaviors, to eliminate the misconducts which may expand in the very beginning, so as to reduce the probability of misconduct through pre-prevention.



For the violations of the Code of Ethics, SKB not only asked related units to conduct education and training, but also produced online courses to improve the company personnel's awareness of compliance. In addition, it also revised relevant operating procedures and regulations, and strengthened its internal control mechanism to avoid similar incidents from reoccurrence.



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

- SKFH requires all employees to conduct business activities in accordance with the principles of fairness and integrity. They must strictly abide by related confidentiality regulations and they may not conduct insider trading. These measures ensure the establishment of a corporate culture of ethical corporate management.

- The Code of Ethics was established to ensure that all Directors, Supervisors, managerial officers, and employees of SKFH and its subsidiaries comply with ethical principles in their conduct, and ensure that the stakeholders of the Company understand the Company's ethical standards. The Code of Ethics requires all stakeholders of the Company to strictly abide by related laws and regulations to implement ethical self-governance.

- SKFH established internal and external whistleblowing channels and encourage anyone who discovers crime, fraud, or violation of regulations by personnel of the Company to report through the following channels. SKFH also uses comprehensive whistleblower protection mechanisms to protect whistleblowers from threats or unfavorable punishment. Where an investigation shows material breaches or issues that may damage the Company, the unit that receives the report shall report the matter, processing method, follow-up review and improvement measures to the Board of Directors.

Company	Internal and External Complaint/Whistleblowing Channels
SKFH	Customer complaint mailbox: audit@skfh.com.tw Whistleblower mailbox: Independent Director representative: id@skfh.com.tw Internal audit unit: whistleblower@skfh.com.tw Employee communication mailbox: skfh-hr@skfh.com.tw Sexual harassment complaint: shinkong113@skfh.com.tw / (02)7725-3216
SKL	skl1v0@skl.com.tw
SKB	audit@skbank.com.tw
MLS	whistleblower@masterlink.com.tw
SKIT	Customer mailbox: service@mail.skit.com.tw Whistleblower mailbox: whistleblower@mail.skit.com.tw Sexual Harassment Complaints: hr@mail.skit.com.tw
SKPIA	skpia99@skl.com.tw

- SKFH regularly provides information on the latest laws and trends to employees through emails, internal website, or training programs so that employees understand the latest regulations and amendments. SKFH also established databases and inquiry platforms for frequently-used regulations in business operations for all units.

- Internal personnel can use the compliance communication meeting or manager meetings, or directly consult the Legal Compliance Office for counseling and recommendations regarding ethical and compliance issues.

2.3.2 Anti-Money Laundering

SKFH has formulated the "Anti-Money Laundering and Countering the Financing of Terrorist Policy", "Anti-Money Laundering and Countering the Financing of Terrorist Evaluation Procedures", "Anti-Money Laundering and Countering the Financing of Terrorist Information Sharing Procedures", "Notices for Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction", and "Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction Committee's Procedures" to ensure that SKFH adopts consistent anti-money laundering/countering the financing of terrorist (AML/CFT) mechanisms to improve the effectiveness of AML. The regulations specify the risk appetite of the Company and the types of customers with which the Company refuses to build business relations. We provide subsidiaries with methods for evaluating common risks and suspicious transaction patterns between subsidiary companies that require enhanced monitoring. We also enhance the Company's mechanisms for sharing information and require subsidiaries to establish Notices for 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 the Group's AML/CFT evaluation methods, it revised the "Notices for Anti-Money Laundering, Countering the Financing of Terrorist, and Countering Proliferation of Weapons of Mass Destruction" and the "Anti-Money Laundering and Countering the Financing of Terrorist Evaluation Procedures" again in 2020 by referring to external laws and in response to practical operations. And its subsidiaries completed comprehensive AML/CFT evaluation in 2020 by adopting consistent methods. To continue to help the senior managers be aware of the AML/CFT risks of SKFH and subsidiaries, SKFH held the meetings of the "Anti-Money Laundering, Countering Financing Terrorist, and Countering Proliferation of Weapons of Mass Destruction Committee" regularly and semi-annually in 2020 to integrate related risk management mechanisms.

I 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.

I 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 2020. 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 enactment or establishment of related policies and procedures.

I Intensify anti-money laundering knowledge and skill

SKFH organized the "SKFH Education Program for Directors, Supervisors, and Senior Executives" in August 2020 and invited the persons from the AML Office of the Executive Yuan to talk about "AML and CFT Sharing in the Post-APG Era" to grasp the latest trends, so as to enhance professional knowledge as well as to build an AML/CFT culture. The program was attended by 49 Directors and Supervisors.

SKFH and its subsidiaries organized 67 AML training sessions for management level and 65 sessions for regular employees in 2020. 100% of all senior managers, mid-level managers, and general employees have completed AML/ CFT education and training. All employees have thus fulfilled and implemented AML/CFT mechanisms and established a corporate culture for ethical management.

2.3.3 Global Legal Compliance

SKFH complies with related regulations of the "Foreign Account Tax Compliance Act" (FATCA) and established the "FATCA Compliance Policy for Shin Kong Financial Holding Co., Ltd. and Subsidiaries". SKFH also appointed consultants to continue to guide subsidiaries in the implementation of FATCA related affairs.

In response to the implementation of the Common Reporting Standard (CRS) in 2020, SKFH has established the "Common Reporting and Due Diligence Review Operation Policy". SKFH convened a total of 6 work meetings in 2020 to ensure the subsidiaries' compliance with the aforementioned regulations reporting schedules.

In 2020, there was no case related to anti-competitive, anti-trust and monopoly laws and regulations in SKFH.

2.4 Information Security

SKFH has formulated "Information Security Policy" and "Information Security Management Specifications for Subsidiaries", covering its subsidiaries, outsourced manufactures and their staff. 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.

I Information Security Management Mechanism

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

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

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

I Information Security Education and Training

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

The Information Security Department of SKFH and its subsidiaries continued to evaluate related emerging online technical systems and information security issues, such as: financial security incidents, information security vulnerabilities with high risks, hacking techniques, fake financial websites and apps, and commercial emails frauds (Business Email Compromise, BEC), AI popularization, blockchain, etc., and utilize the latest information to improve management and reduce information security risks continuously.

I Reporting of Information Security Incidents

SKFH has formulated "Emergency Notification Measures" and "Subsidiary's Information Security Emergency Management Regulations", and its major subsidiaries have established "SKL Emergency Notification Measures" and "Key Points for Reporting Taiwan SKB Emergencies", "Emergent Reporting Procedures and Handling Measures for MLS Information Security Incidents", and "Handling Measures for SKIT Information Operation Emergencies", etc. If an employee finds any information security incident, he must report it according to the methods for reporting emergencies. The highest level of management who accepts the report shall be the President or Chairman depending on the degree of the materiality.

We conducted anti-black box penetration tests and denial-of-service drills every year, and entrusted external units to make overall evaluation on information security to ensure a complete protection for our IT systems and information security management, so as to improve the level of information security continuously.

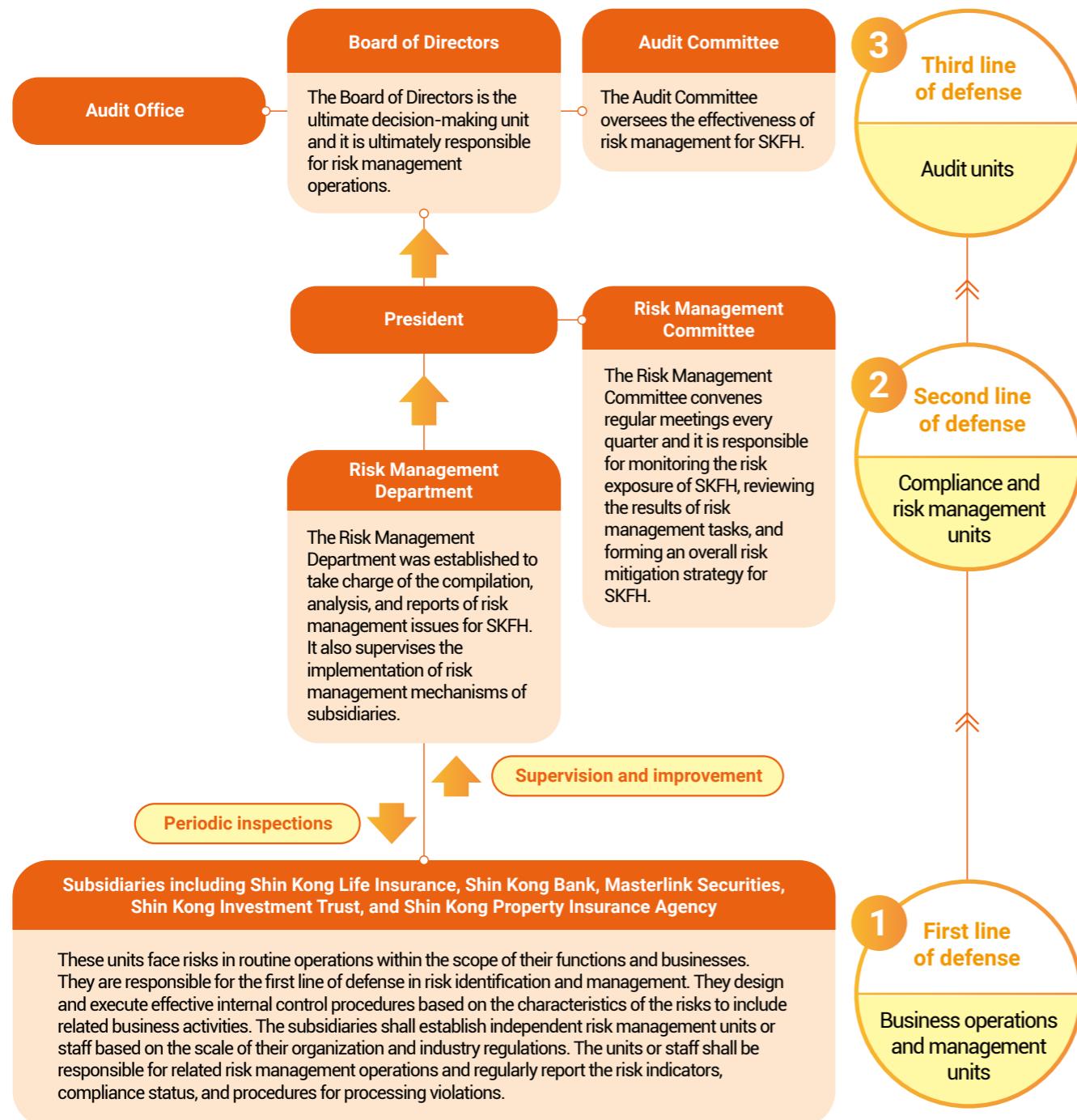
In 2020, no illegal information security incidents occurred in SKFH and its subsidiaries. And we will continue to improve information security management in 2021.

2.5 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.

2.5.1 Risk Management Organizational Structure

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



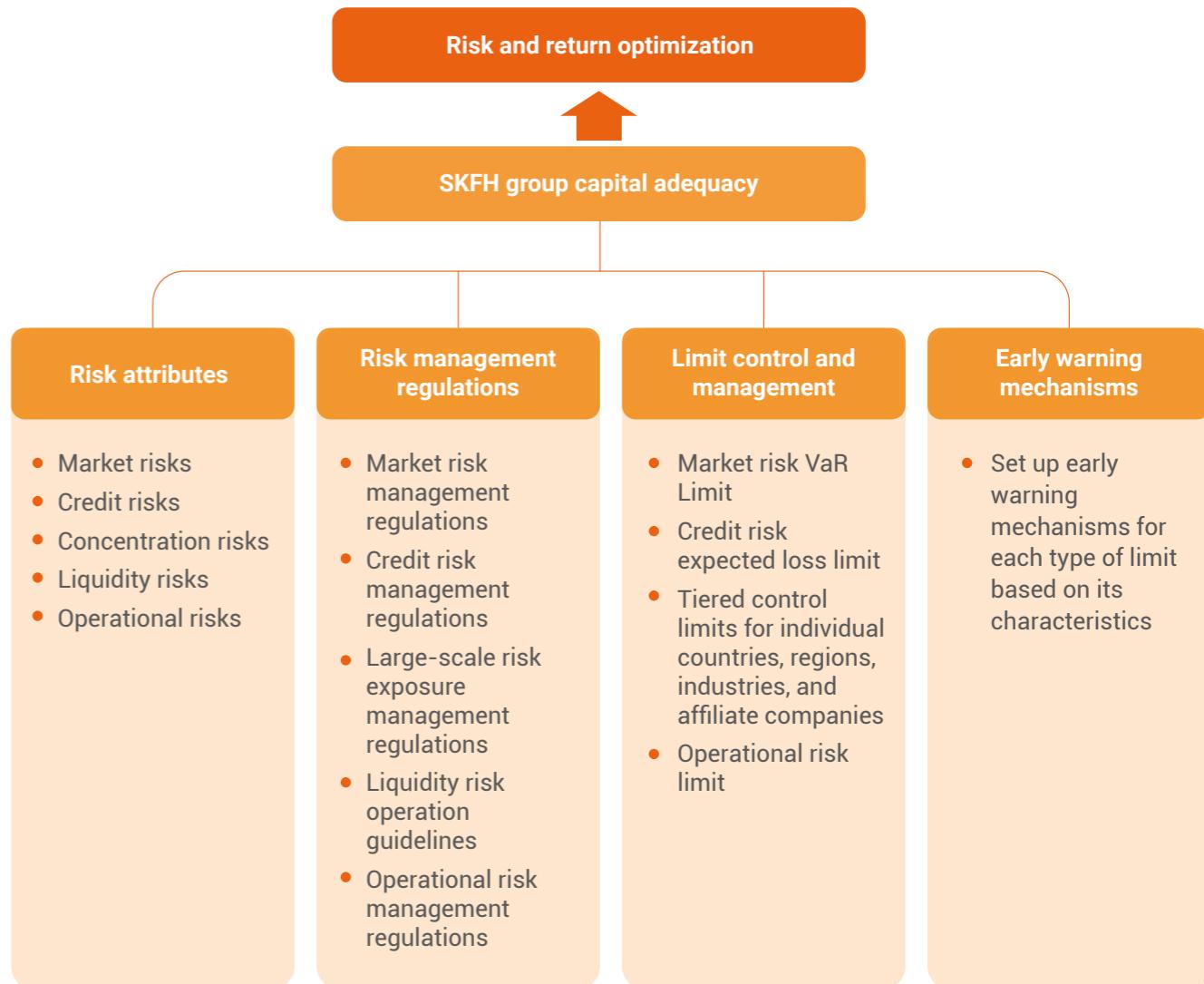
2.5.2 Emerging Risks



SKFH has identified two major emerging risks among the intensifying challenges from across the globe. They include information security risks and climate-related risks. The impact and response measures for these two major risks are as follows:

Risk Factors	Extreme weather events have become more frequent due to climate change, and the probability of occurrence for short-duration intense rainfall in Taiwan has increased in recent years. Short-duration intense rainfall often causes floods. As Taipei is a basin, short-duration intense rainfall often causes the accumulation of excessive amounts of rain within a short time which leads to flooding. Therefore, floods caused by climate change have become an emerging risk.
Impact or Influence on Business Operations	SKFH has multiple real estates and office buildings in Neihu District. The area is threatened by both short-duration intense rainfall and overflowing water from the river embankment. Its flood risks are thus higher than those of other regions. According to research literature, Neihu District of Taipei has incurred the highest losses in property value as a result of floods when compared to office buildings of similar value in other administrative districts of Taipei City. Therefore, in the event of a flood, the economic value of SKFH's real estate purchased for investment purposes will be underestimated.
Mitigation Measures/Response Policies	<ul style="list-style-type: none"> The Company has produced emergency contingency standard operating procedures (SOPs) for responding to intense rain. Flood mitigation and tolerance design for buildings: We use waterproof gates, pumps/sandbags/ boarded up windows/generators, etc. to reduce the impact of floods. Other disaster prevention measures: Waterproof measures during construction, examination of signs, doors, and windows on external walls, clearing drainage holes on the roof/balcony/driveway, secure and protect rooftop items/trees/plants, water storage, pre-drainage of sewage, etc. We established an emergency response management system to activate the business continuity plan and disaster recovery plan when a flood causes material damage to the Company's finance or operations. The system will minimize the impact of the flood. We purchased property insurance for floods to reduce the property losses we incur as a result of a flood.

Risk Factors	Risks faced by the finance industry for incorporating new FinTech and developing innovative services: The incorporation of new FinTech and development of innovative services have created complicated effects. The information input/output, delivery, and storage must be securely managed when we provide innovative services. Therefore, the incorporation of new FinTech and development of innovative services will create information security risks.
Impact or Influence on Business Operations	FinTech businesses involve massive amounts of funds and require a higher level of information security protection than other industries. The incorporation of new FinTech and development of innovative services pose new challenges for technologies and regulations. An information security incident may cause leaks of customer information, leaks of company confidential information, and losses to the Company's finance and reputation, and may incur penalties from the competent authority for violation of information security regulations.
Mitigation Measures/Response Policies	Faced with rapidly evolving financial technologies, the Company continues to strengthen its information security to reduce potential impact from technological applications. The key tasks include: <ul style="list-style-type: none"> Incorporating information security management into the corporate governance framework, thereby enabling the management to develop security management visions and strategies on an organizational level. Enforcing information security from a "risk management" perspective; perform regular self-assessments on information security management and adopt improvements on an ongoing basis. Conducting comprehensive security assessments when adopting new financial technologies in order to ascertain risks and the preparedness of existing controls. Formulating information security control plans such as personal information protection, information system control operations, and information and communication security audit plans. Enhancing response to information security incidents. Developing reporting procedures and responding toward information security incidents, and improving employees' abilities to react, coordinate and communicate during a crisis, thereby avoid or minimize damage in a security incident. Developing a security threat analysis and alert system capable of sharing intelligence (including current and historical data, report and information relevant to security incidents) in real-time between SKFH, the subsidiaries, and external institutions, and thereby assist the Company with information security management.



2.5.3 Risk Management Policy and Mechanisms

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

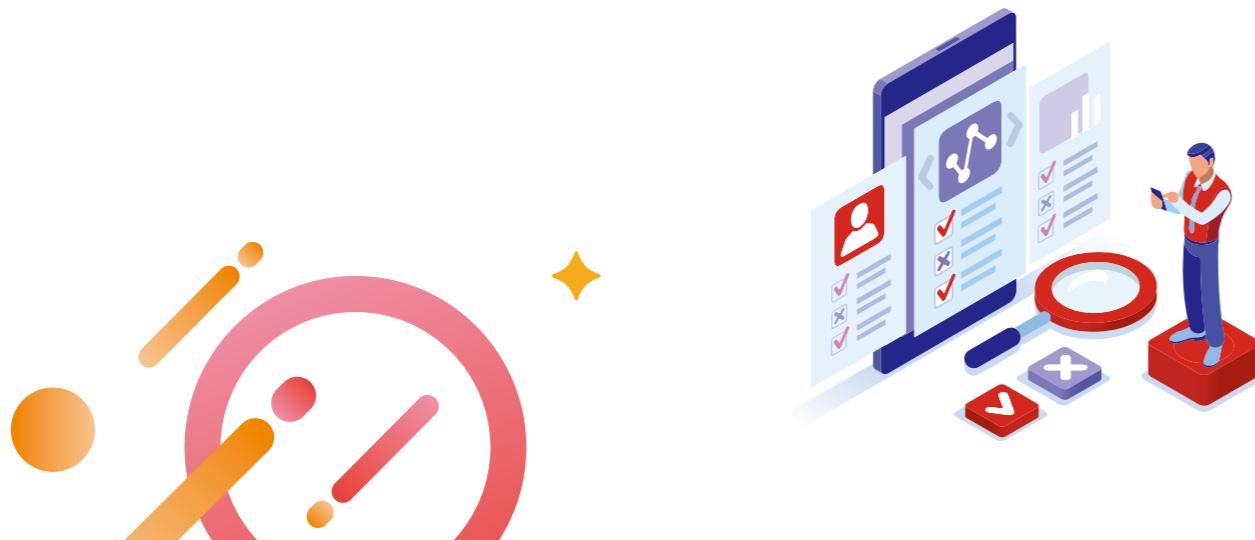
To ensure that SKFH attains the goal of "optimization of risks and returns", SKFH considers the capital adequacy requirements, related laws and regulations, and the nature of their businesses and established integrated or individual risk measurement tools for main risk factors (e.g., market risks, credit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

■ Limit control management

SKFH and its subsidiaries have established suitable limits on risks and losses in accordance with the characteristics of their business operations and risks. Examples include market risks VaR (Value at Risk) Limit, limits on expected losses in credit risks, limits on the classification and control of risks concentrated in individual countries, regions, industries, and companies, foreign exchange exposure risk limits, stock stop loss limit management, and control settings for the capital adequacy ratio. We regularly evaluate risk for various items to achieve an optimal balance of risks and returns while ensuring capital adequacy ratio.

■ Early warning mechanisms

The scope and key points for the measurement of risk indicators include the market risks, credit risks, liquidity risks, and legal risks faced by the companies. SKFH provides risk information at suitable times to provide the management level with references for making decisions. In addition to regular monitoring of changes in related indicators, SKFH also retains related verification traces for determining future risk trends and risk prevention.



2.5.4 Risk Management Culture

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

I Risk management reports

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

I Training

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

I Performance evaluation

SKFH and its subsidiaries consider the maturity of their risk control culture and risk measurement, nature of business operations, and actual requirements and implements a reward system after adjusting for risks. Past performance is used as the basis for evaluation and we reduced payment of bonuses for short-term incentives to ensure balance between risks and returns.

2.5.5 Climate Change Risks

According to The Global Risk Report 2021 released by the World Economic Forum (WEF) in January 2021, extreme weather and climate change remain the first and the second highest likelihood risks, respectively; and the failure in climate action ranks the second highest impacting risks, only following infectious diseases. We can learn that, as affected by COVID-19 globally, the climate crisis is still the most significant risk to be faced by the world in the next ten years.

SKFH has officially signed in 2018 to support TCFD (Task Force on Climate-Related Financial Disclosure). We recognize that the disclosure of climate-related financial risks can promote the stability of the financial market. In addition to the gradual establishment of a climate governance mechanism in accordance with the TCFD framework, we made a breakthrough in terms of the CDP climate change questionnaire and obtained grade "B" in 2020. In the future, SKFH will continue to improve climate change alleviation and adjustment strategies to increase climate resilience, and make positive contributions to achieve environmental sustainability.



I Governance

- SKFH's Board of Directors oversees a Corporate Sustainability (CS) Committee. The Committee is in charge of sustainable development and climate change related issues, and reports climate change related issues and implementation status to the Board of Directors at least annually, including green finance planning and performance, GHG inventory and the achievement status of emission reduction goals.
- CS Committee oversees a Corporate Sustainable Management (CSM) Committee. The President serves as the convener of CSM Committee and responsible for planning and promoting ESG related issues, including climate change related issues.
- CSM Committee oversees seven working groups. Among which, "Environmental Protection Group" is responsible for promoting the implementation of carbon reduction plans and goals in the organization; and "Sustainable Finance Group" is responsible for planning and implementing responsible investment, financing and ESG products.

I Strategy and Risk Management

- In 2019, SKFH identified climate-related risks as one of the emerging risks, and regularly tracked and reported climate risks related matters at the meetings of its Risk Management Committee. In response to the increasing impact of climate risks on operations, SKFH revised its "Risk Management Policy" in 2021 to list climate change risks as one of the business operation risks and integrate them in the overall risk management process.
- SKFH established response strategies, by identifying physical and transition risks and opportunities, based on the degree of their impacts. We participated in climate change actions actively, grasped relevant investment trends and the business opportunities in the market, and improved transparency and cooperation with stakeholders, so as to be committed to the practices of low-carbon transition.
- For real estate investment and mortgage loans of our major subsidiaries, the exposure amount, transition risk impact and damage potential were used to identify the risk of real estate investment and mortgage loans and risk mitigation measures. The risks of real estate investment and mortgage loans are ranked by the weighted calculation of parameters to identify the areas with higher sensitivity. Thereafter, RCP 8.5 was used to analyze the situation and estimate the financial impact on the company.
- In 2021, we have initiated the assessment of the transition risks and physical risks of fixed-income assets, identifying the climate sensitivity of the investee countries, companies and customers, and conducting a scenario analysis with RCP2.6, NDCs and RCP8.5^(Note) to estimate the financial impact to the company.
- We simulated the RCP 8.5 scenario with 600 mm of rainfall for 24 hours (the recurrence interval is over 50 years) to estimate the impact of the flooding height on housing prices, and evaluated the loss to the overall owner occupied real estate, which was estimated to be NT\$35 million (excluding the recovery of property insurance claims for typhoons and floods).

Note According to the Representative Concentration Pathways (RCPs) adopted in the IPCC fifth Assessment Report, RCP2.6 represents a scenario in which global warming is likely to remain within 2 degrees of pre-industrial level, a scenario in which GHG emissions are relatively low. NDCs (Nationally Determined Contributions) represent a scenario in which the nationally determined contributions of each country are considered, with medium GHG emissions. RCP8.5 represents a scenario of high GHG emissions without carbon reduction measures.

Climate-related Risks

Type of Risk	Description of Risks	Financial Impact	Response Strategy
Transition Risks	Regulation risks: In response to the Greenhouse Gas Emission Reduction Act, the Renewable Energy Development Regulations and other regulations, there may be an increase in the company's operating costs for controlling the total amount of its internal greenhouse gas as well as emission and transaction systems.	Increased operational costs	<ul style="list-style-type: none"> To improve the utilization efficiency of energy resources and reduce greenhouse gas emissions, SKFH and its subsidiaries inspect greenhouse gas every year; we have fully implemented ISO 14064:2018 GHG inventory standard in all major subsidiaries since 2020 to further understand the greenhouse gas emissions caused by our own operations as well as upstream and downstream activities, so as to facilitate the establishment of carbon reduction strategies and goals.

Type of Risk	Description of Risks	Financial Impact	Response Strategy
Transition Risks	Market risks: The market is transforming towards a low-carbon economy, and high-carbon industries will be eliminated gradually. The existing investment and credit risk evaluation methods will be not applicable to the low-carbon economy market gradually, which will cause investment loss risks.	Decreased revenue Decreased asset value	<ul style="list-style-type: none"> Major subsidiaries make plans according to SKF's "Sustainable Finance Policy", and formulate ESG investment guidelines. It is planned to conduct due diligence on ESG risks for the industries with potentially controversial issues in 2021, and formulate industry-specific guidelines to adjust the allocation of assets as appropriate. Continue to identify the risks of financial product investments, as well as credit and other business operations, so as to facilitate control on the overall risks.
Physical risks	Acute physical risks: The dramatic increase in extreme weather events caused by climate change may cause catastrophic impacts on upstream suppliers, the Company's operating bases and investment object's bases, resulting in damage to premises and equipment, and even interruption of operations.	Increased operational costs Decreased revenue Decreased asset value	<ul style="list-style-type: none"> We regularly inspect any equipment damages caused by extreme weather events, and replace equipment to improve its utilization efficiency, and lease partial equipment to transfer the risk of financial losses. To reduce the investment uncertainties caused by disasters, in 2021, we will identify risks and plan and adjust investment portfolio for the industries with a high sensitivity, so as to establish a more stable basis for making profits.
	Chronic physical risks: Long-term global warming may cause increase in mortality and morbidity, and thus increase the amount of life insurance claims.	Increased operational costs	<ul style="list-style-type: none"> To reduce the claims with a high amount caused by climate factors, we plan to carry out claims research projects as well as evaluate and develop new types of products.

Climate-related opportunities

Description of opportunity	Financial Impact	Response Strategy
Investment opportunities: The transformation of the market towards a low-carbon economy, as well as long-term investment in green finance and renewable energy industries are expected to bring positive benefits.	Increased revenue	<ul style="list-style-type: none"> Continue to observe the trends in the industry, and increase the investment in green finance and renewable energy industries.
Market opportunities: There are increasing demands in the market for the investment in companies with good environmental reputations, and thus the development of green finance-related products is expected to bring positive benefits.	Increased revenue	<ul style="list-style-type: none"> Plan to issue green bonds and green funds in 2021.
Market opportunities: In response to the diseases, natural disasters and accidents that may be caused by extreme weather, the development of related insurance products is expected to bring positive benefits.	Increased revenue	<ul style="list-style-type: none"> Launched "Air Pollution Insurance Policy" for respiratory and circulatory diseases in 2020, and will continue to develop related products to grasp the advantages in the market.

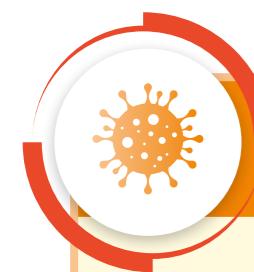
Metrics and Targets

SKFH makes strategies on an overall basis and set the management metrics related to climate change risks and opportunities based on climate change, including reduction of greenhouse gas emission, promotion of green finance, etc., to continuously review and improve our efforts in and the effectiveness of alleviating climate change.

Metrics	Targets and Achievement
Greenhouse gas reduction	<ul style="list-style-type: none"> SKFH and its subsidiaries take 2019 as a base year, and established the carbon reduction goals that the total greenhouse gas emission (total of category 1 and category 2) and the emission from their operation shall reduce 6% respectively by 2025. Please refer to 4.2.1 Carbon Reduction Actions for the achievement made in 2020.
Promotion of green finance	<ul style="list-style-type: none"> To implement green finance, SKFH and its subsidiaries shall establish relevant performance indicators and track them on a quarterly basis, including the amount of green investment, and the number of green financing, and they plan to launch green bonds in 2021. Please refer to 3.5.5 Green Energy Finance for the achievement made in 2020.

Measures taken by Shin Kong Financial Holding for COVID-19

Business Item	Response measure and adaption measure
Premium payment	<ul style="list-style-type: none"> When the pandemic level is level 2 or 3 (or equivalent level), a policyholder affected by the pandemic^(Note 1) shall personally submit an evidence document and apply to extend the payment of premium for 3 months. When the pandemic is escalated to level 4 (or equivalent level), a policyholder within the pandemic area will not have to submit a separate application, and the Company will take the initiative to provide an extension of premium payment according to the region announced by the government.
Policy borrowing	<ul style="list-style-type: none"> When the pandemic level is level 2 or 3 (or equivalent level), a policyholder affected by the pandemic^(Note 2) shall personally submit an evidence document and apply to extend the payment of the interest on the policy borrowing for 6 months. When the pandemic is escalated to level 4 (or equivalent level), a policyholder within the pandemic area will not have to submit a separate application, and the Company will take the initiative to provide an extension of the interest payment on the policy borrowing according to the region announced by the government.
Claim settlement operation	<ul style="list-style-type: none"> No claim for exclusion: If a medical insurance policy was bought prior to 1998 and listed the "notifiable disease" as an exclusion, the Company will still pay compensation to the insured based on the consideration of benefiting the insured. Upgrade of the negative-pressure isolated ward: If the policy provides the intensive care unit, the compensation will be paid in line with the intensive care unit standard, and if the policy doesn't provide the intensive care unit, the payment will be doubled upon the previous terms and conditions.



Measures taken by Shin Kong Financial Holding for COVID-19

		Business Item	Response measure and adaption measure
SKB	Credit Card	<ul style="list-style-type: none"> Actively develop the digital mobile payment ecosystem and penetrate into shopping scenarios through various channels in combination with the non-contact mobile payment. If a customer is hard to repay the borrowing due to the pandemic, the customer shall submit a special application to extend the credit card accounts, and this is applicable to First-line medical staff, patients who are confirmed and isolated, persons who are isolated at home or remain at home for quarantine, persons who are prevented by the pandemic from returning to Taiwan and other persons who are difficult to repay the loan due to the pandemic. They shall submit relevant evidence documents and apply to repay the accounts payable on the credit card for 3-6 months, without paying the liquidated damage and interest during the grace period. 	
	Credit business	<ul style="list-style-type: none"> When the pandemic broke out, the Company surveyed the information, risk exposure and subsequent impact of the credit customers of 18 full-function branches plus Hong Kong Branch, and classified them into three levels based on safety assessment. The Company enlarged the application of the digital loan application platform and opened up new commercial models. The Company integrated online consumer loan scenarios, covered more scenarios of consumer products and increased the loan application volume of the digital channel. The economic climate changed in wake of the pandemic and new startups and micro enterprises successively came out. The Company provided credit guarantee, revolving loan and other diversified credit products/services to these groups to enlarge the customer base and also promoted inclusive finance. The Company bailed out consumer loan customers who were difficult to repay loans due to the pandemic by allowing them to apply for the extension of the principal or interest for 3-6 months without paying the liquidated damage and overdue interest during the grace period. 	
	Investment business	<ul style="list-style-type: none"> The Company received a stable interest income after refining the asset allocation under the investment portfolio, seized the opportunity based on the market dynamics and obtained appropriate capital gains. Therefore, when the pandemic broke out, the Company gained the opportunity to enhance the overall investment income of Shin Kong Bank. The Company has alleviated the negative impact of the pandemic with two strategies, including increasing the credit business and slowing down bad debts. Concrete measures included reinforcing the funding and loan demands from Taiwan investors who returned to Taiwan and accelerating the implementation of the financing bailout plan. The ESG issue has attracted continuous attention in recent years. Therefore, when making an equity investment, the Company will assess the ESG factor and integrate it into the criteria for stock screening. At the same time, the Company has actively participated in the green bonds investment and increased the participation in the ESG investment. 	
	Wealth Management	<ul style="list-style-type: none"> As for wealth management, the Company delivered the telephone care service and asked customers to allocate funds reasonably and appropriately to reduce high-risk asset positions. The Company provided the financial market dynamic report and served customers with diversified investment information and prudential operation strategy. To address the uncertainty due to market fluctuation, the Company launched prudential investment products and provided customers with stable investment income sources. 	
	Labor Relief Loan	<ul style="list-style-type: none"> In response to the government's policy of taking care of workers' livelihoods, the "Labor Relief Loan Program" provides a three-year loan amounting to \$100,000 to domestic workers who are at least 20 years old and are affected by severe and specific infectious pneumonia. 	
	Proprietary Business	<ul style="list-style-type: none"> When the pandemic broke out, the Company held a systemic risk review and response meeting and asked the investment unit to immediately adjust the investment position, strictly implement the loss stop strategy and thus reduce the investment risk. 	
MLS	Brokerage	<ul style="list-style-type: none"> The Company was the first among its peers to have launched three personalized services, including online account opening, online signing and application and online trading. Customers saved the trouble to go out and go to the counter but took simple steps to complete relevant procedures, thereby achieving the purpose of preventing the pandemic at home. Any new customer and idle customer of MLS meeting the specified condition for the transaction within a specific period can obtain the shopping money for pandemic prevention and go to the chain supermarket to buy living necessities. We have provided the shopping money for pandemic prevention as a substantive return for customers in the hope of tiding over a hard time of pandemic prevention. 	
	Investment workshop	<ul style="list-style-type: none"> We formerly invited famous lecturers every month to hold the MLS Rotating Classroom investment workshop for different groups. To provide customers with investment concepts and market information during the pandemic, we changed it to a comprehensive online broadcast and used the online message board to interact with the audience. 	
		<p>Note 1 Policyholders affected by the pandemic include but are not limited to persons who are confirmed or isolated at home, or remain at home for quarantine or implement independent health management.</p> <p>Note 2 For the pandemic prevention measures Shin Kong Financial Holding has taken among its employees, please check the "Severe Special Contagious Disease Prevention Mechanism" in 5.4.2 Health, safety and environment.</p>	



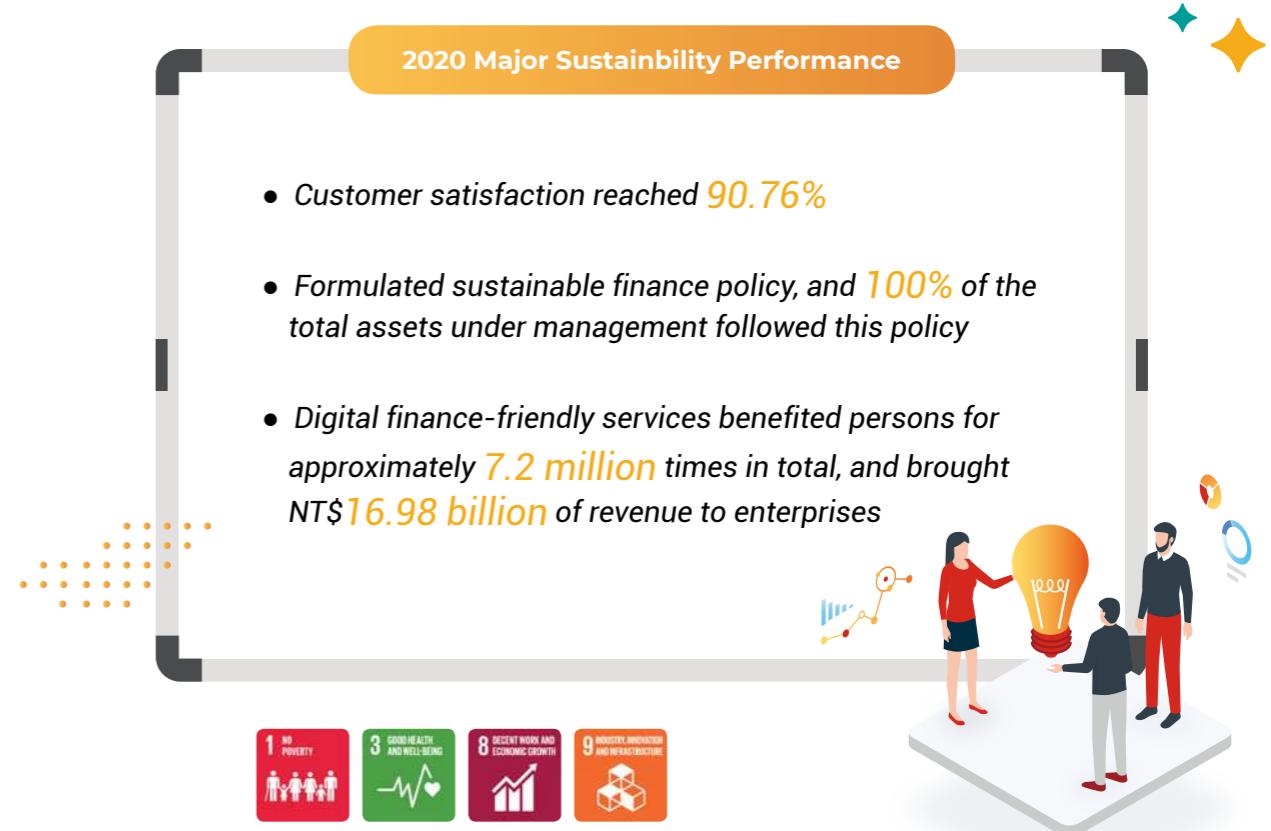
03

Innovative Services and Responsible Finance

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

2020 Major Sustainability Performance

- Customer satisfaction reached **90.76%**
- Formulated sustainable finance policy, and **100%** of the total assets under management followed this policy
- Digital finance-friendly services benefited persons for approximately **7.2 million** times in total, and brought **NT\$ 16.98 billion** of revenue to enterprises



Chapter 03

Innovative Services and Responsible Finance

SKFH operates a comprehensive range of financial services and provides one-stop financial and wealth management products and services including life insurance, banking, securities and funds that meet customer demands through its subsidiaries. We protect customer interests through regulatory compliance and proactive attitude. In response to the impact of FinTech (Financial technology), SKFH upholds its spirit for innovation and change and focuses on improving customer experience as we continue to explore opportunities for businesses and digital technology applications. We use automation and other new models, new processes, new products, and new services to satisfy customer demands.

3.1 Digital and Innovative Finance

Facing the trend and challenges caused by FinTech, SKFH takes "digitalization and transformation" as its strategic goal. SKFH takes customer-centric experience strategy, creation of data value chain and expansion of technology application as the engines for driving transformation. The basis for sustainable development is laid through talent training and culture shaping. In 2020, digital finance-friendly services have benefited persons approximately 7.2 million times, and brought NT\$16.98 billion of revenue to enterprises.



Customer-centric experience

In order to create a financial journey that meets customer's demands, SKFH has formulated its FIRST (Focused, Intuitive, Rapid, Streamlined, Thoughtful) customer experience rules to review the mindset designed for customer's financial journey, to improve its digital brand power and customer satisfaction.

Establish data value chain and develop valuable customer base

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

Integrate forward-looking technologies to expand the benefits brought by applications

SKFH has combined AI, RPA, API and other applications for the introduction of smart services, optimization of the process, development of new business, etc., and obtained related patent rights. SKFH has also established the SPARK Lab to grasp the R&D of emerging technologies and the integration of resources, in order to improve the overall synergy of technology development.

Talent training and culture shaping

In order to promote the demands for digital transformation, SKFH has formulated a financial holding-level talent digital transformation plan. The one-year talents exploration and training plan includes professional skills and leadership training, collaboration in cross-company projects, and the design of career development blueprints. SKFH create a unique digital transformation culture during the training and digital value establishment courses.

Shin Kong Life Insurance (SKL)

Being customer-oriented, SKL dedicates to designing various products and services. In response to the trend of digital finance, we are going forward to attain the goal of providing one-stop financial services. Our achievements in 2020 are as follows:

Solution	2020 Achievements
Optimize customer experience in the member area	<ul style="list-style-type: none"> Brand-new member section as well as simple and intuitive operating interface are deeply praised by customers <ul style="list-style-type: none"> Number of members: accumulative 710 thousand people Transactions of the current year: up to 560 thousand pieces
Mobile experience and convenient life	<ul style="list-style-type: none"> Mobile version of electronic direct debit authorization service. The first one which launches "Mobile Phone Code Verification" for applying for online insurance services. Combine with SKB's "ID Verification" service, allowing customers to perform identity verification and apply for services in Mart. <ul style="list-style-type: none"> Mobile electronic direct debit authorization service: already used 67 thousand times. Mobile Phone ID Verification application rate: up to 92%
Mobile app innovative interaction services	<ul style="list-style-type: none"> "Mobile commercial app" "Shin Kong Life Insurance app" combines health examination and step-counting for spillover-effect insurance policies <ul style="list-style-type: none"> Mobile e-visit, e-insurance, e-payment, e-contract change and e-claim have been launched and are available for use. Shin Kong Life app: approximately 380 thousand downloads, about 200 thousand times of average monthly access.
Smart customer services monitoring customers' digital tracks	<ul style="list-style-type: none"> "Smart Contact Center" "Shin's Smart Customer Services" Upgraded "Shin's 2.0" <ul style="list-style-type: none"> Telephone service for changing simple data: provided services 79 thousand times. Smart reminder service: provided services 12 thousand times. Launched exclusive business "Agent Shin's": satisfaction up to 98% The first one in life insurance industry which adopts GOOGLE's latest calculation technology, and introduces a brand-new UI/UX interactive experience design, and which is committed to creating a warm and positive service with vivid pictures and warm words
Claims risk screening system	<ul style="list-style-type: none"> Claims risk analysis system: Improve the hit rate of investigation and reduce the loss of claim settlement; Build the overall analysis system architecture and analysis information platform. <ul style="list-style-type: none"> (1) The claim investigation rate ^(Note) increased from 3.0% before the launch in 2013 to 3.2% in 2020. (2) The claim detection rate increased from 14.3% before the launch in 2013 to 30.7% in 2020. Quick claims advanced risk analysis system: Quantify the risks of claims and improve the accuracy of case classification. <ul style="list-style-type: none"> (1) The average processing days of normal cases were shortened from 1.14 days before the launch in 2017 to 1.1 days in 2020. (2) The number of monthly claims audited per capita increased from 282 before the launch in 2017 to 406 in 2020.

Solution	2020 Achievements
LINE Official LINE Account - as your Pocket Service Center	<ul style="list-style-type: none"> Personalized insurance policy notices Insurance policy inquiries Dedicated service staff inquiry Overview of policy loans Simple contract changes FamilyMart barcode payment Credit card expiration date change Business location inquiry and online ticketing <ul style="list-style-type: none"> Number of friends exceeded 3.3 million. Total click and use rate of all service has accumulated nearly 500,000 times. Won the National Brand Yushan Award - Best Product Award Won the National Brand Yushan Award - Best Popular Brand Award and First Prize Won the CSEA Excellent Customer Service Award - Best Community Management. Won the GCCA Excellent Customer Service International Award - Best Community Management. 

Note 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. Because the investigation and rejection of claims in past claim investigation cases depend on claim settlement rules and experience, it may be unable to be passed on due to staff loss and abnormal changes, which will reduce the investigation rate and affect the investigation quality. Therefore, after the establishment of the claim risk model, we take the inspection rate index as the observation index of the claim investigation quality, in order to reduce loss of claim settlement and prevent frauds in claims.

Shin Kong Bank (SKB)

SKB actively promotes digital finance with innovative thinking and upholds the value proposition of "being part of life and be there for customers". SKB invested NT\$81.74 million in 2020 and promoted multiple digital financial measures including:

Solution	Contents	2020 Achievements
Prioritize mobile applications	Mobile payment Payment for various services or goods through mobile devices makes payments more convenient. SKB's financial cards, credit cards, and accounts currently support connecting with, including: Taiwan Pay, Google Pay, Apple Pay, LINE pay, JKOPAY, Gama Pay, icash Pay, Easy Wallet, ezPay and other mobile payment tools.	Achievements since the provision of various mobile payment services: <ul style="list-style-type: none"> Cumulative connecting with 234,616 credit cards Cumulative connecting with 152,255 accounts Cumulative NT\$2.931 billion in spending Cumulative NT\$1.539 billion in trading Cumulative NT\$12.511 billion in depositing and spending
	Mobile banking app Enhance user experience in mobile banking to meet customer demand for financial services anytime, anywhere	<ul style="list-style-type: none"> The number of mobile banking customer applications exceeded 590,000 Added smart customer service Added the setting of non pre-designated transaction functions, transaction OTP verification method is added upon transaction if the setting is completed
Digital Ecosphere	Internet banking Features include responsive web design, multi-browser support, graphic financial analyses, and an intuitive trading interface	<ul style="list-style-type: none"> Number of online banking customers exceeded 930 thousand Number of active digital users increased by 24% from the previous year Digital and automatic transactions accounted for 84% of all transactions
	Global e-Banking Corporate customers' cross-region online banking services feature diversified payment methods, customized authorization control, and integrated real-time account information	<ul style="list-style-type: none"> More than 16,000 customers applied Local transactions amounted to NT\$2,803.1 billion
	Cloud service counter A 24/7 online service counter that provides online applications for digital account opening, loans, credit cards, and other wealth management services	<ul style="list-style-type: none"> Provided services more than 154,000 times Launched OMNI-U digital deposit account application, new credit account online application and credit card adjustment services.

Solution	Contents	2020 Achievements
Digital Ecosphere	OU digital deposit account Provide customers with financial account 24-hour real-time online application services, and such accounts can be used to conduct general financial transactions, foreign exchange, fund purchase, securities investment, etc., as well as irregular various preferential activities	<ul style="list-style-type: none"> The number of OMNI-U digital deposit account customers exceeded 5 thousand persons
	Interactive electronic statements Integrated billing information, notifications regarding consumer interests, and a wide variety of offers and other information	<ul style="list-style-type: none"> Electronic statements adoption rate reached 89%
	Cardless withdrawal service Provide more convenient withdrawal services and reduce the inconvenience of carrying a physical bank card	<ul style="list-style-type: none"> Used approximately 10,000 times
	Diverse payment services Connected with gas distributors to introduce diverse payment services.	<ul style="list-style-type: none"> Integrated electronic payment operators to develop and increase payment items: parking fee, gas and fuel costs, traffic fines in Taipei, and increased the number of gas payment partners into 23. Cooperated with electronic payment operators to add Shopee pay and Gama Pay.
eACH payment collection service	Use the Global e-Banking network to initiate 24/7 operations for real-time payments by batch, so that the transaction time is no longer limited by individual batches and helps bring great convenience to customers and enterprises.	<ul style="list-style-type: none"> Transactions amounted to NT\$0.41 billion.
	Diverse digital marketing Continuously provide general digital services through cross-industry collaboration. Cooperation objects include: KKBOX, Far EasTone, FamilyMart, ChungHwa Telecom, Pcone, Lukang Mazu Temple, KFC, Andrew Charity Association, etc.; The contents of cooperation include music experience, dining discounts, change for movie, shopping discounts, pacifying Taisui online and other services.	<ul style="list-style-type: none"> 15 cooperators in total.
Community management	"Shin Kong Bank Facebook Fan Page" provides customers with better services with a convenient communication channel	<ul style="list-style-type: none"> Number of fans exceeded 120 thousand people More than 1,634 posts and discussions on the Internet
Branch digitalization	New Taiwan Dollar currency exchange machine Provide passengers with automated services so that they can convert foreign currency cash to NTD cash, convert NTD to foreign currency cash, and use an NTD ATM/debit card to withdraw foreign currencies.	<ul style="list-style-type: none"> 9 machines were installed in 2020 in total to provide passengers with 24-hour automated services. The machines accumulated more than 1,600 exchange transactions.
ID Verification	Innovative technologies Shin Kong Bank worked with Taiwan Clearing House and FamilyMart to launch the innovative "ID Verification" service developed by the Bank. The service allows people to complete automatic account deduction or various identity verification application services at any time without limitations in equipment and time.	<ul style="list-style-type: none"> Consumers can present the QR code issued by the operator and insert the IC bank card or citizen digital certificate in the FamiPort machine in FamilyMart for account opening, household registration transcript application, certificate replacement, and various payment services. Cumulative number of transactions: More than 30 thousand

● MasterLink Securities (MLS)

MLS adopts "digital leading and innovative experience" as its motto and pays particular attention to the investor's digital service experience. It hopes the personal experience can help investors truly experience the new digital services made possible by FinTech.

	Solution	Contents	2020 Achievements
 Prioritize mobile applications	Mobile payment	Plan to establish "Mobile WEB forms" service function to provide a brand-new service channel, for placing an order by opening webpage in the mobile phone without downloading APP, to optimize customer's mobile experience	<ul style="list-style-type: none"> Launched in January 2020. Transactions on the mobile webpage exceeded NT\$26.91 billion throughout the year.
	Cloud-based trade orders	Established the "cloud-based criteria forms" to meet mobile transaction business development and competition trends, and add "profitable orders tracking" and "protection mechanism" to assist customers in setting conditions for automatic trading to grasp transaction points and increase turnover rate.	<ul style="list-style-type: none"> It was launched in June 2019 to help customers respond to market trends and set criteria for automatic trading. It helps customers master timing for trading and increases turnover. Used approximately 44,299 times, and accumulative transactions exceeded NT\$1.7 billion. Won the "Best Product Award" in the 17th National Brand Yushan Award
	Trust platform foreign stock trading	Added foreign stock trading services to the wealth management trust platform to provide diverse asset allocations.	<ul style="list-style-type: none"> It was launched in December 2019. It has a comprehensive range of products and it is the only securities firm in Taiwan that provides a full range of trust products including foreign stocks, domestic and foreign funds, bonds, structured notes (SN3), fixed income commodities (RP/PFN), time deposits, and other diverse asset allocations.
	Stock market simulator APP	In response to the launch of the new continuous transaction system, MasterLink Securities launched the "MasterLink Simulation app" in 2020 to allow customers to learn about the new trading system on mobile devices in advance.	<ul style="list-style-type: none"> Provided comprehensive APP, AP, and web page simulation platforms to expand investor participation. It is one of the first five securities firms in Taiwan to provide a market simulator app. "MasterLink Simulation" participated in the competition held by the exchange and won the second prize among the securities firms in the market.
 Consumer group management	Petty bourgeoisie	Continue to promote the concept of small investment to attract young customers and small investment customer base to carry out stock savings through MasterLink's Petty Bourgeoisie Odd Lot Platform to meet stock savings investment plan.	<ul style="list-style-type: none"> In 2020, transactions amounted to approximately NT\$1.58 billion, YOY increased 43.6%, and transactions increased NT\$0.48 billion.
	Major accounts and VIP accounts	Provide customized trading platforms for major and VIP customer groups to satisfy their transaction requirements.	<ul style="list-style-type: none"> In 2020, transactions amounted to approximately NT\$163.41 billion, YOY increased 73.8%, and transactions increased NT\$69.41 billion.
	Independent wealth management customers	Smart financial management adopts AI financial management algorithm for the calculation to realize customized smart investment portfolios to help customers to manage financial affairs and make investments.	<ul style="list-style-type: none"> Carried out the internal trial operation in March 2020. It is expected to be launched to the public in January 2021.

	Solution	Contents	2020 Achievements
 Digital financial services	LINE official account	Establish MasterLink exclusive Line official account for marketing and promotion to expand the business to the community, provide Line instant messaging service to customers and improve brand awareness.	<ul style="list-style-type: none"> Launched internally in September 2020; Launched externally in October. As of December 2020, the number of friends reached 13,046 persons, and the number of connected persons reached 2,288.
	Shin Kong Bank identity authentication account opening	Integrate SKF's co-sale resources, expand digital deposit account's online identification and securities settlement account's connection functions, simplify and shorten customer's account opening process and time, and improve user account opening experience to expand cross-businesses among customer bases.	<ul style="list-style-type: none"> In May 2020, established and launched digital deposit account's identification and linking function. In December 2020, established and launched OU account identification and linking function.
	Smart mobile stock selection	Use FinTech technology to introduce AI and MasterLink's exclusive research reports, and improve stock selection strategies by adjusting parameters to make their application more diversified and accurate, in order to increase the opportunities for customers to make profits.	<ul style="list-style-type: none"> In 2020, the cumulative number of downloads was 64,228, and YOY increased 28.2%, an annual increase of 14,133. Won the 20th Golden Summit Award, "Ten Outstanding Products" of the large-sized enterprise group.
	Smart customer services	Promote the use of "MasterLink's Shin's Smart Customer Services" to shape Shin's multi-functional service image and improve the brand image of digital securities operators.	<ul style="list-style-type: none"> Launched in May 2020. Accumulatively used for more than 120 thousand times, and solved customer's password problems for more than 24 thousand times.
	Online OTP verification code	Introduce OTP mobile phone SMS verification code-based verification mechanism to facilitate online application or online signing.	<ul style="list-style-type: none"> Integrated electronic business processes, and launched OTP verification mechanism of "Password Reissuance" and "Password Unlocking" in September 2020 to simplify online application processes for customers. Sent OTP SMS verification code for 6,400 times after its launching.

3.2 Customer Relationship Maintenance

3.2.1 Compliance with Product and Marketing Regulations

Before SKF's subsidiaries officially launch new products or services for sales or application, related information of all financial products is fully and truthfully disclosed in accordance with laws, related regulations of industry associations, internal regulations, and rigorous evaluation procedures. Information is provided in business locations, websites, public statements, and product specifications. If the contents involve interest rates, fees, returns, and risks, they are expressed in more balanced, easy-to-understand, and prominent ways to ensure customers understand product characteristics, risks, and their guaranteed rights.

We require all SKF employees to be ethical, legal, honest, and professional. The work rules are placed in the internal document management system for employees to review at any time. Amendments are announced in documents sent to all employees.

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

3.2.2 Implementation of Treating Customer Fairly Principles

In the nine treating customer fairly principles, SKFH has established a corporate culture focused on "Treating Customer Fairly Principles" to improve employees' knowledge and awareness of financial consumer protection and compliance with financial consumer protection-related laws and regulations and enhance customers' confidence in the Company.

Company	Policies/Methods and Operating Mechanisms	2020 Implementation Achievements
SKL	<ul style="list-style-type: none"> Has formulated "Rules and Policies for Treating Customer Fairly Principles" and "Rules and Strategies for Treating Customer Fairly Principles" Formulate the "Measures for Organizing Treating Customer Fairly Committee", establish "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, hold meetings to review the work of various units, supervise the implementation by various units of the Treating Customer Fairly principles, and regularly report the contents of implementation to the Board of Directors for review. 	<ul style="list-style-type: none"> Held 4 Treating Customer Fairly Committee's meetings in 2020 to review and report Treating Customer Fairly matters. In addition to the annual education and training conducted for all employees, external trainers were invited to conduct 4 face-to-face education and training sessions for Directors, senior executives and business colleagues.
SKB	<ul style="list-style-type: none"> Has formulated the "Treating Customer Fairly Policy", the "Code of Conduct for Treating Customer Fairly Principles" and related business rules to implement the essential contents of the treating customer fairly principles through internal regulations. Conduct service personnel competition for business units every year to encourage business units to put the spirit of treating customer fairly into practice in their daily work. 	<ul style="list-style-type: none"> Directors and the senior executives supervising the implementation of treating customer fairly principles made a deep discussion on the theme of treating customer fairly principles at "Consumer Protection and Fair Treatment Symposium", and taught the Supervisors from all units, at national managers' meeting, that how to achieve the core value of treating customer fairly principles in daily work.
MLS	<ul style="list-style-type: none"> Has formulated the "Policies and Strategies for the Treating Customer Fairly Principles" and established an inter-departmental Treating Customer Fairly Committee to proactively promote the implementation of treating customer fairly principles, and regularly report to Directors the lack of penalties, appeals and comments cases as well as improvements to enhance the supervision by the Board of Directors. 	<ul style="list-style-type: none"> Directors and senior executives of the company proactively participated in the training of "Treating Customer Fairly Principles in Financial Industry". All employees completed no less than three hours of education and training courses in total, and they were expressly required to comply with the treating customer fairly principles when they apply for new types of businesses. Revised "Ethical Corporate Management Procedures and Behavior Guidelines", "Internal and External Personnel Reporting Measures", "Advertising Management Measures", "Understanding Customer's Evaluation Rules" and other internal rules and regulations to carefully plan for, from the system aspect, and promote the implementation of the treating customer fairly principles.
SKIT	<ul style="list-style-type: none"> In order to improve employees' awareness of financial consumers protection and compliance with financial consumers protection-related laws and regulations, "Policies and Strategies for the Treating Customer Fairly Principles", "Measures for Implementation of the Treating Customer Fairly Principles" and relevant rules and regulations have been formulated. In addition to regular education and training, formulation of the "Treating Customer Fairly Principles" and its implementation also have been covered by the Company's internal control and audit system, and an overall system has been established, and overall implementation has been supervised. 	<ul style="list-style-type: none"> Education and training for Directors, supervisors and senior executives: conducted training on the "Treating Customer Fairly Principles in Financial Industry". Conducted online education and training for all employees as well as evaluation and verification mechanism to teach the supervisors/colleagues of all units that how to achieve the core value of the treating customer fairly principles in daily work. The public prospectuses of funds disclosed the handling methods and appealing channels for the disputes between relevant investors to protect the rights and interests of investors.

3.2.3 Protection of Customer Privacy

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

Flow Chart for Reporting Infringement on Personal Information



Training

In order to improve our employees' awareness of personal information protection and management, we provide education and training for internal personnel and adopt external audit and 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 2020, 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 percentage of our customers whose data is used for secondary purposes was 47.8%.

Privacy-protection policy

SKFH and its subsidiaries have formulated "Privacy Policy", stating how we collect, process, use, and retain the personal information of customers to the extent permitted by laws and regulations.

Before collecting customer's personal information, we inform customers of the nature of information captured, the purpose of collection, type of information, rights to exercise over the personal information (such as the right to opt-out, opt-in, request access, and request their data to be transferred, corrected and deleted, etc.), How long the information is kept on corporate files, the personal information protection measures and the policy for third party disclosure, so as to ensure that customers clearly understand their rights and interests.

Complaint against Personal Information Incident

SKFH and its various subsidiaries perform their businesses in accordance with the laws and regulations related to personal information protection. If customers have any concerns about the collect, process, use and retain of their privacy information, they can lodge a complaint through the customer service hotline 0800 and the customer service mailbox. In 2020, there were 4 customer personal information incidents substantiated by us, all of which have been investigated and settled by the company and have been forgiven by customers. We made improvement and review through, training and performance management, and will subsequently strengthen customers' list control mechanism and improve employees' awareness of personal information protection to respond to, deal with and prevent the occurrence of personal information incidents.

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

Year	2019		2020		Unit: Piece
	Source of Complaint	Type of Complaint	Regulatory Bodies	Financial Ombudsman Institution and Company Channels	
Improper use	0	0	1	1	
Disclosure	1	0	1	1	
Other	0	0	0	0	
Total	1		4		

3.3 Customer Service and Communication

3.3.1 Customer Service

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

SKL improves the quality of customer services, promotes high-quality customer experiences, and establishes a "treating customer fairly"-focused service culture. In 2020, it obtained the new version of "ISO 10002:2018 Customer Complaint and Quality Management System" certification issued by the "British Standards Institute (BSI)", and this is the second time for it to become the first certified enterprise in Taiwan again after it has obtained "RMS (Royal Mystery shopper)" and "ISO 10002:2014 Customer Complaint Management System" service certification for the first time in life insurance industry in 2017. In addition to the customer satisfaction survey, we also actively get customers' feedback, and we introduced Net Promoter Score (NPS) in 2019 to change customer's feedback into the reference for making future improvement actions in the future. In 2020, SKL's NPS was 75.7%.

SKL has established "0800 customer service hotline" to understand and quickly respond to customer's demands. In 2020, Customer Service Department served nearly 500 thousand calls, focusing on the inquiries of the administrative services of policy; In addition, in order to accurately measure customer's evaluation of the company's services, we regularly conduct customer satisfaction.

SKB values customer opinions and has adopted Nielsen's customer satisfaction survey methodology to conduct sampling surveys of the satisfaction customers aged 20 to 55 who have logged into the online banking and mobile banking system in the past year. In addition, it also actively assists customers in dealing with related disputes derived from business or services. Customers can submit opinions through multiple channels and the dedicated personnel will process the complaint immediately after it is received. The dedicated personnel will also actively follow up on the case to close the case to the customer's satisfaction and provide comprehensive services. In 2020, SKB got 7.57 points of Nielsen customer satisfaction, an increase of 11% as compared with the previous year.

To improve customer service experience, Shin Kong Bank organized the "Thoughtful Service" courses and "Service Expert" selection campaign with the aim of improving the professional skills and service quality of front-line service personnel and providing better and more thoughtful services to each customer. (See 5.2.2 Talent Retention and Performance Management for the details of "Service Expert" selection campaign)

MLS's 0800 toll-free hotline completed 57,381 calls in 2020 and obtained information on the service satisfaction rate of customers for the calls, with a customer satisfaction reached 91%.

SKIT began implementing customer satisfaction surveys since 2020. Customers are satisfied with the business environment, service staff etiquette, and their professionalism. With careful management, SKIT did not have any financial consumer dispute in 2020.

Comprehensive Statistics of SKFH Customer Satisfaction

Year	2017	2018	2019	2020	2020 Target
Customer Satisfaction	89.94%	90.12%	91.15%	90.76%	90%

Note 1 The survey objects were the customers of SKL and MLS who called 0800 toll-free hotline.

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

3.3.2 Customer Complaint and Communication

SKL attaches importance to the rights and interests of customers, and we have set up a dedicated complaint mailbox skl080@skl.com.tw. to meet customer's demands for giving feedback. After receiving a complaint from a policyholder, the complaint will be immediately identified and handled by the dedicated department within 30 days after the acceptance date, which also actively tracks and rapidly responds to the policyholder.

SKB attaches great importance to customer complaints and provides diverse complaint channels (including customer service hotline 0800-081-108, branch units, and competent authorities, etc.). After receiving a complaint, the Bank immediately processes or investigates the case and calls the customer within one business day. It also actively responds to improvement requirements and closes cases within a specified period. The Bank later reviews complaints and analyzes statistics on complaints and regularly reports to the senior management. There were 255 complaints from customers of Shin Kong Bank in 2020 which have been adequately processed to the customer's satisfaction. In the future, we will continue to strengthen various operations and service measures to provide customers with better services.

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 toll-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 employee 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 employee 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 provides a toll-free customer service hotline 0800-075-858 for customers to make relevant suggestions and report problems, in addition, 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 training with customer complaint cases.

3.4 Financial inclusion

To jointly achieve the goal of financial inclusion and respond to SDGs 1.4 and 8.10 for ensuring that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to new technology and financial services, and providing access to banking, insurance and financial services for all, in addition to the use of digital finance to improve the scope of financial products and services, SKF planned diversified friendly financial service measures and products based on the advantages of professional practice of its subsidiaries to ensure that all social groups fully enjoy basic, equal, reasonable, and convenient financial services, and promote the well-being of the general public. In 2020, the total number of cases of inclusive financial commodities was about 5.53 million, and we brought business benefits of NT\$10.77 billion to the company.

2020 Inclusive Financial Products Performance

Benefited Groups	Item	Unit	2018	2019	2020
Middle- or low-income households and disadvantaged social groups	Micro insurance	Premium income	NT\$5.82 million	NT\$4.99 million	NT\$5.86 million
		Pieces of policies	29,921	25,095	29,669
	Housing Subsidies Project	Pieces of Subsidies	83	81	75
Seniors and people with disabilities	Long-term care products	Premium income	NT\$1.214 billion	NT\$1.279 billion	NT\$0.73 billion
		Pieces of policies	74,865	84,393	35,894
	Health care products	Premium income	NT\$3.033 billion	NT\$3.074 billion	NT\$3.178 billion
		Pieces of policies	NT\$5.29 million	NT\$8.51 million	NT\$5.32 million
Underserved groups' and/or geographies and victims of natural disasters	Small-Amount Whole Life Insurance	Premium income	NT\$58.97 million	NT\$54.9 million	NT\$65.21 million
		Pieces of policies	3,219	2,765	2,932
	Online insurance	Premium income	NT\$229 million	NT\$143 million	NT\$104 million
		Pieces of policies	25,817	36,927	12,551
Support Youth Group	Spillover-effect products	Premium income	NT\$610 thousand	NT\$91.16 million	NT\$80.39 million
		Pieces of policies	189	5,274	4,910
	YOUTH Easy Loan	Loan amount	NT\$4.05 billion	NT\$4.69 billion	NT\$5.03 billion
		Pieces of loan	677	789	820
Petty Bourgeoisie Odd Lot Platform	Number of periodic investment plan of odd shares		64,243	89,852	129,696
	Transaction amount		NT\$0.75 billion	NT\$1.1 billion	NT\$1.58 billion

Middle- or low-income households and disadvantaged social groups

Type	Item	Contents
Inclusive insurance schemes	Micro insurance	SKL has launched micro-insurance for the implementation of social policies since 2010 to take care of the economically disadvantaged. We provide products with "basic insurance amount, low premiums, as well as simple and easy-to-understand coverage." Since 2014, we have provided micro insurance to the economically disadvantaged through premium sponsorship to help build a social safety net. Since the launch of micro insurance policies, we have sponsored approximately 50 social welfare organizations, county and city governments, schools, farmers' associations, and non-profit organizations. Total donations from insurance premiums amounted to NT\$23.14 million for more than 110,000 beneficiaries.
Charitable products	Credit card donations for disadvantaged groups	SKB launched the "Son of Taiwan Charity Card" and encourages card owners to use their bonus points for donations and use donations to help support disadvantaged groups. Also, 0.275% of every customer spending is donated to the dedicated fund of "Humanistic Education Foundation" solely for helping disadvantaged families and for supporting the education of children and youth that are not supported by the government's welfare measures. The total donations amounted to NT\$31.31 million in 2020.
Housing subsidies project		SKB cooperated with the government in the "Housing Subsidies Project" to assist families with low or medium income or those with loans of self-purchased homes purchased in the past 2 years to reduce their burden of interest expenses.
Micro finance and wealth management services		Established the "Housing Renovation Loan Interest Subsidies" project to help families with only one old house improve their residential environment and improve their living quality.
Preferential credit loan		In order to provide preferential loan schemes for disadvantaged groups, the borrowers with "disability identification or certification" would have process fee reductions when applying for a small amount of credit loan.
Inclusive insurance schemes	Small-Amount Whole Life Insurance	In response to the increase of basic life insurance for all elderly citizens in an aging society, SKL provides the "Small-Amount Whole Life Insurance" with "low premiums and lifetime coverage". Underwriting procedures for the product are simple, and medical examination is not generally necessary. It provides a better option for the elderly or people having issues with their physical conditions; There are over 16,000 elderly insured accumulatively as of the end of 2020.
Retirement planning schemes		We provide pension schemes and, for the three major risks of "paralysis", "disease" and "disability", we designed the insurance products related to medical care, major injuries, and long-term care to help customers plan for comprehensive coverage as early as possible. In addition, we also established a long-term care information network to raise people's awareness of long-term care and to avoid the risks in long-term care.

Type	Item	Contents
Friendly financial services	Protection Project Trust	SKB manages trust property in an agreed manner, so that persons with disabilities and the elderly are protected in their future lives and in care of medical treatment.
	Accessible counter services	SKL's Northern and Southern Administrative Division establishes a sign language translation video platform to provide counter services to the customers with hearing and speech impairments; and SKB provides accessible account opening, verbal transaction services, inter-bank withdrawal fee reductions, etc. to provide a variety of friendly financial services for people with disabilities.
	Accessible network services	The "Friendly Financial Services Section" on SKL's official website (easy-access. skl.com.tw) provides an "accessible online space" based on the demands of the people with disabilities and the elderly to improve the accessibility of user interface through pictures and context description, website-wide blind guiding (hidden) design, web browsing by using a keyboard, enlarged buttons on the interface and other design details; and it obtained "Accessibility Mark AA Certification" issued by the National Communications Commission. In addition, SKB also has accessible internet banking, accessible webATM, accessible exchange rate and interest rate websites, and accessible mobile banking apps that provide financial services accessible to disadvantaged groups so that they can use financial services with ease at home without going out.
	Accessibility facilities	Various service centers and branches set up accessible mobility guidance signs, service desks, parking spaces, indoor signs, accessible toilets, level warning lines, accessibility warning strips, and accessible elevators. SKB proposes accessible spaces, and sets up the first 4.5-square-meter nursing room for all ages in Shinkong Happy Life Hall in Taiwan. Nursing beds are equipped in the nursing room, and its various designs allow wheelchair users and the elderly to operate by themselves, which is convenient for the elderly and the people with disabilities to use.
	Accessible ATM	SKB has 478 ATMs in Taiwan and all meet the requirements for accessible ATMs. Five of the ATMs also provide audio services for the visually impaired.
	The smart elderly residence	Each room in "Jasper Villa Banqiao" is equipped with a smart voice control and mobile app room control system. The system combines the medical care system of Shin Kong Security and Shin Kong Hospital etc. to provide the elderly residents with a healthy, comfortable, and safe living space after retirement. In 2020, "Jasper Villa Banqiao" passed the SNQ national quality certification, and became the first elderly residence to pass the certification in Taiwan.

● Underserved groups' and/or geographies and victims of natural disasters

Type	Item	Contents
Friendly financial services	Service and business locations	SKL has 2 branches and 13 regional sales offices in remote areas with small populations; SKB and MLS each have a branch. In addition, SKL has 1 branch and 2 regional sales offices and branch offices in offshore islands to allow the customers in remote areas to receive financial services.
	ATMs in remote areas	Set up 1ATM in the remote area of Jinfeng Township, Taichung County to provide financial services in rural areas.

Type	Item	Contents
Inclusive insurance schemes	Online insurance products	Online insurance is not limited by time and space. The product line covers five major categories including travel insurance, interest sensitive annuity, fixed-term life insurance, injury insurance, and health insurance. The products are diverse and plentiful and the insurance purchase process is swift and easy. Customers can view and get online insurance at any time.
	Typhoon/emergency disaster protection and care services	In the event of a natural disaster or a major disaster, SKL launches services for the "five major typhoon/disaster prevention insurance policies" to provide five major disaster adjustment measures including waiver of service fees for policy reissuance, premium payment grace benefits, preferential policy loan interest payments, concessions for housing loan principal payment, and active claims settlement at home and care services. In January 2020, in response to COVID-19, epidemic prevention and care services were announced to prevent the epidemic together with everyone and to protect the health of policyholders.
	Emergency disaster incident care services	In the event of an emergency disaster, SKL sets up an emergency response team as soon as possible to actively care for policyholders and assist in claims application. Claims of policyholders that unfortunately become victims of disasters are processed as quickly as possible to provide payment for claims. SKL also actively assigns personnel to communicate and comfort the family members of the policyholders.

● Support Youth Group

Type	Item	Contents
Inclusive insurance schemes	"Vitality Series" products for the petty bourgeoisie	Introduced "Vitality Series" products for the younger generation with the aim of providing "substantial coverage for small premiums" and gaining select medical insurance with ease.
	Spillover-effect products	Encourage nationals to manage their own health to improve the health of citizens and reduce the waste of medical resources. The products cover major diseases and hospitalization.
Innovative customer service	LIFE Lab. Insurance Shop	Design insurance retail services for young people to help them learn life planning, risk management, and learn more about insurance products. Its service design includes a new brand image, multi-functional insurance stores, and digital tools to connect with daily life, provide an inspiring and interactive service experience, and change the brand image of the traditional insurance industry. LIFE Lab. made outstanding customer service achievement in 2020 with: — 12,230 potential customers increase; — Premium income was about 600 thousand; — New customers accounted for 34.8%; 100% sales success covered by life insurance or health insurance products.

Type	Item	Contents	Strategy	Implementation
Micro finance and wealth management services	"YOUTH Easy Loan" program	SKB helps youths build a family and provide first-time house owners with the "YOUTH Easy Loan" program. In addition to lower interest rates, the program also provides a diverse range of repayment options and the loan can be extended to up to 40 years. In 2020, the total amount of loan was approximately NT\$5.03 billion; The Program has provided approximately NT\$13.78 billion in loans since its launch up to now.	Stewardship Principles for Compliance Institutional Investors	<ul style="list-style-type: none"> SKL, SKB, MLS, and SKIT have all signed a compliance statement for the "Stewardship Principles for Institutional Investors", and announced a compliance statement and diligent governance reports on their official websites.
	Petty Bourgeoisie Odd Lot Platform	Continue to promote the concept of small investment to attract young customers and small investment customer base to carry out stock savings by using MasterLink's small-scale equity wealth management platform to meet stock savings investment plan. In 2020, transactions amounted to approximately NT\$1.58 billion on MasterLink's small-scale equity wealth management platform, YOY increased 43.6%, and transactions increased NT\$0.48 billion.	Incorporating ESG issues into investment analysis and decision-making processes	<ul style="list-style-type: none"> SKL has adopted the "General Policies and Procedures for Securities Investment" passed by the Board of Directors to include sustainable investment in the investment process of securities and make ESG-related evaluation on target investment company before investment, with the contents of evaluation including social responsibility (such as labor rights and/or other human rights issues), environmental protection, corporate integrity, etc. The investment made by using SKB's own funds is approximately NT\$164.5 billion, and the investment targets are major focused on the fulfillment of social responsibility. Taking domestic stock investment targets as an example, they are all related to Taiwan's corporate responsibility index ("Taiwan High Compensation 100 Index", "TWSE CG 100 Index" and other constituent stocks), and it is also recognized by major awards at home and abroad as a socially responsible enterprise. In addition, the growth rate of investment in ESG-related objects is included in the annual KPI, and ESG investment is linked to performance evaluation. SKIT incorporates ESG concepts into its investment strategy and established guiding principles. If a company causes harm to the human right, society or environment, causes negative impact, or is the subject of frequent negative news, SKIT will, as a principle, refrain from investment in the company. It will also include violations of social responsibilities (e.g., food safety incidents or violation of corporate governance regulations) as one of the evaluation items for investments. The contents of the individual stock inspection reports added to the main stock investment asset pool must be checked for violations of environmental, social and corporate governance principles. The selection criteria of SKIT's stock investment asset pool include the constituent stocks of the "High Compensation 100 Index", "TPEx Compensation Index", "TPEx Labor Employment 88 Index", "FTSE4Good TIP Taiwan ESG Index", "TWSE CG 100 Index", and "TIP Taiwan Market Small/ Mid-Cap Corporate Governance Index", and certain stocks that meet criteria as CSR constituent stocks. Related stocks may be prioritized for listing. Check that whether the additions to the stock investment asset pool violate ESG evaluation items within one year. Continue to carry out negotiation mechanism, visit the invested companies to track that whether there's any major ESG (Including human right) violation, and participate in the shareholders meeting of the invested companies to track the implementation of ESG.
			Being active owners and incorporating ESG issues into our ownership policies and practices	<ul style="list-style-type: none"> SKL, SKB, MLS, and SKIT have all signed a compliance statement for the "Stewardship Principles for Institutional Investors", and announced a compliance statement and diligent governance reports on their official websites.
			ESG-related topics investment and commodities	<ul style="list-style-type: none"> A total of NT\$216.9 billion has been invested in ESG topic by SKFH's subsidiaries. SKB has introduced and invested in seven green bonds issued by domestic and foreign institutions with an investment amount of NT\$5.253 billion to assist the development of the green energy industry. MLS underwrote a sustainable bond issue worth NT\$0.8 billion. SKIT has introduced foreign funds offered by fund companies that have signed the United Nations Principles for Responsible Investment including Old Mutual Group's "Global Investors Series" and "Amundi Series Fund" which are all signatories of PRI. Green energy and related foreign environmental protection CSR stocks are an important part of SKIT's continuous investment. SKIT will also continue to evaluate CSR-related funds and stocks and other investment targets. The investment ratio increases for suitable targets.
			Actively report ESG implementation progress	<ul style="list-style-type: none"> To help stakeholders in all sectors understand the importance of responsible investment, we publish the Shin Kong Financial Holding Corporate Social Responsibility Report each year.

3.5 Sustainable and Responsible Finance

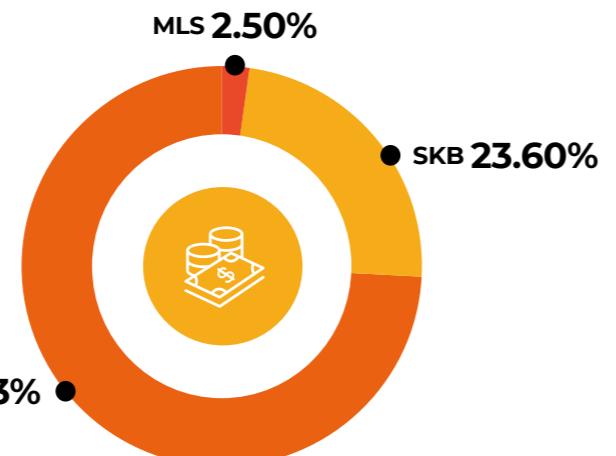
SKFH uses its core competencies and professionalism to fulfill the "responsible finance" spirit and contribute to the sustainable development of society.

We expect SKFH and its subsidiaries to include environmental, social and governance (ESG) strategies and ideas into financial operations including investment, financing, lending, insurance, and asset management.

They must also cooperate with customers and business partners (including suppliers) and many other stakeholders to promote responsible financial products and services. In the future, we will continue to follow sustainable development trends, gradually increase the proportion of responsible investment, and effectively keep pace with global sustainability and positive opportunities.

3.5.1 Responsible Investment

SKFH has actively responded to the Principles for Responsible Investment (PRI) of the United Nations to formulate the "SKFH Sustainable Finance Policy", and incorporate ESG issues into its three major businesses: investment, financing and life insurance. We have conducted ESG risk due diligence and careful evaluation for industries with potentially controversial issues (including human rights risk issues), and no new transaction may be made for the above-mentioned industries with potentially controversial issues which are included in the exclusion list and for which no improvement has been made. In addition, we also exert influence on the invested companies through our voting policies and engagement actions to enhance the long-term value of our stakeholders, including customers, employees and shareholders. In 2020, SKFH's consolidated total proprietary assets under management were 100% covered by our Sustainable Finance (Responsible Investment) Policy, including listed and private equity, fixed income, infrastructure, derivatives and alternatives, and other investments, assets and facilities.



Total proprietary assets under management:

NT\$4.36 trillion

Note The amount of proprietary assets under management excludes positions for hedging purposes.

3.5.2 Principles for Sustainable Insurance (PSI)

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

In 2020, SKL's ESG topic investment exceeded NT\$157.6 billion and its financing for companies focused on sustainable responsibility or environmental protection totaled NT\$3.97 billion.

● Principles for Sustainable Insurance (PSI)

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

Topic	Solution	Key Measures and Results
Company strategy	The company's development strategy accounts for ESG requirements and the Company communicates with the Board of Directors / high-level decision-making management units.	Products and services developments
	Report ESG planning and implementation to the Board of Directors.	Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management (Please refer to 3.4 Financial Inclusion for a detailed ESG product introduction)
	Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Develop or support literacy programs on risk, insurance and ESG issues
	Evaluate and discuss stakeholders' concerns about major ESG issues and the impact of related issues on the economy, environment and society in senior executive meetings.	Develop sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns.
	Include employee recruitment, training, and diverse employee management programs in ESG issues.	SKL markets products for various health issues including long-term care for the elderly, LOHAS retirement, and exercising to reduce insurance premiums. It also encourages policyholders to live healthier lives.
	Implement anti-money laundering and counter-terrorism financing education and training for all employees, and establish a corporate culture of ethical management.	The design, sales and promotion of all products of SKL are in compliance with regulatory requirements for information disclosure. SKL also established the "Management Regulations on the Use of Promotion Materials for Product Sales" to ensure the authenticity and clarity of product information and contents.
Risk management and underwriting	Invited renowned lawyers to provide explanations for related human rights topics including a healthy workplace and diverse communication, anti-corruption and corporate ethical management, and protection of corporate trade secrets.	Claims management
	Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transaction	Continue to improve the mechanisms and procedures for approving claims and establish a claims approval risk model to divide operations based on the risk rating screened with back-end high-risk and low-risk models. Low risk cases are processed with automatic compensation mechanisms for the system to automatically adjust the payment amount for quick payments. The time required for processing claims can be shortened to within hours.
	Establish internal risk assessment 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.	In the member section, online claim application function has been activated, customers may check the scope of claim in advance, and may track progress at any time, and complete all claim application procedures online directly.
Investment management	In terms of risk management, assess catastrophic events that may cause significant losses to the Company. When it exceeds the company's self-insured retention, arrange catastrophe reinsurance to transfer risks.	SKL has adopted the "General Policies and Procedures for Securities Investment" passed by the Board of Directors to include sustainable investment in the investment process of securities and make ESG-related evaluation on target investment company before investment, with the contents of evaluation including social responsibility (such as labor rights and/or other human rights issues), environmental protection, corporate integrity, etc.
	We establish control standards and regularly evaluate the risk-based capital to reduce the risk of inadequate capital due to new investments and the increase in contracted business.	Integrate ESG issues into investment decision-making and ownership practices by implementing the PRI

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Topic	Solution	Key Measures and Results
Clients and suppliers	Dialogue with clients on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Set up a questionnaire on the website and regularly disclose ESG performance in response to customer expectations.
	Provide suppliers with information and tools that may help them manage ESG issues	All new suppliers of SKL have signed the CSR Commitment Statement. SKL also began supplier risk assessments and on-site audits in 2019.
Insurers, reinsurers and intermediaries	Promote the adoption of the Principles	Demonstrate SKL's commitment to ESG issues to insurers, reinsurers and insurance brokerage/agencies.

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

Topic	Solution	Key Measures and Results
Governments, regulators and policymakers	Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	<ul style="list-style-type: none"> SKL has signed the "Stewardship Principles for Institutional Investors" and maintains communication with stakeholders in accordance with the six principles therein. It also disclosed information on its stewardship performance and management of conflicts of interest. Comply with regulations such as the Money Laundering Control Act, Personal Data Protection Act, Occupational Safety and Health Act, Cyber Security Management Act, Financial Consumer Protection Act, treating customer fairly principles, Friendly Insurance Service Standards, anti-money laundering and counter terrorism financing regulations, and Act to Implement the Convention on the Rights of Persons with Disabilities.
	Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	SKL maintains positive interactions and communication with governments and regulators, and develops various risk mitigation mechanisms in accordance with government policies.
Other key stakeholders	Dialogue with intergovernmental and non-governmental organizations to support sustainable development by providing risk management and risk transfer expertise	SKL joined the Life Insurance Association of the Republic of China, International Association of Insurance Supervisors, Taiwan Financial Services Roundtable, and Taiwan Insurance Institute, to help employees acquire professional knowledge for insurance.
	Dialogue with business and industry associations across industries and geographies to better understand and manage ESG issues	For details, please refer to "7.1.1 Engagement with Domestic and Foreign Organizations" of SKL.
	Dialogue with academia and the scientific community to foster research and educational programs on ESG issues in the context of the insurance business	
	Dialogue with media to promote public awareness of ESG issues and good risk management	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.

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

Topic	Solution	Key Measures and Results
General public	Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	SKL publishes a CSR report every year and discloses it on the website.
	Dialogue with customers, regulators, rating agencies and other stakeholders for them to understand the value of revealing such information.	SKL provides a dedicated customer service line. SKFH provides contacts for shareholders, investors and rating agencies to communicate ESG strategies and results.

3.5.3 ESG Credit Policy

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

Strategy	Implementation
Incorporate ESG issues into the credit review process	<ol style="list-style-type: none"> Shin Kong Bank's credit policy is to consider the borrower's environmental protection, business integrity, and social responsibility when processing corporate credit audits, and to take measures to strengthen debt protection depending on the risk of the credit case. Business units fill out the "Checklist for Money Laundering and Terrorist Financing Assessment Table for Corporate Banking" for approval by the business supervisor. If a customer is verified as high risk in an assessment item, the 5Ps of credit analysis of the "Corporate Account Credit Report" must describe in detail the reasons for listing the account as high-risk, evaluate the reasons for accepting the business, and raise the level of approval to the unit manager. After the unit manager approves the case, it will then be sent to the authorized approval level for approval. When conducting project financing review, please duly comply with the "5P Principle - People, Purpose, Payment, Protection and Perspective" for credit extension. For major corporate credit users, use the credit information inquiry system established by the JCIC to inquire about the violations of environmental protection laws and gross penalties of corporate borrowers ruled by the Environmental Protection Administration or local environmental protection authorities as the basis for future credit evaluation. Add "compliance with the Equator Principles for environmental protection, corporate ethical management, and social responsibility" in the Credit Investigation Management System (e-loan) and evaluate whether customers comply with the Equator Principles during credit investigation.

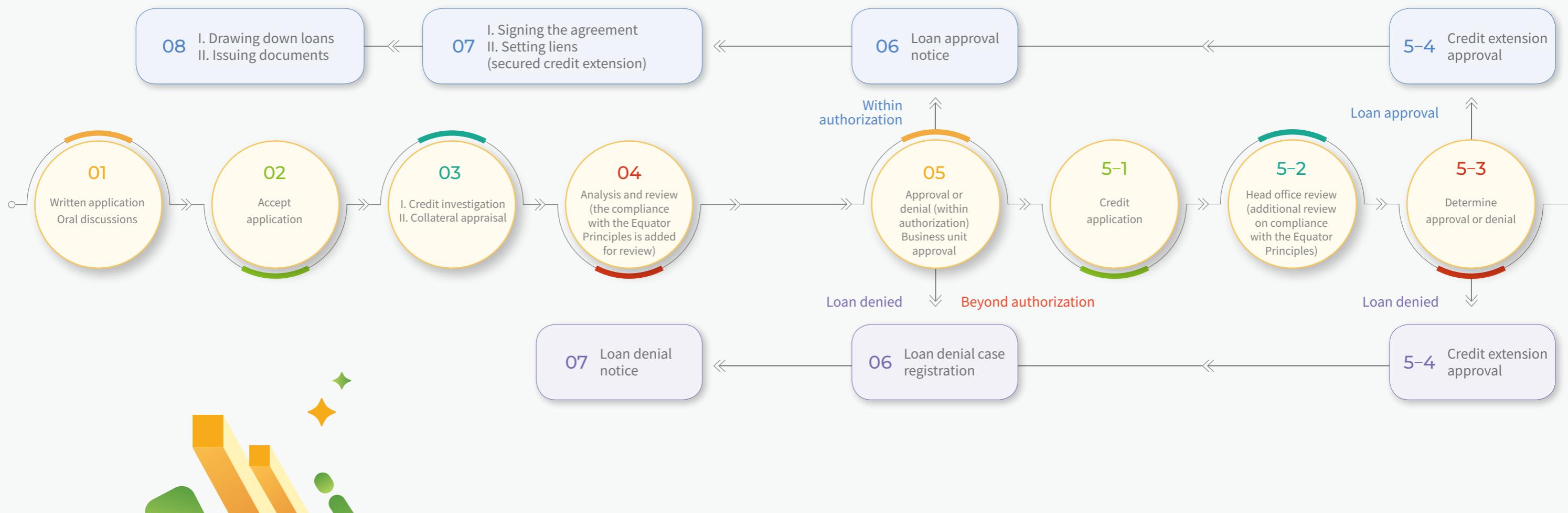


Strategy	Implementation
Promote the Equator Principles	<ul style="list-style-type: none"> Related requirements of the Equator Principles have been included in the Credit Business Manual to help employees understand the Equator Principles. Employees shall increase the customers' awareness when conducting business transactions with the customers to promote the positive impact of the company on environmental protection and social development.
ESG post-loan tracking	<ul style="list-style-type: none"> Perform routine and ad hoc follow-up management operations in accordance with the "Credit Extension Review and Tracking Management Operation Guidelines" and "Credit Extension Case Review Regulations" to maintain good credit asset quality. In the event of an anomaly that requires a "debtor anomaly reporting form", if the customer violates related environmental protection laws and commits other unethical acts, the "debtor anomaly reporting form" must be filled out to facilitate immediate and effective response measures. When an anomaly regarding the evaluated debtor occurs, the situation will be reported on a case-by-case basis. The following measures will be adopted based on the severity of the situation: (1) Temporarily suspend the credit facilities and rebuild it based on the credit status of the debtor. (2) Suspend the credit facilities and urge the debtor to repay the principal and interest in one payment (or separate installments) or provide additional collateral. (3) Continue to use the credit facilities but require the debtor to provide additional collateral or implement other measures.

■ ESG credit granted by SKB in the past two years

Type of Industry	2019		2020	
	Number of Clients	Credit Balance (NT\$)	Number of Clients	Credit Balance (NT\$)
Solar industry	22	574,912,086	24	1,026,776,680
Green Energy Technology Industry	10	399,131,405	9	745,700,096
Industry of Tires for Bikes	17	846,251,495	13	828,294,520
Circular Economy Industry	14	367,861,829	12	431,083,654
Medical Care Industry	5	668,087,500	4	656,620,406
Education Industry	9	719,357,774	10	728,742,272
Total	77	3,575,602,089	72	4,417,217,628

■ Loan Application Evaluation Flowchart



3.5.4 ESG Related Underwriting Cases

The Underwriting Department of MLS assists companies in raising funds for business through IPO (Initial public offering), SPO (Secondary public offering) or M&A (Merger & Acquisition) to achieve sustainable development, expand their business scale, and respond to government policies for supporting high-quality enterprises as the core driver of growth for the next-generation industries in Taiwan. The underwriting amount for ESG-related cases amounted to NT\$3.1 billion in 2020.

MLS contributed to the following special cases for the “Five Plus Two” innovative industries in 2020

East Tender Optoelectronics Corporation (6588) is mainly engaged in the R&D, manufacturing and sale of thin film filters for optical communication, and its passive components account for 60% of its sales, while Cloud data center and 5G base station applications account for about 20% respectively. Benefited from the successive launches of 5G worldwide, the demands for the quality and the transmission speed of interconnection and communication between/among everything is increasing, which drives a great increase in the demands for the filters used in optical communication. In addition, East Tender Optoelectronics Corporation is one of the few suppliers supplying thin film filters (TFF) for Dense Wavelength Division Multiplexing (DWDM) in the world. The demands in market are far more than the supply. The shipment volume may increase, with a promising prospect.

Note TFF is the key and important technology to increase the information flow in 5G communications.

Delta Asia International (6762) is mainly engaged in the development and manufacturing of molds for medical equipment components, injection molding of components, assembly and sale of semi-finished products and finished products, and the manufacturing and sale of molds and injection molding components. Besides its parent company, Medeon Biodesign, Inc., the other customers are from the United States, and there are up to 80 major medical equipment manufacturers and start-up companies, and it has experience in manufacturing more than 5300 pieces of key components for medical equipment products.

Delta Asia specializes in the R&D, design and manufacturing of the components for the second and the third type of medical equipment, and is committed to developing core technologies for manufacturing and assembling medical equipment, and provides complete services and stable quality from the evaluation on the manufacturing feasibility of products, design and manufacturing of molds, injection molding, sub-processes, and assembly of the finished product to the outsourced sterilization process, etc., and serves in a rapid manner for customers' demands for development of products.

3.5.5 Green Energy Finance

In response to the government's Five Plus Two innovation industries and green energy policies, SKFH is promoting a number of implementation plans. In 2020, its subsidiaries had invested a total of NT\$143.15 billion in Five Plus Two and green investments, including NT\$10.3 billion in green bonds; had done underwriting 3 cases of green bonds and 2 cases of Five Plus Two industries, totaling NT\$5.729 billion, to implement the government's policies with practical actions.

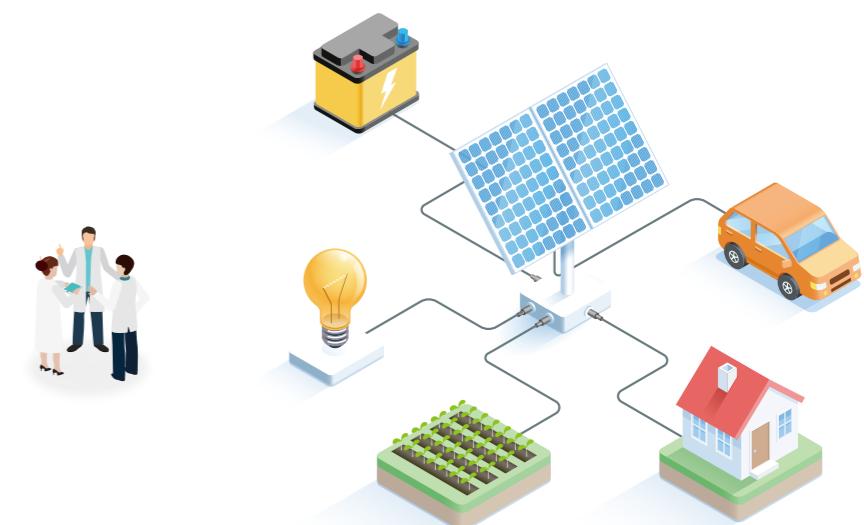
To implement green finance, SKFH actively invests in the development of renewable energy and participates in the development and construction of solar power plants of other financial holding companies. In 2020, Shin Kong Bank approved NT\$1.654 billion in credits for new solar plant development and construction and NT\$647 million in drawdown for new and old projects. We remain committed to the vision of sustainable economic and environmental development.

I Renewable Energy Investment / Financing Amount in 2020

Company	Type	Renewable energy	Amount committed (NT\$)	Total installed capacity
SKB	Loans	Approved eight solar power plant syndicated loans in 2020 for Tianchong Energy (Joint Loan), Chenya Power/Holdgood Energy (Joint Loan), Baoxing Energy (Joint Loan), Sam Metal (Limited) (Self-Loan), Pinhuang (Limited) (Self-Loan), Ligao Optoelectronics (Shares) (Self-Loan), Taiyang Solar Power (Shares) (Self-Loan), Licheng Energy (Limited) (Self-Loan).		The total capacity of the devices constructed as assisted by self-loan cases is 4,661.68 kWh: (1) Annual power generation is estimated to be 572,250,040 kWh (which can be supplied to and used by approximately 19,597 households). (2) Annual carbon emission which can be reduced is about 2912.75 metric tons.
	Investment	Invested in seven green bonds issued by domestic and foreign institutions. All funds are used for "greenhouse gas emissions reduction", "pollution prevention and control", and "renewable energy and energy technology development" etc. to implement the government's policy to "support green industries and develop green finance".	NT\$5.253 billion	—
Shin Kong Venture Capital	Investment	Solar power plants and related green energy industries	A total investment of NT\$35.96 million	—

Note 1 The annual power generation kWh is calculated based on the average monthly power consumption per household in 2018, 292 kWh, provided by the power generation company in Taiwan.

Note 2 The annual carbon emission is calculated based on the carbon emission coefficient of power in 2019 as provided by the Bureau of Energy, Ministry of Economic Affairs.



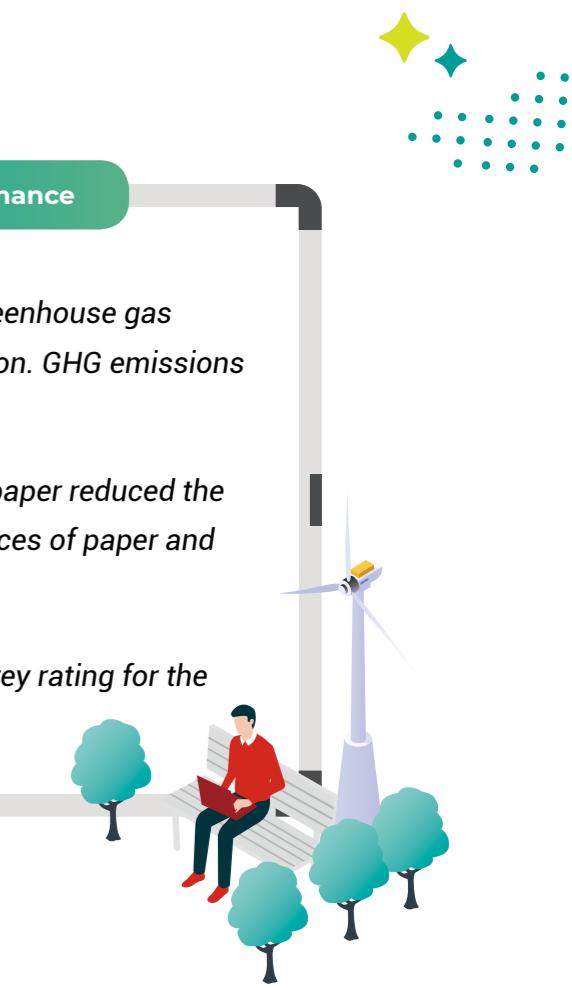
04 Green Actions

- 4.1 Environmental Sustainability
- 4.2 Green Operation
- 4.3 Supply Chain Management and Green Procurement



2020 Major Sustainability Performance

- Fully adopted ISO 14064-1: 2018 greenhouse gas inventory standards and passed verification. GHG emissions decreased by 3.8% compared to 2019
- The paper reduction initiative through E-paper reduced the use of approximately 19.53 million pieces of paper and carbon emissions by 132.81 tons
- Participated in CDP climate change survey rating for the first time, and obtained grade "B"



Chapter 04

Green Actions

SKFH has long been an advocate and investor in environmental sustainability actions. We operate activities that value ecological and environmental protection and that follow the United Nations Sustainable Development Goals (UN SDGs). We harness our core competencies and take real actions to reduce potentially negative impacts on the environment while promoting sustainable development for the society.

4.1 Environmental Sustainability

Shin Kong Financial Holding's Commitment in Environmental Sustainability

SKFH commits to the state of global ecosystems and to the mitigation of climate change. We do this by actively engaging in and implementing environmental protection, biological conservation principles, and activities. Our determination is to reduce the possible negative impact on the environment.

SKFH has a long-standing interest in and commitment to environmental sustainability. We are active in our core competencies in the financial industry to promote sustainable environmental development through resource leadership. In 2020, SKFH and its subsidiaries were not subject to any monetary or non-monetary fines that violate environmental regulations.

4.1.1 Environmental Sustainability Management Mechanisms

SKFH and its subsidiaries develop and design environmentally friendly products and services through the introduction and establishment of various international management systems to minimize the impact of its operations on the environment. In 2018, SKFH established the Environmental Protection Policy to set in stone appropriate environmental management measures.

● The Achievements of Introducing Environmental Management Systems

ISO 50001 Energy Management System

SKL introduced the ISO 50001 Energy Management System in 2014 and obtained ISO 50001: 2018 certification in 2020.

ISO 14046 Water Footprint Inventory

SKL introduced the water footprint inventory audit in 2018 and continues to receive the verification.

ISO 14064-1 Greenhouse Gas Inventory

SKL started to conduct a greenhouse gas inventory inventory in 2015. In 2018, the scope of the inventory was extended to the SKFH and all subsidiaries. In 2020, we adopted ISO 14064-1: 2018 and obtained certification.

4.1.2 Environmentally-Friendly Green Buildings

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



Building	CO ₂ absorption (greening design value)	Achievement
Xinban Financial Building	587.78t	Obtained the diamond-class green building certificate in 2017 Gold certification of LEED NC (LEED New Construction)
Shin Kong Jasper Villa Shuiyang	717.30t	Obtained the gold-class candidate green building certificate in 2017
Shin Kong Nangang Software Park Building	727.66t	Obtained the gold-class green building certificate in 2020
Shin Kong Jasper Villa Jiantan	358.69t	Obtained the gold-class candidate green building certificate in 2016
Shin Kong Jasper Villa Xinban C	930.35t	Obtained the silver-class candidate green building certificate in 2016
Construction project on land in Shin Kong Nanhai section	1,134.70t	Obtained the silver-class candidate green building certificate in 2016

4.2 Green Operation

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

4.2.1 Actions to Reduce Carbon Emissions

SKFH and its subsidiaries reported that, in 2020, we released a total of 30,245.83 metric tons of CO₂e of direct and indirect greenhouse gas (GHG) emissions, representing a reduction of 1,199.55 metric tons of CO₂e compared to 2019. We have set 2019 as the baseline year for Category 1 and Category 2 GHG emissions, with a carbon reduction target of 6% reduction in GHG emissions per capita in 2025 compared to 2019, and a 6% reduction in total GHG emissions in 2025 compared to 2019. In 2020, GHG emissions per capita reduced by 2.7% compared to the baseline year while total GHG emissions reduced by 3.8% compared to the baseline year. We will continue to strengthen our energy reduction measures to achieve our long-term carbon reduction target.

I The Total GHG Emissions of SKFH and its Subsidiaries of 2017-2020

Unit : t-CO ₂ e					
Category (2020)	Scope (2017-2019)	2017	2018	2019	2020
Category 1: Direct GHG emissions and removals	Scope 1	1,084.70	1,270.00	2,987.08	2,787.95
Category 2: Indirect GHG emissions from imported energy	Scope 2	26,927.24	26,045.46	28,458.31	27,457.87
Category 1 + Category 2		28,011.94	27,315.47	31,445.38	30,245.83
GHG intensity (Category1 + 2) Unit: t-CO ₂ e per capita	Scope 1+ Scope 2	1.99	1.69	1.91	1.86
Category 3: Indirect GHG emissions from transportation			107.32	308.56	151.94
Category 4: Indirect GHG emissions from products used by an organization	Scope 3	—	4238.58	4,398.77	5,142.88

Note 1 The ISO 14064-1:2018 standard was used to compile emissions of SKFH and its subsidiaries which retrieved by operational control methods that are based on the GWP values announced in the IPCC's Fourth Assessment Report (AR4) in 2007. From 2017 to 2019, SKFH and its subsidiaries mostly adopted the ISO 14064-1:2006 standard, except for SKL, which took the lead in adopting the ISO 14064-1:2018 standard in 2019.

Note 2 The coefficients of electricity emission announced by the Energy Bureau for 2017-2019 are as follows: 1 kWh = 0.554 kg CO₂e, 0.533 kg CO₂e, and 0.509 kg CO₂e, respectively, and the coefficients for 2020 are calculated based on the coefficients for 2019 in the time being.

Note 3 In 2020, the electricity consumption of SKFH, SKB, and SKIT in Taipei Gas Bade Building were added into the calculation of emissions from Category 2, and the emissions from Scope 2 for FY2017-2019 were revised in accordance with this calculation method.

Note 4 SKL's Category 3 GHG emissions are based on the GHG Protocol Scope 3 Business Travel calculation method, with only the type of transport for high-speed rail transport calculated. The AA1000ASv3 Type Moderate is used as the assurance standard.

Note 5 The three major emission sources and emissions in Scope 3 in 2020 are as follows: fuel and energy-related activities totaled 4768.84 t-CO₂e; waste generated in operations totaled 240.50 t-CO₂e; and business travel totaled 151.94 t-CO₂e.

Note 6 In 2017-2020, the number of employees covered by the inventory was 14,087, 16,133, 16,442, and 16,255, respectively.

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

I Major Paper Reduction Actions in 2020

Company	Paper Reduction Measures
SKL	Through the management of data analysis, relevant units are informed on their annual paper use and its purchasing status. A conversion to paperless business procedures is currently undergoing.
SKB	The new digital deposit account will be launched at the end of 2020. It involves a OU digital deposit account that combines the promotion of legal rights, marketing activities, and automated audits. Customers can complete their account opening without going to a branch. This in turn increases customers' willingness to apply online, which effectively replaces opening an account by paper at the counter.
MLS	The paper used for the Green Seal is preferred, and the well-established electronic document system reduces paper consumption used for internal administrative processes. The electronic transaction has formed a complete electronic process that includes online account registration, e-signatures, electronic order transactions, post-transaction statements and e-passbooks.
SKIT	SKIT continues to optimize its e-business transaction system, increase the proportion of electronic transactions, and aims to successfully reduce the consumption of paper.
SKPIA	Through the management of data analysis, units are informed on their annual paper use and its purchasing status. A conversion to paperless business procedures is currently undergoing.

I The Results in Paper Reduction via e-Measures in 2020

Company	Paper Reduction Results via e-Measures
SKL	The annual amount of paper saved from e-policy and e-bill is about 201.63 million sheets of papers while the annual amount of paper saved from the mobile business APP is about 898.37 million sheets of papers. The total reduction of paper use in 2020 is 11 million sheets of paper equivalent to a reduction of 74.80 tons of carbon emissions.
SKB	The annual amount of paper saved from electronic administrative processes is about 423,000 sheets of papers while the annual amount of paper saved from electronic services is about 713.3 million sheets of papers. The total reduction of paper use in 2020 is 755.6 million sheets of papers equivalent to 51.38 tons of carbon emissions.

MLS

The annual amount of paper saved from electronic administrative processes is approximately 145,400 papers while the annual amount of paper saved from electronic services is approximately 829,300 papers. The total reduction of paper use in 2020 is 974,800 sheets of paper equivalent to 6.63 tons of carbon emissions.

Note The values are calculated based on the carbon emissions per pack of 70-pound A4 paper (3.4 kg CO₂e).

4.2.2 Energy and Resource Management

Since 2007, SKFH and its subsidiaries have launched a series of concrete actions to improve energy efficiency. With systematic management and the replacement of old equipment with energy-saving equipment, we were able to effectively reduce power consumption and improve the energy efficiency of office buildings. In addition to saving energy, We have also supported the green energy movement. SKL has purchased 17 Taiwan Renewable Energy Certificates (T-RECs) in 2020 to contribute to the slowing down of global warming.

I Energy Consumption of SKFH and its Subsidiaries

Energy	Unit	2017	2018	2019	2020
Electricity	MWh	57,272.14	56,876.24	51,844.89	53,043.93
Gasoline	l	170,429.79	190,792.75	185,635.42	183,856.08
Diesel	l	11,052.19	6,996.60	5,811.72	6,511.33
Total Consumption	MWh	58,927.07	58,676.35	53,586.62	54,776.35
	GJ	212,132.71	211,229.69	192,906.80	197,189.86

Note 1 The conversion of the calorific value refers to the product type's calorific value chart provided by the Energy Bureau.

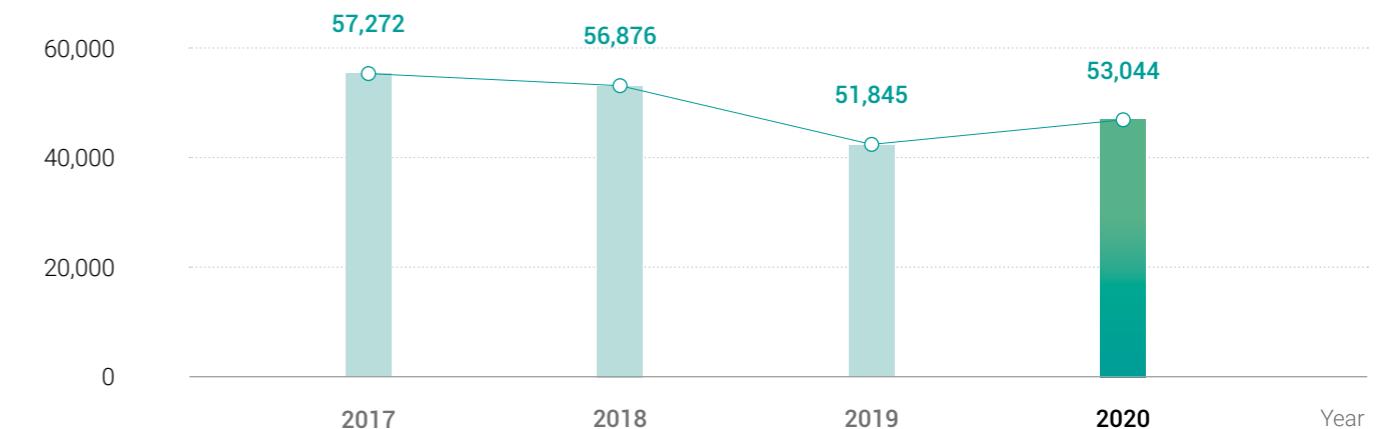
Note 2 For 2020, SKFH and SKIT's server rooms in the Taipei Gas Building were added into the statistics for electricity calculations, and the electricity use for the years 2017-2019 was revised in accordance with this calculation method.

● Power-Saving Goals and Measures

In 2020, due to the activation of certain epidemic prevention measures such as off-site offices and remote meetings, the electricity consumption of some of our operating sites increased. In order to improve environmental efficiency and achieve the reduction target, we will continue to promote a number of electricity saving measures and regularly track the effectiveness of their implementation.

II Electric Energy Consumption

Unit: MWh



III Major Energy Conservation Measures and Performances in the Previous Three Years

Year of Implementation	Company	Measures	Annual Electricity Savings (kWh)	Annual Carbon Reduction (t-CO ₂ e)	Accumulated carbon reduction by the end of 2020 (t-CO ₂ e)
2018	SKL	Installing an inverter for the ventilation system	265,326.30	146.99	440.97
	SKB	Switching to energy-efficient lighting	99,680.00	55.22	165.67
	MLS		107,198.00	59.39	178.18
2019	SKL	Renewing the outdoor and indoor lighting	39,504.96	21.06	42.11
	SKL	Replacing the monitor in the central control room	11,431.80	6.09	12.19
	SKL	Installing an inverter in the water tower	7,257.60	3.87	7.74
	SKB	Switching to energy-efficient lighting	98,504.00	52.50	105.01
2020	MLS		95,033.00	50.65	101.31
	SKL	Installing an inverter for the exhaust fan and ventilation system (Note 1)	38,280.40	19.48	11.79
	SKL	Removing electric kettles in pantries	38,042.40	19.36	19.36
	SKL	Reducing of duration of the water chiller unit and the fans	1,122,840.88	571.53	571.53
	SKB	Switching to energy-efficient lighting	59,100.00	30.08	30.08

Note 1 This energy saving project was launched in the middle of 2020, and the annual electricity saving and annual carbon reduction are the estimated values for the whole year.

Note 2 The calculation of the annual carbon reduction is based on the electricity emission coefficient announced by the Energy Bureau of that respective year. The conversion units for the years 2018 until 2020 are: 1kWh = 0.533 kg CO₂e, 0.509 kg CO₂e, and 0.509 kg CO₂e, respectively (the coefficient for 2020 is temporarily calculated based on the coefficient for 2019).



Upgrading to Energy-Saving Lighting Equipment

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



Promoting Energy Efficiency in The Server Room

As the space of the original computer room is almost full, SKL adopts energy-saving and carbon emissions reduction as its highest goal. It builds new computer rooms necessary for operations in the next ten years based on annual business growth. After continuous adjustments, the PUE of SKL computer room in 2020 was steadily maintained between 1.6 and 1.84, reaching the bronze level benchmark specified by LEED^(Note) International.

In addition, it also aimed to build energy-saving computer rooms each year to cope with the power requirements for mainframe computers derived from massive information services. It achieved this by coordinating related resources in the virtual environment. At the end of 2019, we have increased the Windows host virtualization ratio to 75.15%.

SKB launched the "New Green Energy Information Computer Room" construction plan in 2013 to implement energy-saving measures in the computer room and reduce the operating costs of the computer room. In addition, it continued to expand cloud-based infrastructure to cope with the power requirements for mainframe computers derived from massive information services. It has currently set up 748 virtual servers with a coverage rate of 79%. The establishment of virtual servers reduced cabinet spaces by 1,496 U (approximately 37 cabinets), nominal power consumption by 1,499,690 kWh, and emissions by approximately 763 t-CO₂e.

SKFH and its subsidiaries calculate the company's energy intensity based on their energy consumption and the size of the company's floor area or the number of their employees. It is one of the performance evaluation indicators for energy-conserving buildings and reducing carbon emissions. We continue to renew existing buildings and equipment and provide budgets each year to execute related energy conservation and carbon emissions reduction projects. These projects include the following:

- Equipment must have a power factor of more than 95%.
- Replacing the equipment and devices of our offices and operation sites with energy-saving equipment and devices.
- Sending the energy management personnel to undergo training to increase their knowledge in energy management and encourage them to work hard for energy conservation.
- Adding a timer control for water dispensers or for air conditioners' power supply to reduce power consumption.
- Shutting down certain elevators when there are less people in the office buildings.
- Reducing unnecessary lighting, saving energy, and avoiding damaging eyesight with excessive lighting.
- The power of the rice cooker is limited for use between 10:00-12:00 a.m. (2 hours).
- The exterior advertising signs light up at appropriate times based on weather conditions.
- A time control is installed for the supply and exhaust air in the underground parking lot.
- The temperature for the air-conditioning is set to above 26 degrees. The system is set to keep the indoor temperature 3-5 °C lower than the outdoor temperature.



Controlling Energy Consumption



Reducing Fuel Consumption in Transportation

In the process of providing financial products and services, business travel results in the consumption of petrochemical fuels (mainly petroleum) of vehicles. Therefore, we take action to reduce fuel consumption and regularly compiles statistics and analyses of fuel consumption used by senior executives. We also implemented gradual plans to replace old vehicles that consume a lot of fuel with more energy-efficient models to reduce greenhouse gas emissions.

Turning the "Lights Off for One Hour" activity for 14 consecutive years during the Mid-Autumn Festival

For 14 consecutive years, an activity is held during the Mid-Autumn Festival called "Lights off for One Hour" by SKFH and its subsidiaries. This activity is dedicated to saving energy and reducing carbon emissions. For one hour, all the lights in 28 of the buildings owned by SKFH such as the Shin Kong Life Tower were turned off. Other unnecessary lighting equipment in the 104 branches that belong to SKB and the 47 branches that belong to MLS were also turned off. SKB also played promotional video intensively on 630 ATMs across Taiwan and on its website before the Mid-Autumn Festival to encourage more people to switch off the lights at 8 p.m. for one hour during the Mid-Autumn Festival and go outdoors to let the moon shine brighter. Apart from this event, we have also participated in the international event, "Earth Hour", every year. In addition to turning off the lights in their own buildings, we also invite people, organizations, and business partners to share media such as photos and videos related to environmental issues such as global warming. The intention is to protect our green planet in unity.

The "Light Shirts in Summer" campaign promotes energy-saving for 14 consecutive years

SKFH and its subsidiaries continued to participate in the Energy Saving Month series of activities promoted by the Energy Bureau's in 2020, and jointly carried out the "Light Shirts in Summer" campaign from May to September as a response to the activity's requirement for "energy saving is for the good". Senior executives took the lead by taking off their suits and leading all employees to practice the energy-saving culture inherited for years. The "Light Shirt in Summer" campaign has been carried out for 14 consecutive years. Because air conditioning consumes a lot of energy and the demand for it is high during the summer, employees are encouraged to take various actions to conserve energy. SKFH and its subsidiaries require their male employees to wear shirts without ties and female employees to wear short-sleeved uniforms except during formal occasions. The temperature for the air conditioning in office buildings is kept between 26-28°C in the summer. The temperature range is promoted by the Bureau of Energy, Ministry of Economic Affairs. In addition, employees should keep the doors safely closed to prevent cold air from leaking out and to implement actions that support environmental protection.

Energy Saving and Carbon Reduction Competition

In order for colleagues to apply their knowledge in energy-saving and carbon reduction into concrete actions such as energy conservation, SKL held an energy conservation competition for each business unit in 2020, and awarded the top three winners according to the proportion of energy that was conserved. MLS also organized the Energy Saving and Carbon Reduction Competition in 2020, and awarded prizes for those with outstanding performances. A total of 38 branches participated in the competition. During the competition, a total of 89,259 kilowatt-hours of energy was conserved. When compared to the same period of the previous year, the energy consumed decreased by 4.4%.

● Reduce Water Consumption

All of the water sources used by SKFH and its subsidiaries come from the local water plants. Domestic water is only provided for employees and some consumers. The domestic sewage is discharged into sewage systems connected to local cities and does not pose a risk of leakages or pollution entering water sources.

Nevertheless, we are strongly committed to reducing waste from water resources, advocating and implementing water conservation actions, and setting a goal in reducing 6% of water consumption by 2025 from the baseline levels in 2019. In 2020, SKFH and its subsidiaries reduced the total water consumption by 0.4% compared to 2019. In the future, we will further plan more comprehensive water resource management policies to reduce water consumption.

I Water Consumption of SKFH and its Subsidiaries

Item	Unit	2017	2018	2019	2020
Total water consumption	m³	1,059,958	960,673	370,568	369,163

Note As SKB changed its methodology for calculating water consumption and adopted a more accurate system for calculation in 2019, the total water consumption in 2019 dropped significantly.

● Reducing Waste Output

SKFH and its subsidiaries provide financial services, and the waste mainly consists of domestic waste produced by employees during their daily operations. We have set up recycling stations in our office building, and we also offer environmental education and training to teach employees about waste classification and recycling, and how to implement resource recycling and reuse.

Furthermore, we are committed to extending the life of our profit-generating equipment. We implemented a "resource recovery management" on profit-generating appliances for parts to be scrapped, dismantled, and reused. This implementation effectively improves waste management. In addition, 2019 is the baseline year for which the reduction in waste production is set. It is estimated that we would reduce 6% of our waste production by 2025. In 2020, SKFH and its subsidiaries reduced waste per capita by 37.5% compared to 2019.

I Waste Statistics of SKFH and its Subsidiaries

Item	Unit	2017	2018	2019	2020	Remarks
Total recycled waste	metric tonnes	437.09	431.74	430.35	260.03	Resources recycling
Total domestic waste	metric tonnes	3,700.33	3,404.04	3,450.40	2,151.82	Incineration for waste disposal

Item	Unit	2017	2018	2019	2020	Remarks
Total waste quantity	metric tonnes	4,137.42	3,835.78	3,880.75	2,411.85	-
Waste intensity	metric tonnes per capita	0.29	0.24	0.24	0.15	-

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

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

4.3 Supply Chain Management and Green Procurement

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

4.3.1 Supplier Sustainability Management

In order to promote sustainable management of suppliers, SKFH and its subsidiaries require suppliers to abide by "Supplier Management Regulations" and "Ethical Corporate Management Policy and Best Practice Principles" in their supplier contracts, assume their responsibilities to employees, the society and the environment, and promise never to engage in any dishonest conduct. In addition, the supplier is required to sign "Confidentiality Consent Form for Corporation" and "Confidentiality Consent Form for Individual" when entering into contract to ensure that the confidential information of the Company and the customer is properly used and to reduce the risk of information leakage and infringement of the rights and interests of the customer. As suppliers also include contractors, in order to ensure the safety of contractors' operations, we have formulated a separate "Safety and Health Implementation Guidelines for Contracting Work and Change Management", which requires contractors to fulfill the requirements of relevant occupational safety and health laws and regulations, and provide employees with the necessary personal protection and education and training to regulate the operation of contractors.

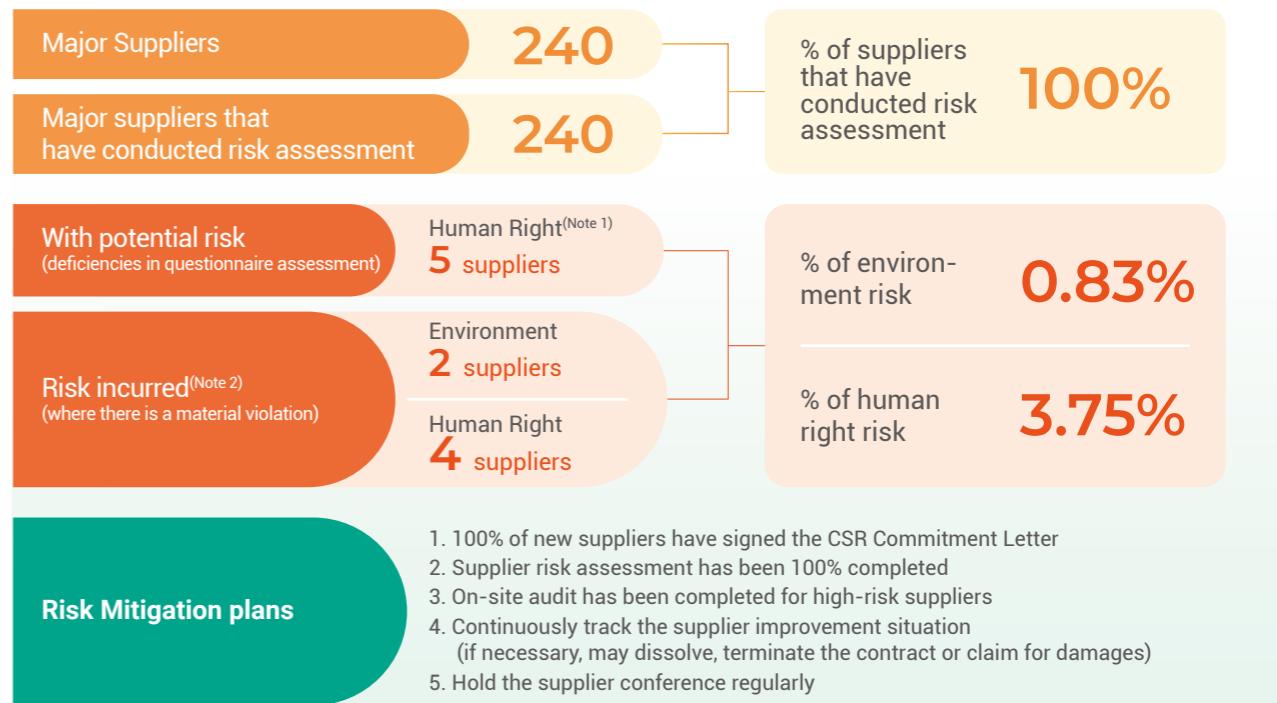
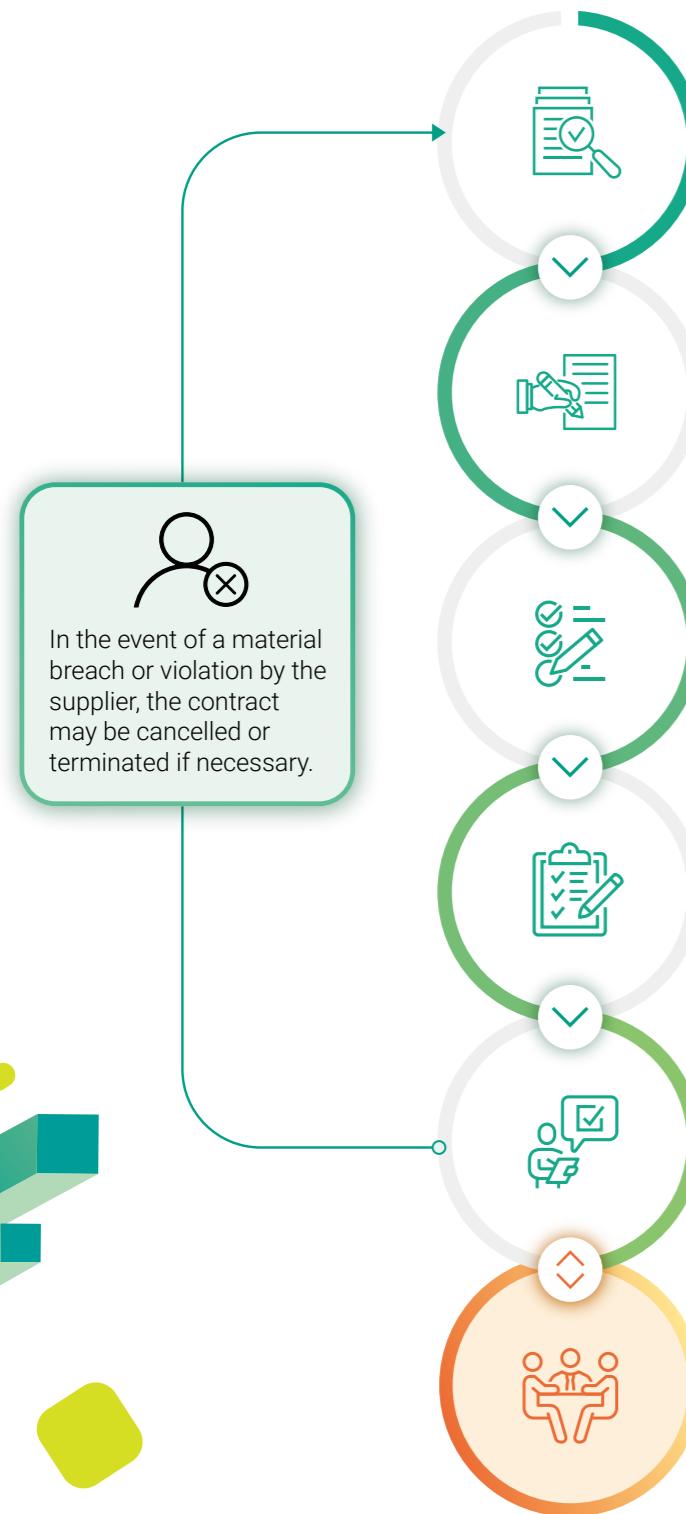
We also invite suppliers to sign the "Supplier CSR Commitment Letter", undertaking to abide by corporate ethics, protect the environment and respect the rights and human rights of their staff; not to commit forced labor or engage with child labor, and to provide a healthy, safe and humane workplace without discrimination and harassment. In 2020, 100% of the new suppliers of SKFH and its subsidiaries (including 100% of the current suppliers of SKFH) have signed CSR Commitment Letter for working together with us to promote sustainable environmental development, safeguard basic human rights, and fulfill corporate social responsibilities.

To assess the potential sustainable risks of suppliers, SKFH and its subsidiaries carried out self-assessment and risk assessment in 2019 to assess their ESG implementation situation, and investigate whether suppliers had violation of any economic, social or environmental laws and regulations by means of questionnaire, and performed risk evaluation on the basis of questionnaire self-assessment results and external investigation results to classify the suppliers as high risk, medium risk and low risk according to the results. For high risk suppliers, we conduct field audits to examine their performance in various aspects of ESG, and discuss or disseminate with suppliers of the illegal incidents.

Chapter 04

In case of major defects or violations of the company's management standards, we not only require the suppliers to make corrections, but also continue to pay attention to how they cope with the subsequent situation, and may dissolve or terminate the contract if necessary. In order to mitigate future risks, we also strengthen our cooperation with suppliers and implement their responsibility for sustainable management. We use the opportunity of regular supplier conferences and on-site audits to conduct sustainable education and training for suppliers. The most recent supplier conference was held in 2018. In the future, we will continue to promote the supplier management mechanism to fulfill the responsibility of suppliers for sustainable management. In 2020, SKFH and its subsidiaries have completed risk assessment for major suppliers and implemented relevant mitigation and compensation measures. The results are as follows:

I Suppliers management process



Note 1 The potential risks of human rights issues are mainly related to workplace safety and health, such as inadequate fire control measures and occupational accidents.

Note 2 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 the extension of working hours and the loss of workers' rights and interests.

In addition, to cope with climate change risks, we also identified physical risks for major suppliers under the RCP scenarios. Under RCP4.5 and RCP6.0, the proportions of suppliers located in high climate risk areas are both very low, while under RCP8.5, the proportion increased to 13%. Based on the assessment, the financial impact of physical climate risk on the Company's upstream supply chain under the above three scenarios is not material. Meanwhile, in response to the international trend of promoting net-zero emissions, Taiwan is predicted to implement a carbon fee system. We have conducted a climate risk assessment based on the industry type and contract price of suppliers, and we plan to use the legal carbon price to estimate the transition risk of suppliers' carbon cost pass-through in the future. To achieve a sustainable value chain, we will continue to strengthen our management of high-risk suppliers as well as work with suppliers to strengthen climate governance.

4.3.2 Exerting Procurement Influence

SKFH and its subsidiaries give priority to local suppliers when making purchases. We also select products that have environmental protection and energy-saving labels for office supplies or equipment, and prioritize green building materials for new construction or decoration units. These decisions can improve energy efficiency and reduce the negative impact of the supply chain on the environment. The amount of green procurement of SKFH and its subsidiaries is \$60.398 million in 2020 with a 98% local procurement ratio. From 2016 to 2020, SKL has been awarded the "Green Procurement Performance Unit for Private Enterprises and Organizations" by the Environmental Protection Administration for five consecutive years.

I Procurement Statistics of SKFH and its Subsidiaries in 2020

Unit: NT\$

Company	Local Procurement Amount	Local Procurement Ratio
SKFH	49,255,091	100%
SKL	1,226,302,426	99%
SKB	1,111,291,306	96%
MLS	26,162,905	100%
SKIT	7,117,604	98%
SKPIA	1,215,028	100%

05 Employee Happiness

- 5.1 Employee Equality and Inclusiveness
- 5.2 Talent Attraction and Retention
- 5.3 Career Development
- 5.4 Happy and Friendly Workplace

2020 Major Sustainability Performance

- Established employee stock ownership trust (ESOT). The Company match 100% of employee contribution
- Improved the benefits such as maternity leave and paternity leave that are superior to that stipulated by laws
- The retention rate of key talents reached **96.3%**, exceeding the target by **90%**
- Employee engagement survey reached **75%**, an increase of **2%** as compared with the previous survey



Chapter 05

Employee Happiness

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

5.1 Employee Equality and Inclusiveness

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

5.1.1 Employment Status

SKFH's operating 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 2020, there were 16,255 full-time employees and 4,090 unofficial employees, totaling 20,345 employees. We duly comply with the labor laws and regulations of Taiwan, and also recruit foreigners legally, in order to improve the competitiveness and diversity of talents. In 2020, we employed 37 foreigners in total, one of whom serves in our management position; foreigner employees come from, including, Hong Kong, Myanmar, Malaysia, Vietnam and other places, the total number of which accounts for about 0.2% of all employees.

I Analysis on Employee's Region / Nationality in 2020

Unit: persons

Company		SKFH and Its Subsidiaries				
Category		Taiwan	Overseas	Taiwanese	Foreign national	Total
Female	Full-time employees	11,128	25	11,134	19	11,153
	Unofficial employees	Commission only sales representatives	3,441	0	3,441	0
		Others	75	0	75	0
	Subtotal	14,644	25	14,650	19	14,669
Male	Full-time employees	5,070	32	5,085	17	5,102
	Unofficial employees	Commission only sales representatives	539	0	539	0
		Others	35	0	34	1
	Subtotal	5,644	32	5,658	18	5,676
Total		20,288	57	20,308	37	20,345

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

Note 2 Foreign employees are all office staff, which are mainly from Hong Kong accounting for the largest proportion of 0.15%, followed by employees from Myanmar, accounting for 0.02% of all employees and the rest are from China, Malaysia and Vietnam, accounting for 0.05% respectively.

Note 3 Approximately 1% of the insurance agents of the subsidiary Shin Kong Life Insurance (SKL) are Taiwanese new immigrants, mainly from China, Hong Kong, Macao and Southeast Asia.

I Analysis on full-time Employee's Gender and Rank in 2020

Unit: persons

Rank	Gender	Male			Female			Total	Proportion of each category	
		< 30	30 - 50	> 50	< 30	30 - 50	> 50		Male	Female
Senior-level managers	Senior-level managers	0	45	158	0	24	42	269	1.2%	0.4%
Mid-level managers	Mid-level managers	0	122	138	0	76	52	388	1.6%	0.8%
Junior-level managers	Junior-level managers	96	484	178	61	670	622	2,111	4.7%	8.3%
General employees	General employees	1,007	2,097	777	1,418	4,842	3,346	13,487	23.9%	59.1%
Proportion of each age group	Proportion of each age group	6.8%	16.9%	7.7%	9.1%	34.5%	25.0%	100.0%	31.4%	68.6%

Note Senior-level managers include 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 and the managers of Sales Offices.

5.1.2 Diverse and Equal Employment Opportunities

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

● Ethnic Diversity

We respect the employment and working rights as well as interests of indigenous people and the people with disabilities. In 2020, we employed 199 employees with disabilities, with 43 persons over-employed and an over-employment rate of approximately 28%, and 163 indigenous residents, with 54 persons over-employed and an over-employment rate of about 50%. Disabled and indigenous employees accounted for 2.2% of full-time employees. In addition, SKL established the "Regulations for Incentives for Increased Recruitment of Indigenous Employees" to provide employment opportunities and benefits for indigenous people. Furthermore, they are provided with an additional special leave and subsidies for returning home for annual festival. In 2020, NT\$174 thousand of subsidies were provided to 29 persons in total, and NT\$10.15 million of employment award was issued to indigenous people.

I Percentage of Employees from Disadvantaged Groups in the Past Three Years

	2018	2019	2020
Percentage of employees with disabilities among full-time employees	1.00%	1.16%	1.22%
Percentage of the indigenous employees among full-time employees	0.90%	1.00%	1.00%

● Gender Equality

SKFH implements gender equality, pays attention to female employees' ability and leadership. We not only have equal pay for equal work based on its salary policy, but also provide female employees with a smooth promotion channel, allowing them to realize their potential. In 2020, females accounted for 72.1% of all employees and among them, females in science, information, engineering, and mathematics (STEM) related fields accounted for 39.4%, and females in management positions accounted for 55.9%. 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.

I Analysis on Female Employees in 2020

Female employees	72.1%
Females in management positions	55.9%
Females in junior management positions	64.1%
Females in senior management positions	24.5%
Female managers in revenue generation departments	60.6%
Females in STEM departments	39.4%

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

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

I Proportion of Remuneration of Male and Female in 2020

Rank	Base salary (Female / Male)	Yearly remuneration (Female / Male)
Senior management level	93%	90%
Management level	86%	91%
Non-management level	86%	86%

Note 1 Senior management level includes 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.

5.1.3 Human Rights Protection

To protect the basic human rights of employees, support and follow international human rights conventions of the United Nations, and create a work environment that values personal dignity and value, SKFH has formulated the "Shin Kong Financial Holding Co., Ltd. Human Rights Statement" in order to fulfill its corporate social responsibilities and protect the basic human rights of all employees, customers, and stakeholders.

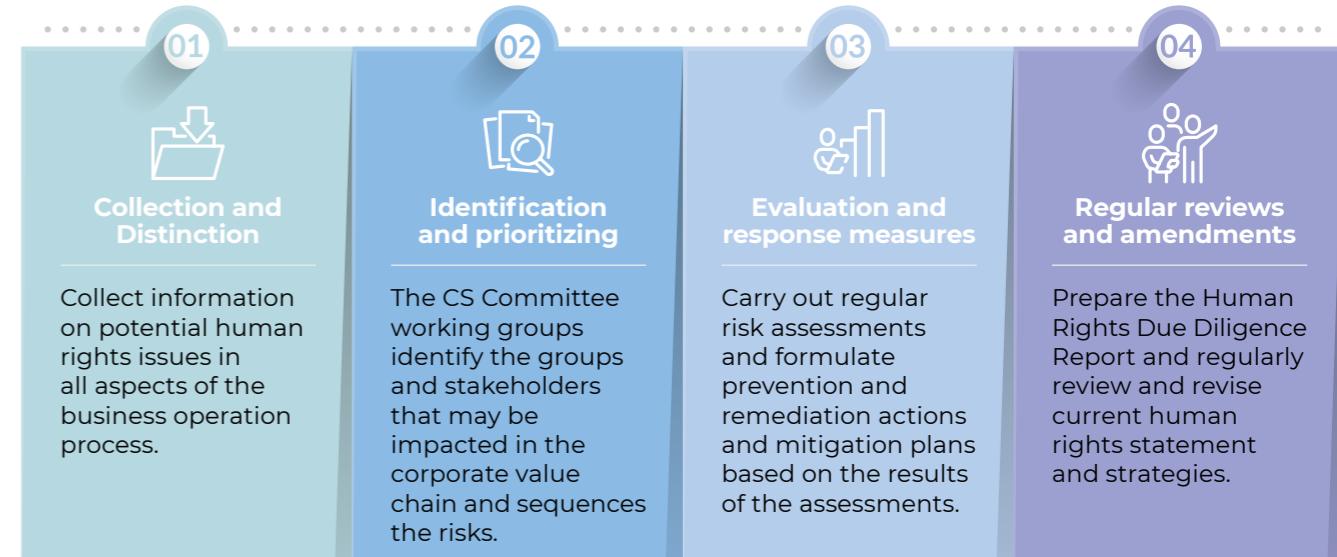
SKFH ensures that its employees have the right to freedom of association and collective bargaining, and strives to protect the dignity and privacy of all employees to avoid any gender or other discrimination, harassment or infringement to be suffered by them. SKFH filed no cases of discrimination and, as specified in the Labor Standards Act, we never hire child labor, and no forced or compulsory labor incidents in 2020. In accordance with Article 98 of the Shin Kong Financial Holding Work Rules, employees would be notified of operational changes before such changes are implemented.

In 2020, SKFH and its subsidiaries held a total of 45 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 30 thousand times. All employees have completed education and training related to legal compliance and human rights statement.

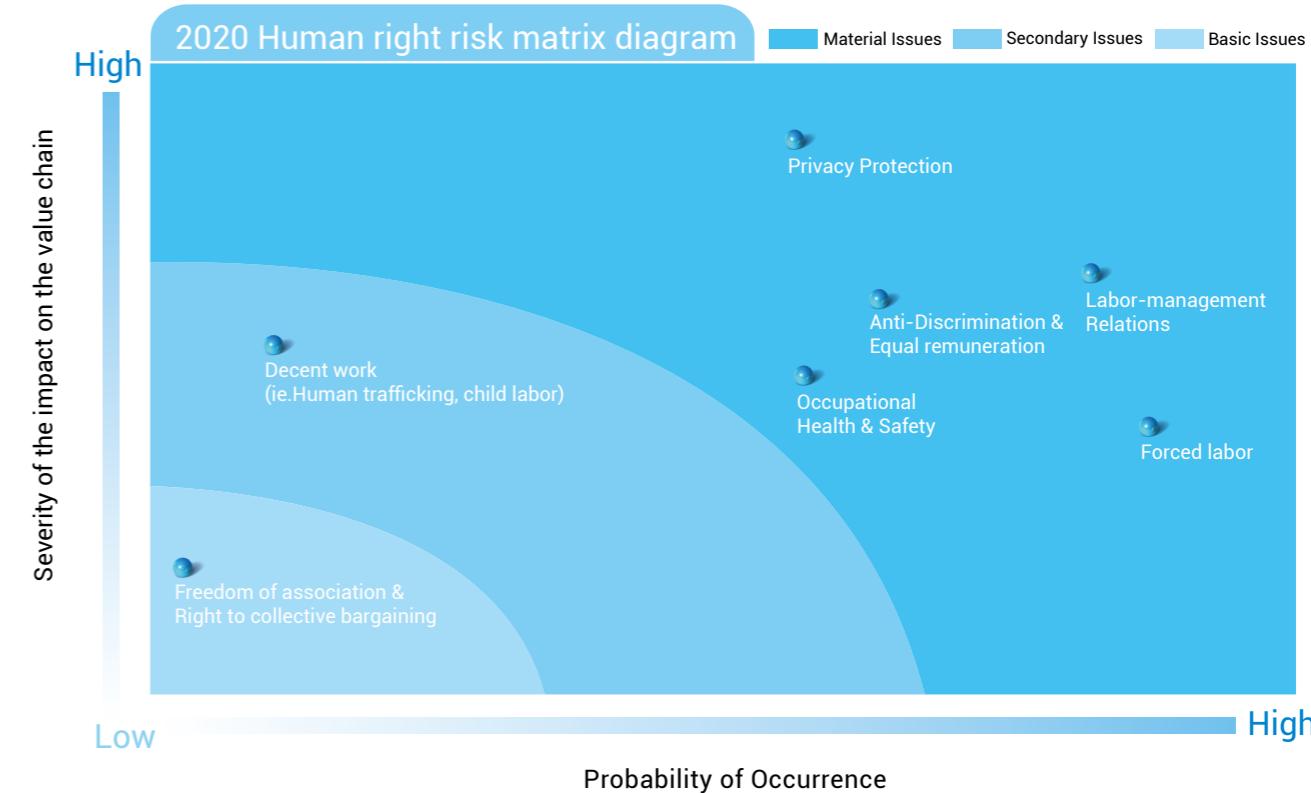
● Human Rights Due Diligence Process

SKFH values human rights issues and strictly abides by related labor regulations of its locations of operations. The Company also complies with its Human Rights Statement and established the Human Rights Due Diligence 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 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 regularly reviews and amends the current human rights statement and strategies to meet regulations and prevailing moral standards of the society. SKFH also compile the results of our annual due diligence into the Human Rights Due Diligence Report for public disclosure.

I Human Rights Due Diligence Process



I 2020 Human right risk matrix diagram



● Human Rights Due Diligence Results and Management Measures

In 2020, 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 "forced labor", "labor-management relations", "privacy protection", "Anti-discrimination and equal remuneration",

"occupational health and safety" have been identified by the assessment. At the same time, we also conducted ESG audits of our investing and lending subjects as well as joint ventures to assess whether there were potential human rights risks. For high-risk groups, the Company and subsidiaries established related management and mitigation plans for implementation. In 2020, SKFH and its subsidiaries have all performed the implementation management and mitigation plans and taken the relevant remediation actions in response to the actual incidents.

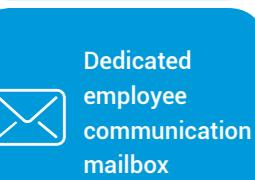
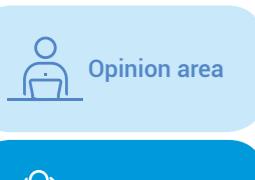
I Human Rights Due Diligence Survey Table

Stakeholders	Employees		Employees	
Risk Issues	Forced Labor	Labor-management Relations	Anti-Discrimination & Equal remuneration	Occupational Health and Safety
Risk Ratio	3.57%	0.01%	0.00%	4.73%
Mitigation Plans	<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 pre-arrangement mechanism, and regularly review the use of annual leave by employees. 	<ul style="list-style-type: none"> ● Comply with labor laws and regulations, and clearly set out in work rules and personnel regulations. ● Provide diversified and smooth channels to properly communicate with employees. ● 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. 	<ul style="list-style-type: none"> ● Specify the prohibition against discrimination and sexual harassment as well as the equal remuneration principle in the Work Rules and personnel regulations. ● Formulate the "Rules for Prevention, Complaint, and Punishment against Sexual Harassment" and the "Complaints and Punishment Measures for Workplace violence in the performance of Duties". ● To implement the prevention plan for workplace violence and to complete the risk assessment and monitoring of the department. ● Incorporate the "Prevention of Workplace Violence" online course into the training courses for new employees. Hold regular training on sexual harassment prevention, and give lectures for middle and senior management to clearly state the Company's "zero tolerance" position on all kinds of workplace violence. ● Provide complaint channels for workplace violence and sexual harassment (including complaint hotline and complaint mailbox). ● Establish a Sexual Harassment Complaint Handling Committee and a Workplace Violence Handling Team to review relevant cases and to keep track of, make assessment and conduct monitoring of the complaint cases. Ensure effective implementation of disciplinary or handling measures and prevent the same incident or retaliation from happening. 	<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
Remediation Actions	<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. 	<ul style="list-style-type: none"> ● Provide compensation according to the mediation plan. ● Improve the internal promotion mechanism. 	<ul style="list-style-type: none"> ● Provide assistance and remedial measures to the complainant, including system adjustments, psychological counseling and material compensation. ● If it is proven to be true upon investigation, the counterparty of the complainant shall be punished or dealt with appropriately based on the severity of the circumstances. ● If any criminal liability is involved, we will assist the complainant in filing for a complaint, and give the complainant public leave during the period when the judicial authorities notify him/her to appear in court. ● According to the needs of the complaint case, the experts, scholars or internal counseling psychologists shall be hired as members of the investigation team to provide the professional evaluation suggestions and provide the assistance services. ● If the party concerned has needs for counseling or medical treatment, he/she can assist in referral to a professional counseling or medical institution upon request. 	<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.
Implementation Ratio of Mitigation Plans	100% (please refer to 5.4.1 Complete Benefits System for details)	100% (please refer to 5.1.4 Diverse Communication Channels for details)	100% (please refer to 5.1.2 Diverse and Equal Employment Opportunities, and p.126 Prevention of Workplace Harassment and Discrimination for details)	

Stakeholders	Female Employees	Suppliers				Customers	Investment and Financing Subjects
Risk Issues	Occupational Health and Safety -Maternity Protection	Labor-management Relations	Privacy Protection	Occupational Health and Safety		Privacy Protection	ESG Evaluations on Corporate Customers
Risk Ratio	1.75%	3.75%				0.13%	0.00%
Mitigation Plans	<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. 	<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. 	<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. 	<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 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. 			
Remediation Actions	<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 	<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. 	<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. 	<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 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. 			
Implementation Ratio of Mitigation Plans	100% (please refer to 5.4.1 Complete Benefits System for details)	100% of new suppliers have signed the CSR Commitment Letter (please refer to 4.3.1 Supplier Sustainability Management for details)		100% of employees have completed training and legal tests related to privacy protection (please refer to 3.2.3 Protection of Customer Privacy for details)		100% completion of evaluation on the investment subjects (please refer to 3.5 Sustainable and Responsible Finance for details)	

5.1.4 Diverse Communication Channels

SKFH encourages employees to express their ideas and provides diverse communication channels, so that employees' personal opinions can be adequately supported and understood. These measures enhance their sense of identification and cohesion with the Company.

 Union Negotiation	To enhance labor-management communication, SKL employees have established labor unions in Taipei, New Taipei City, Hsinchu City, Nantou County, Yunlin County, and Kaohsiung City. Held a labor-management meeting every 3 months to actively interact with employees and maintain good relations. No collective bargaining agreements have been signed.
 Labor-management meeting	To create harmonious labor-management relations, SKFH and SKB established the "Labor-Management Meeting Organization Regulations", and organize labor-management meetings every three months to facilitate labor-management communication, promote labor-management cooperation, and create a win-win situation. SKL replaces the intense labor-management negotiations or mediation with regular meetings and friendly communication with the union.
 Dedicated employee communication mailbox	The Company established the dedicated employee communication mailbox in 2015 to encourage direct communication between employees, management, directors, or the Audit Committee to ensure adequate feedback of employees' views on important decisions about the Company's operations and financial position or those that involve employees' interests.
 Opinion area	The internal website has an opinion area and a dedicated unit is responsible for responding to opinions to provide employees with a convenient platform for consultation.
 Exit interview	Each resigning employee is invited to an exit interview which provides problem resolution and care about the employee's conditions and allows recommendations of the employee to be delivered to related units so that such conditions do not recur in the future.
 Employee compliant channels	SKFH established comprehensive internal and external complaint channels and whistleblower protection mechanisms. Where an investigation shows material violations or causes the Company to suffer damages, the unit that received the report shall report the matter, processing method, and follow-up review and improvement measures to the Board of Directors.

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.

● Handling of Employee Complaints

To enhance labor-management relations, promote labor-management harmony, labor and management must uphold the principle of harmony and good faith between them and work together to resolve problems through negotiation. SKFH regularly organizes labor-management meetings every 3 months in 2020 and directly communicates on labor-management coordination and cooperation matters. They adequately reflect the employees' opinions on the Company's operations or important decisions involving employee interests. In addition, the subsidiary SKL established the "Employee Complaint Response Team" and "Major Labor Dispute Handling Team" in 2012, and formulated the "Shin Kong Life Employee Complaint Handling Regulations". In 2020, 2 employees' complaints (including consultations and cases transferred to business units for assistance) were formally accepted and effectively resolved. The number of labor disputes decreased from 3 in 2019 to 2.

SKB also provides employees with smooth communication channels to promote employee cohesion and harmony and eliminate labor disputes, and the employees can raise the problems through the following channels: (1) employee complaint mailboxes; (2) company-wide employee opinion survey, and (3) quarterly labor-management meetings. In order to strengthen the "internal communication and complaint/ whistleblowing channel" measures, the "employee mailbox" was moved to the homepage of the intranet in December 2020. After accepting the case, the investigation will be made carefully and duly, and relevant personnel accepted the case will do their best to keep confidentiality and protect the identity of the complainant/ whistleblowers. The related complaints/ whistleblowing/ internal audit cases which may encounter any violations and misconduct by units/ personnel not related to the case during the investigation are shall also be included in the formal investigation and review. All investigation records are kept complete and detailed, and it is assessed whether respondents have violated laws or relevant regulations of internal audit and internal control, and the violators shall be reported to be punished. In 2020, there was 1 employee complaint case of SKB, which has been effectively solved through investigation, negotiation, communication and other means.

In addition to formulating working rules to clearly stipulate the rights and obligations of both employers and employees according to the "Labor Standards Law", MLS also sets employee complaint methods and employee mailbox, and encourages employees to communicate directly with management. The employees can put forward suggestions on the company's business decision through department meetings, dinners, monthly company meetings and regular labor-management meetings, to achieve good communication between employers and employees. Where changes in operations may cause a material impact on employees, MLS will also inform them in an appropriate manner. SKIT is also equipped with an employee complaint mailbox and complaint processing process to ensure that employees' opinions are more protected and more transparent. There was no employee complaint case of MLS, SKIT and SKPIA in 2020.

5.2 Talent Attraction and Retention

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

5.2.1 Talent Recruitment and Employment

SKFH is actively 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 2020, we recruited 790 office staff in total (including 5 foreigner employees), among which, female accounted for 48%, and managers accounted for 7%, with an average recruitment cost per person of about NT\$16,420. (Please refer to Appendix 7.1.2-7.1.3 for the analysis on and statistics of the employment and employment separation of new employees)

SKFH is expected to recruit 4,000 talents more or less in 2021. SKFH and its subsidiaries are expected to recruit 3,500 sales elites, 100 FinTech and marketing talents, and more than 500 professional office staff. In addition, we will also train 100 sales management trainee and MA (Management Associate) management elites, and offer them good remuneration and benefits based on their positions and performance, encouraging talents from various fields to bring new situation to SKFH.

I Average Hiring Cost in the Past Four Years

Unit: NT\$

	2017	2018	2019	2020
Average hiring cost	16,485	17,060	22,983	16,420



Conduct Campus Activities and Help the New Generation Connect with the Workplace

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

SKL continued to organize corporate internship programs, summer internship programs, practical insurance courses, and enterprise visits etc. for students in 2020. We use a diverse range of courses and exciting activities to share knowledge and experience and help students to understand themselves and plan their future. So far, it has made industry-university cooperation with more than 70 colleges and universities. In 2020, SKB recruited 3 summer interns, 25 industry-university interns, and 10 information interns in total, among whom 2 information interns took office in SKL after graduation.

SKB organized the information internship project in 2020, head office summer elite projects, and deposit and remittance internships etc. to help talents on campus develop work skills. SKB also continues to participate in the Ministry of Labor's "Youth Employment Pilot Program" and provides vacancies in the banking industry on government websites to help young students apply for finance-related jobs. In 2020, SKB recruited 8 summer interns and 50 deposit and remittance interns, among whom 24 deposit and remittance interns joined in SKB after graduation.

MLS continues to implement internship programs to provide the positions in, including, research, trading, sales, and IT departments, which provide students with a better understanding of the securities industry and offer internship opportunities that connect them with the corporate workplace to apply what they have learned. MLS participated in the "Public Interest Program for College Students' Financial Career" organized by Taiwan Depository & Clearing Corporation and the Securities & Futures Institute in 2020. The Company provided openings on the Securities & Futures Institute's matchmaking system website. And, it held "2020 MasterLink Cup Potential Stock Identification Contest" to evaluate and select the potential talents both at home and abroad, so as to increase the opportunities for industry-university cooperation. In 2020, MLS recruited 1 summer intern, and 4 industry-university interns in total, 1 of whom took office in MLS after graduation.



5.2.2 Talent Retention and Performance Management

In addition to recruiting outstanding talents actively, SKFH also pays attention to talent retention. We provide fair and competitive remuneration and benefits, implement performance management system, and formulate long-term incentive measures and reward plans to improve employee's engagement and cohesion. Our goal is to maintain over 90% of retention rate of key talents by 2025, and we actually achieved 96.3% in 2020. The turnover rate was 10.0% in 2020, a decrease of 0.7% as compared with last year. If insurance agents are taken consideration, the turnover rate was 19.7% in 2020. (Please refer to Appendix 7.1.4 for the detailed turnover analysis)

Statistics of Turnover Rate in the Past Four Years

Unit: person

	2017	2018	2019	2020
Total turnover	861	833	905	843
Total turnover rate	10.5%	9.9%	10.7%	10.0%
Voluntary turnover	679	706	753	699
Voluntary turnover rate	8.3%	8.4%	8.9%	8.3%

Note 1 Voluntary turnover excludes retirement and resignation due to diseases.

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



● 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/ethnicity, religion, political affiliation, marital status, or disabilities. As a principle, employees' salaries are adjusted once each year. The adjustment shall be submitted to the Chairman for approval.

In the past three years, the average salary of general office staff of SKFH and its subsidiaries has been adjusted by about 3.2%, and professional and technical incentive allowances and bonuses have been provided to motivate employees to improve their professional skills. In addition, we are also one of the few companies in the industry to provide basic salaries for official personnel. Before the official appointment, a monthly allowance of NT\$4,750 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 and the average salary of full-time non-management employees in 2020, and the difference of the two statistics compared to the previous year are as follows:

Year	Number of full-time non-managerial employees (persons)	Average salary of full-time non-managerial employees (NT\$ thousands)	Median salary of full-time non-managerial employees (NT\$ thousands)
2019	14,829	981	795
2020	7,969	1,077	892
Difference	-6,860	96	97

Note Insurance agents of SKL are excluded from the statistics for 2020 because they are part-time workers as stated in the contracts.

● Performance Management System

SKFH introduced the "Management by Objective (MBO)" system, established a culture of accountability, and formulated the "Regulations Governing Performance Management and Development" to set goals, conduct performance reviews and performance evaluation every year. Performance management is not only aimed at checking that whether employees have achieved the goals set at the beginning, but also pays more attention to that how they achieved the goals, so we include function evaluation in the performance evaluation to measure the behaviors of employees at work. In order to implement the policy of different rewards and remuneration for different talents, and to maximize the effectiveness of the company's overall human resources management and resource utilization, we ranked the annual performance and contributions to the organization of the employees in each "job levels" after collecting performance evaluation results. We 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 2020, except for the persons taking extended leave, all employees of SKFH have accepted performance review, with the view to continuously improve employees' individual performance at work and the company's overall business performance, so as to assist the employees and the company to grow together.

Performance Communication

Contents



Goal-setting at the beginning of the year

The supervisor sets annual performance indicators and work goals with employees. They also establish the annual development plan of the employee through bilateral communication.



Mid-year performance review

The supervisor and the employee review the achievement status of work items and discuss the work plan for the second half of the year.



Final performance evaluation

The supervisor and the employee review the achievement status of work items and discuss the work plan for the next year to support employees in their work and allow them to learn and grow.

In addition, we also conduct regular multidimensional performance measurement (including supervisor, subordinate, colleague, customers, and self-rating, etc.) to evaluate employees' performance, leadership potential and supervisor's leadership performance. Supervisors can also use this tool to help employees review future development and enhance team performance, as well as be served as reference for career development.

● Long-term Incentive Measures

In order to motivate employees and improve their cohesion, we have established an employee subscription plan for cash capital increase 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 2020, 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. Through the Company match 100% of employee contribution, SKFH encourages employees to invest the fixed amount in the company's stocks on a regular basis for long term to share operating results and value growth.

● Commendation to Excellent Employees

SKFH has established rules for various rewards. We granted a total of 406 merits and distributed NT\$2,287,803 in bonuses to employees in 2020. SKL selects excellent office and sales personnel and publicly praises them each year in accordance with the "Personal Insurance Outstanding Employee Reward Regulations". In 2020, 10 office staff and 27 sales personnel were selected as outstanding employees and presented with medals and gifts from the President and top-level managers.



SKB 2020 "Service Expert"

Shin Kong Bank organized the 9th "Best Service Expert" selection campaign in 2020. 40,372 customers elected 104 branch representatives, and department managers of the head office selected 30 outstanding representatives. With the participation of SKB fanpage likes, posts, and sharing, and the final interview with the Vice President, the top ten best Service Experts were elected by votes.

In order to thank the Best Service Experts for their contributions, we invited their families to participate in the event and share the glorious moment together. In addition, they also put on a skit to show how they provided thoughtful services to share their service experience with other employees. SKB aims to recreate their thoughtful reputation in the service industry.



The most careful services, the warmest care, and strive to create self-value

Taichung Branch Li,Tzu-Lin

One day, Tzu-Lin, who was welcoming guests, found that a counter was serving for someone for a long time, so she provided assistance immediately and, after confirmation, an elderly seemed to be demented and she kept confirming her assets in SKB with Tzu-Lin's colleagues repeatedly. After Tzu-Lin saw this, she guided the elderly to have a rest in the wealth management area, and contacted her family timely. After the daughter of the elderly arrived, Tzu-Lin learned through conversation that the elderly lived near the branch and had been interacted with SKB for a long time, so she wanted to confirm her properties. Finally, Tzu-Lin patiently and carefully explained to the elderly her assets under her name, and the elderly finally understood and said happily, "Oops! I'm getting old, what a bad memory! Thanks for your patient explanation, Miss" Tzu-Lin subsequently recommended the financial advice and plans of SKB to the elderly, and her daughter said that Tzu-Lin was not only warm-hearted but also very considerate to customers, so she can give assets to SKB for management without worry. Tzu-Lin's highly enthusiastic and warm service not only brings businesses to the branch, but also brings the sense of fulfillment.

Employee Engagement Survey

To fully understand each employee's views on the company and work-related matters, SKFH commissioned third party to conduct employee engagement survey since 2016 to understand employees' recognition of the company and their suggestions. The survey was conducted anonymously, in order to improve employee's willingness to complete the survey and ensure that employees can express their opinions faithfully. We complete the engagement survey of all employees every two years. 2019-2020 we completed the engagement survey of all employees of SKFH and its subsidiaries. The response rate of the survey during the period from 2019 to 2020 is 88%, and the overall engagement is 75%. 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.

Employee Engagement in The Past Four Years

Category	2017-2018	2019-2020
Overall Engagement	73%	75%

Analysis on Employee Engagement in 2019 to 2020

Category	Gender		Age Group			Management Level		
	Male	Female	< 30	30-50	> 50	Junior-level	Mid-level	Senior-level
Employee Engagement	77%	73%	71%	74%	79%	80%	80%	86%

5.3 Career Development

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

5.3.1 Major Training Strategic Principles and Plans

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

Improvement of Trainings for New Employees

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

Improvement of Professional Functions

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

I Business Learning Map



II Learning Map for Office Personnel



● Cultivation of Digital Talents

In response to digital finance trends, SKFH, in 2020, set up a new Digital Data and Technology Development Department to manage the customer group analysis, digital R&D, data science, financial technology, digital data development, planning, coordination and analysis of SKFH and its subsidiaries in a comprehensive way, recruited talents with different backgrounds in the digital finance sector (e.g., big data analysis, digital marketing, UI/UX design, etc.), established comprehensive digital finance teams and information technology teams, selected digital talents by its subsidiaries to join in the talent cultivation program "SPARK" of SKFH, cultivated the seeds for digital transformation plan, and provided digital technology courses, personal professional and leadership trainings, etc., to improve employees' knowledge and understanding of digital finance.

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



● Encourage Self-directed Learning and Innovation

SKFH encourages employees to study independently and be creative. In addition to formulation of corporate sustainable operating-related innovative proposal reward system, the company rewards the persons whose proposals are adopted by the company, so as to improve the company's innovative ideas and the organization's culture of encouraging employees to make proposals. And it also organizes practical courses such as innovative workshops and operational demonstration workshops to guide employees to transform creative ideas into executable action plans, so that innovative ideas can be duly implemented in business management to achieve the goals of improving efficiency, saving costs, creating revenue, improving management performance and sustainable development. Since its founding, SKL has approved 23 innovative proposals; SKB's 41 proposals have been adopted accumulatively and 18 proposals have been implemented. In 2020, a total of 18 products and services of SKFH and its subsidiaries obtained new patents, showing that the innovation and change culture being promoted by Shin Kong for many years is gradually implemented.

In addition, we introduced a high-quality online digital learning platform "CommonWealth Innovation Academy" to encourage employees to learn independently by using fragmented time. The courses on the platform include AI, finance, management, pressure relief, international finance and other diverse topics, which can help employees to know international politics and economy situation and global investment trend in a real time, activate passion at work, and improve management, business, career development and other competitive advantages. In 2020, SKB was recognized by CommonWealth Innovation Academy for three consecutive years, and won the "Innovation Facilitator Award", "Learning Organization Award of the Year" and other awards; MLS's two employees also ranked the 6th and the 13th on CommonWealth Innovation Academy's list.

To encourage employees to learn independently and obtain professional licenses and qualifications, we also provide self-learning benefits and related cost subsidies. The subsidies include those for registration fee, annual fee, foreign language training, EMBA and special master's in-service classes (including master's in-service students), etc., and it also provides professional license incentives, continuous incentive subsidies, learning leave and other benefits. A total of NT\$26.2 million was distributed in professional license rewards and one-time bonuses in 2020.

● Learning of Successful Experience

SKFH has established internal lecturer management measures and actively trained internal lecturers to effectively pass on professional financial knowledge, technologies, successful experience, and culture, and improve the quality of the organization's manpower and corporate competitiveness. We invest a great amount of resources in trainer's professional function development plan, and cultivate trainer's ability to design teaching plans, make presentation and teach lessons, every year; The contents of training include change of thinking, optimization of learning process, development of digital financial talents, transformation of communication and marketing skills and active learning, etc., and case analysis for sharing experience. At present, there are 173 internal trainers in total for the office personnel of SKL and SKB, and 26 full-time trainers and 236 certified part-time trainers for the sales personnel of SKL, to provide professional trainings for employees.

To encourage retired employees to continue to contribute their working experience, SKL has set up "Post Retirement Re-employment Program". The program model can be used to allow retirees to be re-employed to serve in their positions at the time of their retirement. In 2020, there were 204 retirees re-employed.

5.3.2 Training Investment and Effectiveness

In addition to providing all employees with legally required courses such as compliance with laws and regulations, as well as prevention of sexual harassment and money laundering, SKFH also invests a lot of resources in other training programs and provides optional courses for our 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. By taking SKB as an example, through relevant training programs, in 2020, the average amount of housing loans issued by it exceeded 16% of its target, its average amount of credit loans exceeded 8% of its target, and the average production capacity of its finance personnel increased by NT\$5.397 million as compared with the previous year, and the average production capacity of its financial managers can maintain a momentum even under the impact of the epidemic. The overall human capital ROI for SKFH and its subsidiaries is 15.33 in 2020.

■ Employee Training Hours and Cost in 2020

Category	Type of Training		Age group			Rank			Gender		Average	
	Compulsory	Optional	< 30	30-50	> 50	Management level			General Employees	Male	Female	
Average training hours	53.92	56.49	101.07	104.36	124.49	98.23	72.29	80.61	94.60	100.42	114.99	110.42
Average training cost	12,541	4,460	15,086	16,055	19,146	18,802	14,566	15,554	13,865	14,458	18,034	16,912

Note 1 The training hours specified in this table include internal training, external training, overseas training, online courses, and education and training for new recruits.

Note 2 Internal training is organized by the Human Resources Department; external training is conducted by external institutions (for both office and sales personnel); overseas training is training sponsored by the Company (for both office and sales personnel).

■ Human Capital ROI in the Past Four Years

	2017	2018	2019	2020
Human Capital ROI	15.67	15.96	17.01	15.33

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

I Benefits of Major Training Programs in 2020

Name of Program	Overview of Program	Business Benefits	Applicable Objects	Effectiveness Evaluation (Kirkpatrick L1~L5)
Value-based Products Marketing Training Program	To awaken customer needs, our marketing reverts to the basic protective nature of our insurance products. Our courses are designed based on the Chinese Yin and Yang concept (Tai Chi), allowing customers to experience how various insurance products (such as medical insurance, long term care insurance, etc.) should be acquired according to the needs that arise in each stage of life, out of love and responsibility for their families.	Our courses effectively focus on the strengths of our products, allowing our sales team to better understand the company's sales strategies and goals. Our program comprises physical courses with seed coaching and seeded students, as well as post-course action plans including counseling sessions and a platform to exchange success cases. These can enhance the leadership ability of our sales managers and the marketing ability of the sales team, and effectively increase the overall sales of our value-based products.	All insurance agents	<ul style="list-style-type: none"> L5 Remuneration assessment: ROI 3.05 L4 Result assessment: <ul style="list-style-type: none"> Premium income for value-based products increased by NT\$1.4 billion. The overall sales achievement rate of sales channel increased by 63%. Insurance agents' individual sales achievement rate increased by 114.7%. L3 Behavior assessment: <ul style="list-style-type: none"> The implementation rate of plans after training was 100%. L2 Learning assessment: Test pass rate 88.5% L1 Reaction assessment: Course satisfaction 98.8%
Personal Finance Business Training Program	To respond to the company's organization strategies, and improve the organization's growth momentum and talent training, we reviewed our personal finance business personnel's training plan. In 2020, the company enabled each manager to apply what he/she has learned in the training courses to the daily management of sales personnel through the design of each course. The three aspects of the courses focus on optimizing the leadership abilities of the personal finance management, improving performance management, and refining the sales cycle by improving the capacity of sales personnel and the internal lecturer team. Through the sales courses delivered by the top-performing sales supervisor, functional assessment, and the post-course action plans (including case studies, result presentations, correction tracking, etc.), we enhance the practicality of the course and effectively improve the functions of the sales managers and the productivity of the overall sales personnel.	<ol style="list-style-type: none"> Optimize the leadership and management abilities of the managers to improve the sales communication, negotiation and transaction, risk control, and customer relationship management ability of personal finance sales personnel to further contribute to revenue. Strengthen the quality of risk control and reduce the excessive loans of consumer finance and housing loans. Increase the balance of deposits, investments and insurance of natural persons. Enhance sales managers' abilities, maintain a good retention rate of top-performing managers to reserve branch successors in management. 	All personal finance sales personnel	<ul style="list-style-type: none"> L5 Remuneration assessment: ROI 7.15 L4 Result assessment: <ul style="list-style-type: none"> The average revenue contribution per person increased NT\$745,040 (an increase of 5.57% as compared with the previous year). The new three-month overdue amount of consumer loans was decreased by 26% as compared with 2019. The new three-month overdue amount of housing loans was decreased by 34% as compared with 2019. The balance of deposits, investments and insurance of natural persons was increased by 7.9%. The retention rate for managers reached 92.4%. L3 Behavior assessment: <ul style="list-style-type: none"> The implementation rate of plans after training was 100%. The function score increased by 0.1 points (from 2.4 to 2.5). L2 Learning assessment: <ul style="list-style-type: none"> The achievement rate of annual training programs was 100%. L1 Reaction assessment: Courses satisfaction 95.4%
Professional Training Program for Bond Department	Bond Department is the key business unit that makes major profits for securities. The training courses for this program include the topics such as measurement investment, subjective investment, information security in innovation, individual stock recommendation, and global investment trends after the impact of the COVID-19 pandemic, which can help to effectively broaden the international macro vision in bond market and quickly grasp the important trend of bond financial market and the opportunities to be brought by the changes which will occur in bond trading market in the future.	Rapidly develop the ambition and aggressiveness of bond business team, and significantly improve the overall combat effectiveness of bond business. This professional training program has precisely aligned the business development and investment strategies of the Bond Department, effectively facilitating the Department to grasp the opportunities that arise from transaction changes in the bond market. This lead to the increase in the pre-tax profit before allocating of the Bond Department by 4.86% in 2020 compared to the previous year, with a return on training investment of reaching 9.74.	All personnel of Bond Department	<ul style="list-style-type: none"> L5 Remuneration assessment: ROI 9.74 L4 Result assessment: <ul style="list-style-type: none"> Pre-tax profit before allocating increased by 4.86% as compared with the previous year. L3 Behavior assessment: The completion rate of refresher trainings was 82.5%. L2 Learning assessment: Test pass rate 100% L1 Reaction assessment: Course satisfaction 95.24%

5.3.3 Talent Reserve and Internal Rotation Mechanism

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

● Create a Leadership Team for Succession

To establish a strategic and executive management team, SKFH and its subsidiaries have established scientific tools such as "elite talent standards/successful role models", "tools for selecting elite talents" and "diverse development plans for cultivating elite talents" as the bases for selecting leadership team. And, with the goals of improving the strategic conceptualization of the management team, enhancing the height and vision of talent management, strengthening staffcoaching skills, and honing leadership management skills, we have planned the systematic and structural training programs for supervisors and key talents at all levels to improve organizational competitiveness.

SKL launched a leadership development project in 2010. Through interviews, knowledge, experience and personality traits surveys, it identified the abilities and conditions required for each position, established leadership standards, and nurtured candidates for management roles. It continued to strengthen the internal talent pool while expanding the coverage of the leadership team to comprehensively improve management functions and help SKL expand. SKB organizes strategy consensus camps for mid-level to senior-level managers every year and organizes function trainings according to annual major strategic principles to improve the strategic thinking capacities of the management team, consolidate management teams to form consensus on strategic goals, and expedite the implementation of strategic goals. In addition, SKB regularly organizes talent evaluation and selection for mid-level to senior-level managers, re-establishes the second-level manager talents cultivation plan for business units depending on its strategic demands, and understands personal ability defects based on the professional evaluation report on main business executives, and according to which it plans IDP (Individual Development Plan), assigns senior-level managers to serve as mentors, organizes presentations for talent learning results, manages training for management skills, and provides various external training resources to meet the learning demands of the organization and individuals and to build a complete talent pool. Since 2015, 54 main business executives have been promoted internally to act as managers or senior-level managers. MLS organizes management development training for junior-level, mid-level and senior-level managers and potential employees to reach consensus with precision, strengthen team leadership and motivation, and innovate management thinking and skills. In 2020, it held "2020 Management Development Series Lectures", with the major contents of "interpersonal communication, accountability establishment, team leadership, upward communication" and, through logical management training themes, focused on training the company's elites with development potential, and improved their core competence in management and development and the cohesion of active learning.

Company	Development Action	Performance Results
Shin Kong Life Insurance (SKL)	Business leadership development echelon	<ul style="list-style-type: none"> From 2011 to 2020, a total of 1,088 employees have been trained and 370 of them have been promoted (office and field combined), with a promotion rate of 34%. Laid the foundation for cross-generation talent development with a solid leadership curriculum.
	Project Y	<ul style="list-style-type: none"> Heads of units are responsible for cultivating talents and establishing independent learning mechanisms and inspection mechanisms. Planned 4 main courses and management courses.
	MA personnel training	<ul style="list-style-type: none"> The implementation of the Management Associate (MA) recruitment and training program, include personal development plan, coaching guidance, and the corporate mentor system help the Bank quickly acquire outstanding talents needed for the Bank's organizational expansion. As of 2020, 89 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, six rounds of the program have been organized and it has trained more than 199 outstanding talents.
Shin Kong Bank (SKB)	Creation of leadership echelon	<ul style="list-style-type: none"> To establish a complete and systematic training mechanism to provide reserve for talent pools, cultivate outstanding personnel, and use talents flexibly, talent pool training courses are held regularly every year. In addition to practical bank operations and leadership management, the courses also provide external training courses based on individual learning and development requirements (e.g. CommonWealth Economic Forum), and the company conducted mid-level to senior-level potential talent assessments every two years from 2015 to assess gaps in professional competencies and leadership styles. The candidates began a one-year Individual Development Plan (IDP) in the following year and have been assigned senior executives as mentors to strengthen their capabilities; since 2019, the company re-planned and launched the second-level management talent cultivation plan for business units, and senior-level managers served as coaches and mentors to plan IDP and manage skills training in a unified manner according to the evaluation report on main business executives, and the company provided training resources for the main business executives to arrange for training courses independently depending on their personal learning demands, so as to take into account the demands for organization and personal development.
	Training overseas talents	<ul style="list-style-type: none"> The company organized overseas seminars or business internships to learn from the management experience of competitors and other industries. The company selected 19 mid-level and senior-level managers to participate in the seminar in Singapore in 2015, and dispatched 35 talents to have the internal professional classes both at home and abroad, which helped cultivate overseas talent vision and strategic thinking across borders.
		<ul style="list-style-type: none"> In response to 2030 bilingual national policy, we promoted English certification and reward policy, and launched more than one English training programs in 2020. We adopted diverse online and offline learning channels and used performance management system to motivate employees to make improvement independently. In 2020, a total of NT\$595,000 incentive money was issued.

Company	Development Action	Performance Results
Shin Kong Life Insurance (SKL)	Leadership development plan	<ul style="list-style-type: none"> Selected the employees with great potential to attend an open seminar for mid-level and senior-level managers in Singapore to expand their international perspectives and enhance competitiveness. Organized seminars or course themes on issues such as leadership, strategy development, and team communication. Observed and learned from the experience of successful companies.



Smooth rotation mechanism

SKFH encourages employees to accept new challenges bravely, and provides 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 2020, the percentage of open positions filled by internal candidates of SKFH and its subsidiaries was 52%, which is an increase as compared with the past three years. In the future, we aim to maintain at 50% of the internal replacement rate. (Please refer to Appendix 7.1.5 for detailed analysis of 2020)

	2017	2018	2019	2020
Percentage of open positions filled by internal candidates	35%	38%	36%	52%

5.4 Happy and Friendly Workplace

SKFH cares about the health and well-being of employees, provides a comprehensive benefit system, and implements family-friendly measures to support employees to take care of their families and career. In addition, we also attach importance to the safety and health in workplace, and improve the health and vitality of employees through institutionalized management and health risk assessment and tracking.

5.4.1 Complete Benefits System

SKFH upholds the business philosophy of "integrity and feedback" and maximizes its contribution to employee benefits. In addition to designing an appropriate benefit system based on job categories, we also upgraded and add benefit items each year. All employee benefit measures provided are superior to legal requirements including health examinations, employee preferential deposit (lending) interest rate, leave system and retirement conditions, etc., hoping to provide employees with a "safe, flexible, and willing" workplace.

Insurance benefits

We provide employees with Labor Insurance and National Health Insurance and provide accident insurance, travel insurance and other protections paid by the company for the personnel with special roles and overseas personnel. We also provide employees and dependents with preferential rates for different types of group insurance (life insurance, accident insurance, medical insurance, and cancer insurance). In addition, if an employee has children insured for medical treatment, regardless of the number of insured, only the fees for one child is charged.



Safe workplace

Retirement benefits

According to the Labor Standards Act, we continue to allocate labor pension preparatory fund each month for workers who chose the old pension system and those who chose the New Labor Pension System but retained the seniority under the old system. In addition, we provide workers who chose the new pension system with an allocation of 6% of their monthly wage in accordance with the Labor Pension Act. When employees attain criteria for retirement, they would receive the pension as prescribed by related laws, and retirement souvenirs from the Company. Our retirement conditions are superior to those specified in labor regulations to help employees make better choices for their careers. In addition, to encourage employees to plan for early retirement, we actively promote the "Pension 3C Retirement Knowledge Program". To educate the public and promote the raising of the employee retirement benefit rate, and to provide relative subsidies to employees who are insured under the "LOHAS Winners Scheme".



Flexible working

Leave benefits

We provide employees with annual leave, marriage leave, bereavement leave, official leave, occupational injury leave, sick leave, menstrual leave, paid personal leave, public welfare leave, annual festival leave, maternity leave, pregnancy checkup leave, paternity leave, family care leave, natural disaster leave, epidemic prevention leave, epidemic care leave and other types of leave. The standards for maternity leave, paternity leave, natural disaster leave, epidemic prevention leave, and annual leave are superior to the standards in labor regulations.

Promote work flexibility

SKFH, SKL and SKB set up flexible working hours with two shifts and three shifts to assist employees to balance work and family life, which allow office staff to adjust office hours flexibly according to the needs of their family such as picking up children or caring for elders. Among which, SKL cooperated more with the business characteristics and set up other shift time to provide employees with more flexible choices for special business departments (such as call center service, investment department). In addition, SKFH also planned related measures for employees to work from home to respond to global digitization trends and the need for companies and employees to work from home due to special needs. When faced Taiwan's largest outbreak of COVID-19 in 2021, SKFH initiates work from home and off-site office measures immediately, and increase the number of shifts available for employees to work flexibly to ensure employee health while maintaining customer service and company operations.



Willing care

General benefits

SKFH provides subsidies for weddings and funerals, employee cafeteria, contracted laundry services, resort accommodation discounts, cooperative group purchases, resource sharing with affiliate companies, and special corporate discounts at contracted stores, domestic hotels, language institutions, and daycare institutions. SKFH provides birthday gifts, Chinese New Year gifts, Dragon Boat Festival and Mid-Autumn Festival gifts. In addition, in order to promote mobile commerce and digital learning, SKL provides subsidies for purchase of iPad for employees up to NT\$2,000 per person and subsidies for purchase of iPad Pro for employees ranked course directors (including project managers) or above up to NT\$10000 per person; A total of 1,344 people obtained the subsidies for iPad and a total of 19 people obtained the subsidies for iPad Pro in 2020.

Benefits for enhancing employee relations

To thank the employees for their efforts, enhance team cohesion, promote employee relationships, and strengthen support from employees' family members, SKFH held annual parties (with lucky draws), provide benefits for employees such as travel subsidies and group recreation subsidies. We also organize annual employee family days to strengthen family value and promote friendship and exchanges between colleagues and family members.

In addition, we encourage employees to invite their family members and customers to sign up for the Shin Kong Life Tower Run Up, or form teams for the contest to enhance the relationship between family members and employees. We also invite employees' family members to take part in activities such as hiking, employee travel, and movie screenings.

Marriage and childbirth benefit

SKFH cares about female employees and actively protects employees' right to work and opportunities. In addition to providing an unpaid parental leave for raising child(en) in accordance with relevant laws and regulations, we also provide the maternity leave, paternity leave and childbirth subsidies superior to that stipulated by laws. In 2020, a total of 318 people applied for maternity subsidies and we distributed NT\$4.354 million; 597 people applied for parental subsidies and we distributed NT\$5.97 million. In addition, we support new mothers in the workplace with real actions. We set up breastfeeding rooms for employees to breastfeed during office hours. We also adjust work hours and provide childcare benefits for employees to take care of their children.



Mother-Friendly Workplace

To help employees to take care of their families while working, SKFH takes family-friendly measures for the parents in the workplace to reduce their raising pressure and burden.

1. Supporting mechanisms:

- (1) We offer 60 days of maternity leave (statutory maternity leave is 56 days), 6 days of paternity leave (statutory paternity leave is 5 days), and paid leaves after miscarriage, which are superior to statutory standards. And we also have established breastfeeding working hours, working hours reduction and adjustment mechanisms, and unpaid parental leave for raising child(en) mechanisms. The period for unpaid parental leave for raising child(en) is flexible, and employees have the right to reinstate their jobs ahead of schedule, so that employees can use their time more flexibly and raise babies without worry.
- (2) We care about female employee's maternal demands, and work with professional doctors and health managers to jointly conduct health risk assessments for the female employees during pregnancy period and after delivery, and encourage the applicable female employees during pregnancy period to accept "maternity protection" care actively.

2. Benefit measures:

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

3. Friendly environment:

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

Breastfeeding room equipment and performance of subsidiaries

Subsidiary	Equipment	2020 Performance
SKL	<ul style="list-style-type: none"> • Backrest chair, table, washstand, mirror, and cozy space design. 	<ul style="list-style-type: none"> • Received the "Excellent Breastfeeding Room Certification" from local health authorities. • Breastfeeding rooms in various regions are not only available for the company's employees, but also for the tenants or visitors of the building. In 2020, the breastfeeding rooms in various regions were used for nearly 15,000 times accumulatively in total.
SKB	<ul style="list-style-type: none"> • Diverse parenting, breastfeeding, and health publications. 	<ul style="list-style-type: none"> • Obtained the "Excellent Breastfeeding Room Certification" from Taipei City Government. • Breastfeeding room usage: 897 times.
MLS		<ul style="list-style-type: none"> • Obtained the "Excellent Breastfeeding Room Certification" from Taipei City Government. • Breastfeeding room usage: 1,245 times.

Unpaid Parental Leave for Raising Child(en) Statistics in 2020

Number of employees eligible for unpaid parental leave in 2020 (A)		Number of applicants for unpaid parental leave in 2020 (B)		Rate of application for unpaid parental leave = (B)/(A)	
Male	Female	Male	Female	Male	Female
338	940	23	276	7%	29%

Expected number of employees to return to work in 2020 (C)		Actual number of employees returned to work in 2020 (D)		Reinstatement rate = (D/C)	
Male	Female	Male	Female	Male	Female
14	196	9	132	64%	67%

Number of employees returned to work from unpaid parental leave in 2019 (E)		Number of employees returned to work in 2019 who have continuously worked for more than one year (F)		Retention rate = (F)/(E)	
Male	Female	Male	Female	Male	Female
14	127	5	88	36%	69%

Note 1 The "number of employees eligible for unpaid parental leave in 2020" refers to the number of employees who have applied for maternity leave or paternity leave in the past 4 years (2017 to 2020).

Note 2 The "expected number of employees to return to work in 2020" includes the number of employees who applied for unpaid parental leave from 2018 to 2020 and were scheduled to be reinstated in 2020.

Note 3 The "number of employees reinstated in 2020" includes the number of people who applied for unpaid parental leave from 2018 to 2020 and returned to work in 2020.

Note 4 The "2020 retention rate" = number of employees reinstated in 2019 who have continuously worked for more than one year / number of employees returned to work from unpaid parental leave in 2019.

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



5.4.2 Healthy, Safe, and Hygienic Workplace

Although employees of SKFH and subsidiaries engage in administrative and business services and are not exposed to high risks, we still attach great importance to the health of employees. We pay attention to the safety and health of the workplace environment at all times, implement labor environment measurement, and enforce professional training in safety and health. We take real actions to take care of employees and strengthen the health and safety of the workplace. We promote the implementation of employee care plans safety, sanitation, and health, so that all employees can have a safe and comfortable workplace. In 2020, the overall absenteeism rate of SKFH and its subsidiaries was 0.48%, and if insurance agents are included, the absenteeism rate was 0.81%. (Please refer to Appendix 7.1.6 for the occupational accident and absenteeism statistics of SKFH in 2020)

I Absenteeism Statistics of the Past Four Years

	2017	2018	2019	2020
Absentee Rate	0.45%	0.43%	0.60%	0.48%

Note Due to the different nature of sales business, insurance agents are excluded in the above table.

● Occupational Safety and Health Committee

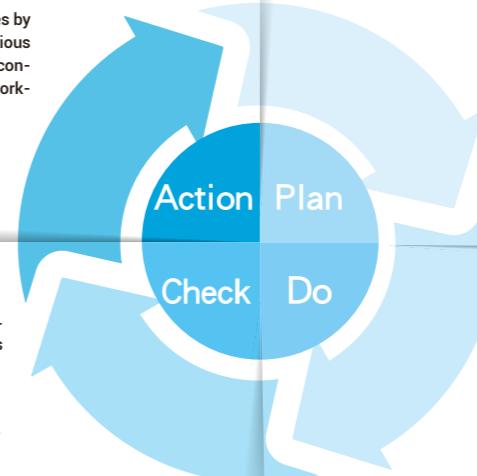
The major subsidiaries of SKFH have established the "Occupational Safety and Health Committee" in accordance with regulations. The President serves as the chair and is responsible for promoting health and safety management programs. The labor representatives of each Committee account for more than 1/3 of the each Committee. The Committee meets every quarter to discuss safety and health issues, such as review on workplace health and safety policies, the codes of safe and healthy work, the strategic plans for annual work and various safety and health proposals, and to track the effectiveness of various resolutions, so as to ensure that the implementation of various health and safety work meets the needs of employees and corporate expectations. In 2020, SKL reviewed/tracked up to 59 work items and 2 suggestions. In addition, SKL introduced an occupational health and safety management system (ISO 45001: 2018) in 2018. It strengthened the Company's safety and health management and was recognized by third-party certification organization as a company with good safety and health culture, and it becomes the first insurance company which passed the verification of this management system.

● Health Risk Management

We adhere to the concept of "Healthy Workplace". In addition to selling insurance products that provide customers with health and safety protection, we also attach importance to the health and safety of all employees. We have established workplace health and safety policies, and we identify the sources of the main health and safety risks in the company through operation of ISO45001 (Occupational Health and Safety Management System) and many years of employee health/environment monitoring records as well as accident analysis and statistical results. We have established annual work based on the results of health and safety risk assessment and in accordance with the regulatory requirements of competent authority, and we continue to take various risk control measures by adopting P-D-C-A management cycle based on the concept of "all-round protection".

P-D-C-A Management Cycle

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



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

- Safety and health management plan
- Emerging occupational diseases and injuries prevention program
- Annual healthy posture management activities

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

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

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

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

We made risk analysis by tracking the health inspection and accident statistical data in the past years, and found that disease of civilization (fatty liver disease, the three hypers, metabolic syndrome, etc.) and traffic accidents are the Company's main health and safety risks. Thus, SKFH and its subsidiaries have established various preventive measures for emerging occupational injuries and diseases, in accordance with occupational safety and health laws and regulations, to develop health management plans, such as annual healthy posture activities, health consultation of department, on-site doctor services, the four major plans for "human factors, abnormal workload, and workplace violence prevention, and maternity protection in workplace", key safety and health education and training, etc. In order to ensure the effective implementation of relevant program content, we also incorporate the implementation effects of occupational safety and health management as well as health promotion activities into the KPIs of responsible line managers and senior executive (e.g., environmental assessment and hazard identification, environmental monitoring and safety improvement, employee health checks rate, etc.). At the same time, we encourage supervisors to lead teams to participate in the activities of the health and safety jointly, to strengthen employees' health and safety concepts and implement the corporate health and safety culture. By continuing to promote healthy and safe work in the workplace every year, employees have more awareness of health and safety at work. In addition to the obvious trend of increase in the rate of participation in various activities, most employees have a positive attitude towards the contents of the various health management/care services as well as health and safety information provided by the company.

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

Note1 Influence degree refers to the degree and status of the damage to the company's image or employee's individual health and safety.

Note2 Occurrence frequency and the proportion of abnormal health are set according to the Company's statistical data in the past years.

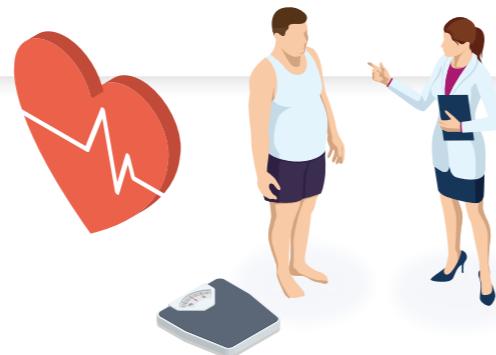


I Health Risk Management Measures and Achievements (from High to Low)

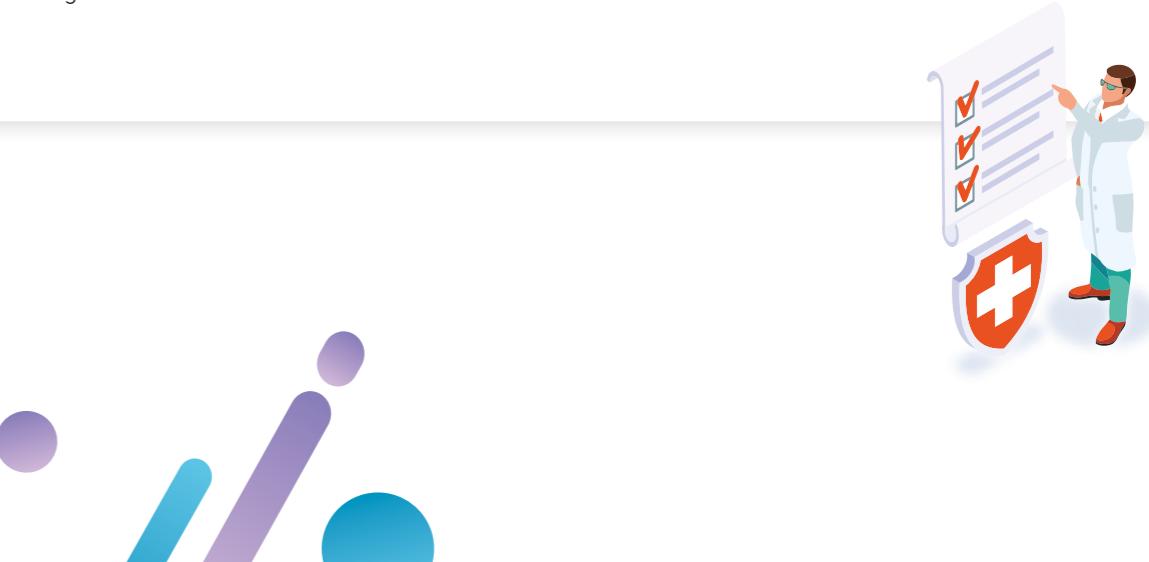


Main Health Risk

Sources of Potential Risks Fatty liver disease, Hyperglycemia, Metabolic syndrome, and BMI abnormal	
Management Measures	Major Achievements in 2020
1. Classify health risks, provide online health care by health managers, and schedule face-to-face interviews with professional doctors.	Health managers provided guidance for preventive health care and health care. In 2020, care and health consulting services were provided for about 8,284 times.
2. Expand the participating groups of healthy posture activities, encourage group competitions, and improve personal motivation; organize for health lecture courses, and integrate game competitions to conduct online quiz, so as to make employees to participate in health promotion activities more actively.	<p>1. SKL conducted posture management activity "2020 Puff Elimination Campaign", focusing on blood lipid reduction, supplementing with control on weight. In 2020, a total of 1,253 persons signed up and 910 completed the competition. The total number of persons completed the competition increased year by year; there were 687 persons lost 1,755.3 kg of weight successfully in total, with a total fat loss rate reaching 1,115.9%, and 2.6 kg of average weight loss per person and 1.6% of average body fat rate reduction per person.</p> <p>2. SKL expanded the "Health Passport Plan", and promoted employees to participate in the company's health promotion activities and to maintain their own health more actively through diverse reward methods; In 2020, it has given 78 health courses, participated by persons for 5,188 times.</p> <p>3. MLS organized for "Corporate Sports Courses", including "All-round Muscle Development" health lectures and "Technical Testing for Physical Fitness", to cultivate employees' awareness of physical fitness, share the fun of sports, and enable the company to have healthy and strong employees.</p>
3. Set up health measurement station and develop health APP to facilitate employees to track their own health status.	SKL set up the "Shin Kong iHealth" measurement station at key buildings to provide measurements of blood pressure, weight (including body fat), forehead temperature, and physical and mental indicators. The features can be used with an app for employees to track and record their own health status at any time. The services were used 25,674 times, an increase of 5 times as compared with the previous year.



Sources of Potential Risks Hypertension, Hyperlipidemia, cerebrovascular/cardiovascular diseases, cancers	
Management Measures	Major Achievements in 2020
1. Regularly conduct health checkup for employees.	SKFH and its subsidiaries conducted regular health examination for their office employees every year (for the sales personnel of SKB and SKL, once every two years), offered diverse health examination with the items more than that stipulated by law, and provided health management based on the analysis results of health checkup reports to protect the physical and mental health of the employees in the workplace.
2. Classification of health care: for the first-level (low) health risks, the health managers in the jurisdiction tracked health and provided care for three months; for the second-level (high) health risks, and the health managers in the jurisdiction provided suggestions about medical care for one month, and special professional doctors were used depending on needs. In 2020, a total of 799 persons was covered by health risk management.	<p>1. Classification of health care: for the first-level (low) health risks, the health managers in the jurisdiction tracked health and provided care for three months; for the second-level (high) health risks, and the health managers in the jurisdiction provided suggestions about medical care for one month, and special professional doctors were used depending on needs. In 2020, a total of 799 persons was covered by health risk management.</p> <p>2. SKL provided on-site professional doctor services, who served 22 sessions and 117 times in 2020; In addition, it provided on-site health doctors and nursing services, with a total of 505 hours of services provided in 2020.</p> <p>3. SKB and MLS engaged special labor health doctors, every three months, for employees to consult health issues and prevent diseases in the company; in 2020, consulting services were provided for more than 120 times.</p>





Medium Health Risk

Sources of Potential Risks	Management Measures	Major Achievements in 2020	Sources of Potential Risks	Management Measures	Major Achievements in 2020
 Diseases and damages caused by abnormal workload	Organize questionnaire surveys on the diseases caused by abnormal workload during annual health examinations, and formulate improvement plans based on cross-examinations of the results of health examinations.	<p>1. In 2020, the risk assessment concerning "abnormal workload" and other damage prevention plans has been implemented for all office employees, and those who meet the definition of long-term night work were included in the management objects, and ECG examination was provided in that year; in 2020, a total of 24 employees were included in the management objects.</p> <p>2. The workers who work shifts, at nights or for long time were listed as health risk management objects based on their annual health risk classification, and interviews with professional doctors were arranged for them with priority.</p>	 Severe infectious diseases	<p>1. Provide anti-epidemic care and vaccinate</p> <p>2. Improve the epidemic prevention system for severe and special infectious diseases</p>	<p>1. Provided subsidies for influenza vaccine to the groups with high health risk, and assisted general employees to apply for influenza vaccine at their own expense.</p> <p>2. Implemented infectious disease prevention awareness campaigns and assisted in handling emergency events to reduce the risk of accidents.</p> <p>3. Arranged various prevention and response measures for preventing COVID-19 in advance, and provided masks, alcohol, etc. for front-line employees who face customers to use. (Please refer to p.128 Epidemic Prevention System for Severe Infectious Diseases for details)</p>
 Traffic accidents	<p>1. Strengthen advocacy of traffic safety, and improve employees' awareness of traffic safety.</p> <p>2. Analyze the causes for accidents, and track and care for them, to ensure employees to return to workplace safely.</p>	<p>Traffic safety advocacy was carried out from time to time in the company's internal quarterly journals, labor safety e-newspapers and other publications, and included in the company's internal safe and healthy working rules and regulations; there were 91 health and safety advocacy articles in 2020.</p> <p>1. Tracked occupational accident cases and made assessment before return to work. Confirmed the causes for each accident by call, provided individual traffic safety warnings, cared about the health recovery of the injured, and confirmed that there is no problem for returning to work.</p> <p>2. Strengthen safety training for the units with a high occurrence rate.</p>	 Maternity protection	<p>1. Hire special internal consulting psychologists to plan for complete mental health promotion work and provide mental health services in line with corporate characteristics.</p>	<p>Cooperated with professional EAP consultants, introduced Employee Assistance Program (EAP), and provided 24-hour 0800 dedicated line consulting services. Focused on employee's mental consulting to ease their pressure caused by work or family problems, further to improve employee's productivity; in 2020, consulting services were provided for 108 times.</p>
 Maternity protection	Create a friendly workplace and improve the benefits to working mothers	<p>1. 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.</p> <p>2. Actively investigated the list of protected employees and encouraged the employees during pregnancy period or after giving birth to apply for protection. In 2020, there were 353 protected objects in total, and they were provided with Pregnancy Gifts, Mother Gifts, and Parenting Gifts that include diverse maternity and childcare products and parenting books.</p> <p>3. Oversaw the construction, maintenance, and management of breastfeeding rooms to create a friendly workplace environment. The rooms were used for 17,000 times in 2020, and it was awarded the "Excellent Breastfeeding Room Certificate" (2018-2021).</p>	 Mental issues	<p>1. Conducted department health checks (Enneagram Exploration, Emotion Management and Perception, Stress Adjustment, etc.). In 2020, gave 2 adjustment courses for new recruits - Workplace Happiness, 15 department health check activities and 3 "Lighting Up, Good Health" lectures, with a total of 496 persons participated and the highest satisfaction up to 4.8.</p> <p>2. In addition, conducted mental health related lectures - "Working Pressure Adjustment and Emotion Management" - based on the nature of personnel or the demands of department, and provided small gifts to the employees participating in the lectures, in order to encourage employees to participate in the lectures and learn to adjust pressure by themselves.</p>	


Low Health Risk

Sources of Potential Risks	Management Measures	Major Achievements in 2020	Sources of Potential Risks	Management Measures	Major Achievements in 2020
 Workplace violence	<ol style="list-style-type: none"> Organize questionnaire surveys on workplace violence prevention during annual health examinations. Conduct risk evaluations and formulate improvement plans. Senior-level announces to eradicate workplace violence completely and the company's zero tolerance attitude. 	<ol style="list-style-type: none"> In 2020, made the risk assessment concerning "workplace violence" prevention plan for all employees, and implemented management measures to improve the health care in workplace; in 2020, there is one complaint. Provided violence prevention training for all employees and reviewed working processes, so that employees can understand each other and know the types of violence and corresponding response methods. <ol style="list-style-type: none"> President signed "Statement on the Prohibition of Discrimination, Harassment and Workplace Violence in the Workplace" to expressly specify that there shall be no act which may cause damage to the legitimate rights and interests of others in workplace. Managers checked by themselves, through the annual self-inspection of workplace violence for management level, that whether their management methods are appropriate or not, and checked, based the contents of review, that whether other employee's acts are appropriate or not. 	 Environment supervision (inspection) operation	<ol style="list-style-type: none"> Ensure the quality of office environment, and regularly monitor the carbon dioxide and lighting in all offices. Ensure the safety of drinking water for employees, and regularly monitor the drinking water in offices across Taiwan. Ensure the safety of meals for employees, and regularly inspect the collective meals in employee restaurant. Ensure the health of the workers in central air-conditioning building, and regularly inspect the bacteria in the water of the cooling water towers of air-conditioners. 	<p>In 2020, semi-annually appointed the environment monitoring agency approved by competent authority to monitor the carbon dioxide concentration and illuminance in all offices by its professional technicians; and the monitoring results complied with specifications.</p> <p>In 2020, quarterly appointed an inspection institution approved by the Environmental Protection Administration to inspect the number of E. coli colonies in the water dispensers in various places in Taiwan. All results met standards.</p> <p>In 2020, quarterly appointed a qualified food inspection agency to inspect the collective meals in the employee restaurant of the head office and the trainee restaurant in the Xinban financial building. If the monitoring results are not in compliance, they will be tracked and managed or notified to the responsible units for improvement.</p> <p>In the summer of 2020, inspected the Legionella pneumophila in the water of the cooling water towers of air-conditioners. If the monitoring results are not in compliance, they will be tracked and managed or notified to the responsible units for improvement.</p>
 Musculoskeletal injuries	<ol style="list-style-type: none"> Organize questionnaire surveys on musculoskeletal diseases (human factors) prevention during annual health examinations. Conduct risk evaluations and formulate improvement plans. Provide professional and functional therapists and massage services to help employees to alleviate musculoskeletal discomfort 	<p>In 2020, conducted a survey on musculoskeletal discomfort for all office personnel to screen the employees with a high risk of potential musculoskeletal diseases, and scheduled interviews with physical/occupational therapists or professional doctors to confirm the causes for musculoskeletal discomfort and help to alleviate symptoms.</p> <ol style="list-style-type: none"> Engaged physical/functional therapist(s) to conduct on-site interview, give lectures, and provide consulting services for specific persons, through health examination analysis and the summary service reports made by health center, to alleviate musculoskeletal discomfort, with 159 annual service hours in total and use for 300 times accumulatively. SKL cooperated with social welfare organizations to provide "Shin Kong Massage Center" with massage services provided by masseurs with visual impairment. Employees can enjoy up to two 20-minute free massage services per person per month as needed. 			





Prevention of Workplace Harassment and Discrimination

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

In order to reduce the possibility of risk occurrence, we regularly conduct self-inspection of workplace violence behaviors in the workplace on management and conduct sexual harassment and workplace violence prevention training for all employees, to ensure that employees understand the types of workplace violence and corresponding countermeasures. All employees of SKFH and its subsidiaries have completed 100% of relevant education and training in 2020.

We also provide special complaint channels (including complaint hotlines and complaint mailboxes), and set up a sexual harassment complaint handling committee and an workplace violence handling team to immediately start the notification and investigation procedure once there is an actual complaint case. If it is proven true after investigation, the company will punish according to the personnel regulations and provide necessary assistance and remedial measures to the complainant, including system adjustments, psychological counseling and material compensation. If it is proved to be falsely accused, the company will also punish or deal with the complainant appropriately, so as to mitigate and eliminate the improper influence and protect the basic rights and interests of employees.

In 2020, SKFH and its subsidiaries received zero complaints of sexual harassment, but one complaint of workplace violence. Upon receipt of a complaint of workplace violence, we set up a special investigation team to investigate the incident through a tripartite process (complainant, counterpart, and relater) to determine whether the case was substantiated. An internal psychologist is invited to provide a professional assessment in the handling team. For those who violate the principle of prohibition of workplace violence, the Company has imposed penalties according to the investigation results and personnel regulations and later assist them in adjusting their service units according to the needs of the complainants. In order to speed up the investigation time after the incident, we have also made subsequent adjustments to the system, and discussed and announced the "Rules and Procedures for Complaint and Disciplinary Action against Workplace Violence in the Performance of Duty" and set up a special investigation team in the hope of speeding up the process of considering the relevant cases. In addition, we have strengthened the knowledge of labor laws and workplace management among employees and business units through internal promotion.



● Safety Protection and Emergency Response Mechanism

To ensure the environment in workplace, we dispatched the managers of the business units to receive the trainings for "Class A and Class B Occupational Safety and Health Business Managers", in accordance with the requirements of occupational safety and health 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 trainings for "first aid personnel" to obtain certificates, regularly provided CPR+AED trainings, 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 2020, we offered CPR+AED training courses in the head office in Shin Kong Life Tower, with trainees up to 968 and a training rate of 97.6%.



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-robery drills" in each branch every six months specifically 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 accidents are traffic accidents, and that delay in internal reporting of any accidents occurred at the time closing to getting off work or on the way to visit customers on holidays may be caused by time, we established worker safety incident notification service, by using the company's internal communication software, to provide diverse channels for employees to report any incidents timely.

● Contractor safety management

SKL established the "Regulations on Contractor Work, Change, Safety and Health Management" to manage contractor operations and safety. The Company requires contractors to do its best to meet relevant occupational safety and health regulations in contracted outsourced operations. Contractors are required to provide necessary personal protection and training for employees. With the introduction of the ISO system, we help contractors to perform hazard identification and risk assessments, share experience in implementing safety and health management, and formulate related improvement strategies through communication and exchange of ideas.

When professional construction work is carried out in workplace areas of SKL, warning areas must be set up with information of the relevant hazards to prevent employees from injuries or hindering the progress of the construction by accidentally entering the construction area. In addition, we also provide environmental hazard factor notification sheets to make the contractor to pay attention to the environmental precautions to which SKL should pay attention, so as to avoid accidents, and establish a friendly partnership with the contractor. In 2020, zero occupational injury occurred to the workers who were not SKFH's employees but their work or workplace was controlled by the Company.



Epidemic Prevention System for Severe Infectious Diseases

A novel coronavirus pneumonia (COVID-19) epidemic struck in Taiwan in January 2020. In order to ensure the health and safety of all employees, SKFH immediately established the "Epidemic Prevention and Control Team". The President serves as the convener to oversee plans and execution of all emergency response measures, direct disease prevention work in the Company, and supervise the subsidiaries in the implementation of response measures. We held the first epidemic prevention and response team meeting after the lunar year to formulate the company's internal epidemic prevention policy, and launched off-site office mechanism and tested the feasibility of working at home in the first quarter. During the epidemic response period, we adjusted our various internal epidemic prevention measures in a rolling manner, established epidemic prevention and handling procedures, sent various health information (including physical and mental information, etc.), reported employees' health status every day, tracked health and provided care by dedicated persons. we enhanced the cleanliness of the public environments. The Company regularly wiped and disinfected the accessible surfaces (elevator buttons, door handles, handrails, etc.) and prepared infrared thermal imaging devices, forehead/ear, and automatic alcohol hand sanitizers in various office locations as well as masks and other health management equipment for employees.

In addition, SKFH also established deputy and remote/work-from-home mechanisms to ensure the smooth operations of human resources, core business, information systems, financial investment support. SKFH seeks to protect company operations and domestic and foreign investment transactions from the impact of the epidemic to protect the interests of shareholders.



I The contingency measures at each stage are as follows.



Establishment of pandemic prevention organization: Establish an epidemic response team to prepare plans for people/events/time/place/objects, and hold pandemic prevention team meetings regularly or depending on the development of the pandemic.



Avoidance of large-scale gatherings: Cancel large-scale physical meetings or gatherings with more than 100 people, and hold cross-departmental online meetings by using Webex cloud meeting rooms to avoid group gatherings.



Establishment of notification mechanism: Establish an internal notification mechanism within the group, and assign special personnel to perform epidemic prevention notification daily to grasp the risk status of personnel at any time.



Strict access control: Implement the access control measures for executives in cooperation with each building. Non-company contracted manufacturer, express delivery, temporary visitors and food delivery personnel are prohibited to enter the workplace.



Improvement of epidemic prevention materials: prepare relevant epidemic prevention materials to ensure adequate supply.



Enhancement of education publicity: Strengthen publicity for employees to wash hands frequently and do a good job of self-health protection to protect the employee health and workplace safety.



Implementation of remote office: All subsidiaries are required to take inventory of manpower, site, software and hardware equipment, etc. according to the nature of the business, and complete the pre-work for remote office and home office; the remote office will be started in phases after the completion of the remote office and home office drills.

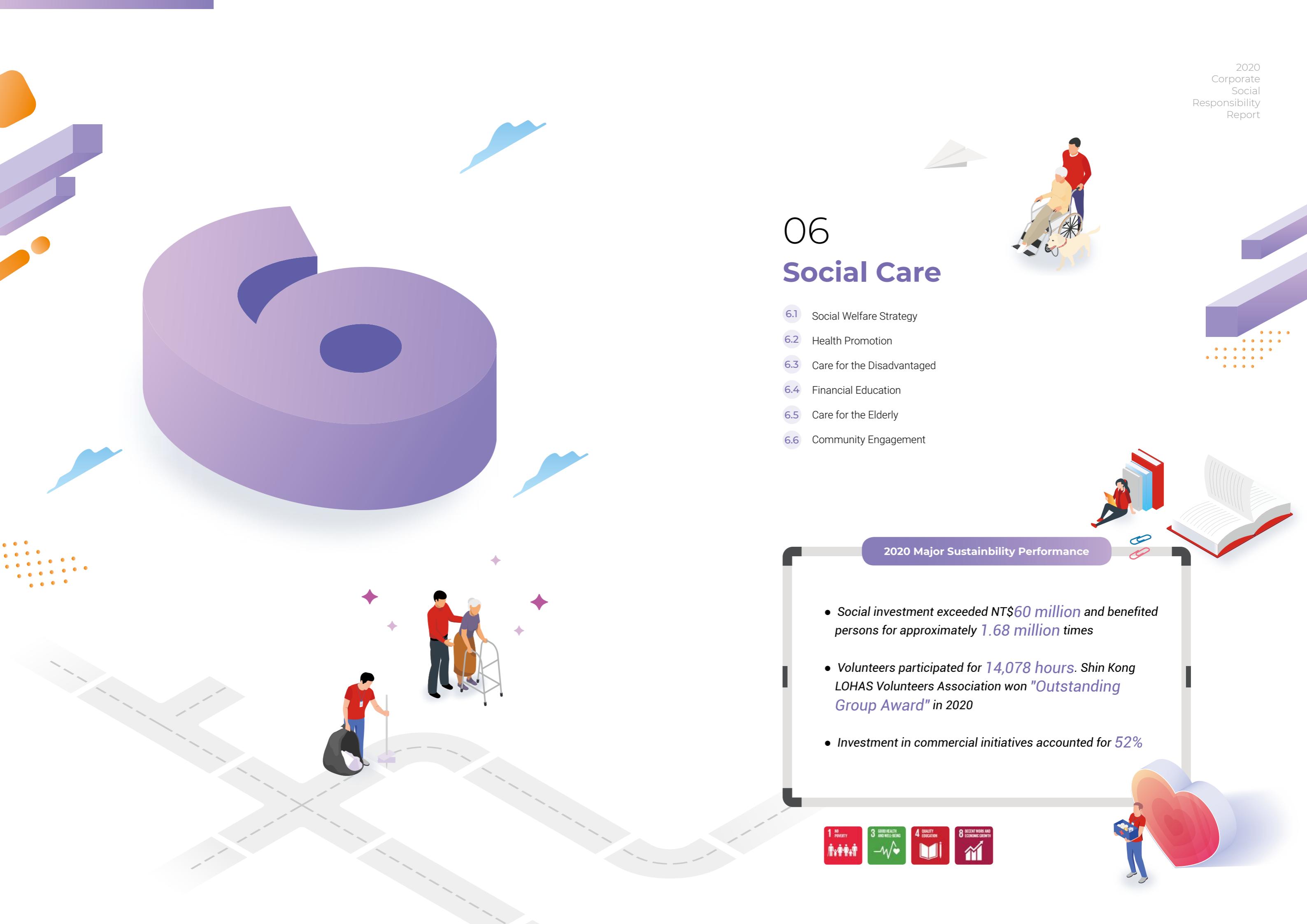


06 Social Care

- 6.1 Social Welfare Strategy
- 6.2 Health Promotion
- 6.3 Care for the Disadvantaged
- 6.4 Financial Education
- 6.5 Care for the Elderly
- 6.6 Community Engagement

2020 Major Sustainability Performance

- Social investment exceeded NT\$60 million and benefited persons for approximately 1.68 million times
- Volunteers participated for 14,078 hours. Shin Kong LOHAS Volunteers Association won "Outstanding Group Award" in 2020
- Investment in commercial initiatives accounted for 52%



Chapter 06

Social Care

SKFH upholds the ideals for "giving back to the society what one reaps from the society" and established five major public welfare strategies including "Health Promotion", "Care for the Disadvantaged", "Financial Education", "Care for the Elderly", and "Community Engagement" based on the 17 Sustainable Development Goals (SDGs) of the United Nations. SKFH integrates the resources of subsidiaries, foundation, and affiliates and uses real actions to create sustainable value for companies, promote positive development in the society, and fulfill our motto of "Our light and heart are always with you". SKFH invested more than NT\$60 million in social engagement in 2020 which benefited approximately 1.68 million participants.

6.1 Social Welfare Strategy

SKFH actively participates in social welfare activities. To fulfill our duties as corporate citizens, we established the "Shin Kong Life Foundation" and "Shin Kong Bank Culture and Education Foundation" to engage in long-term "strategic charity plans". We construct interfaces for communication with a diverse range of stakeholders and activities in the public interest. We accompany the elderly, children, teenagers, women groups, the general public, disadvantaged groups, groups living in remote areas, and take real actions to fulfill corporate social responsibilities. We will continue to intensify social engagement and promote more comprehensive strategies with the aim of becoming a stabilizing power in the society and seek the common good for the land, people, and everything in Taiwan.



Social Welfare Strategy



Health Promotion

Target

Improve people's health risk awareness and promote health and well-being for all ages

Connections to activities

The Company organizes full-age group health campaigns, women's health campaigns, dementia friendliness charity activities, protection against cancer to improve people's health knowledge and risk awareness.

Connections to operations

Health promotion products
Financial investment
Number of beneficiaries



Care for the Disadvantaged

Target

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

Connections to activities

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

Connections to operations

Financial inclusion products
Financial investment
Number of beneficiaries



Financial Education

Target

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

Connections to activities

SKFH uses events such as youth education programs and improve finance knowledge to help young students improve their professional competitiveness and provide employees with opportunities for lifetime learning to enhance their professional financial knowledge.

Connections to operations

Financial inclusion products
Financial investment
Number of beneficiaries



Care for the Elderly

Target

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

Connections to activities

We used the activities everywhere and elderly residents' community care activities to help the elderly improve their quality of life in old age, create cohesion in the society, and improve their physical and mental health.

Connections to operations

Health promotion products
Financial investment
Number of beneficiaries



Community Engagement

Target

Protect local culture and improve art and cultural awareness

Connections to activities

We organized activities such as the nationwide painting contests, Shin Kong Cup Street Dance Contest, and smallholder farmers' market to enhance local culture and cultivate outstanding talents. We also support environmental protection initiatives to improve the local economy.

Connections to operations

Health promotion products
Financial investment
Number of beneficiaries



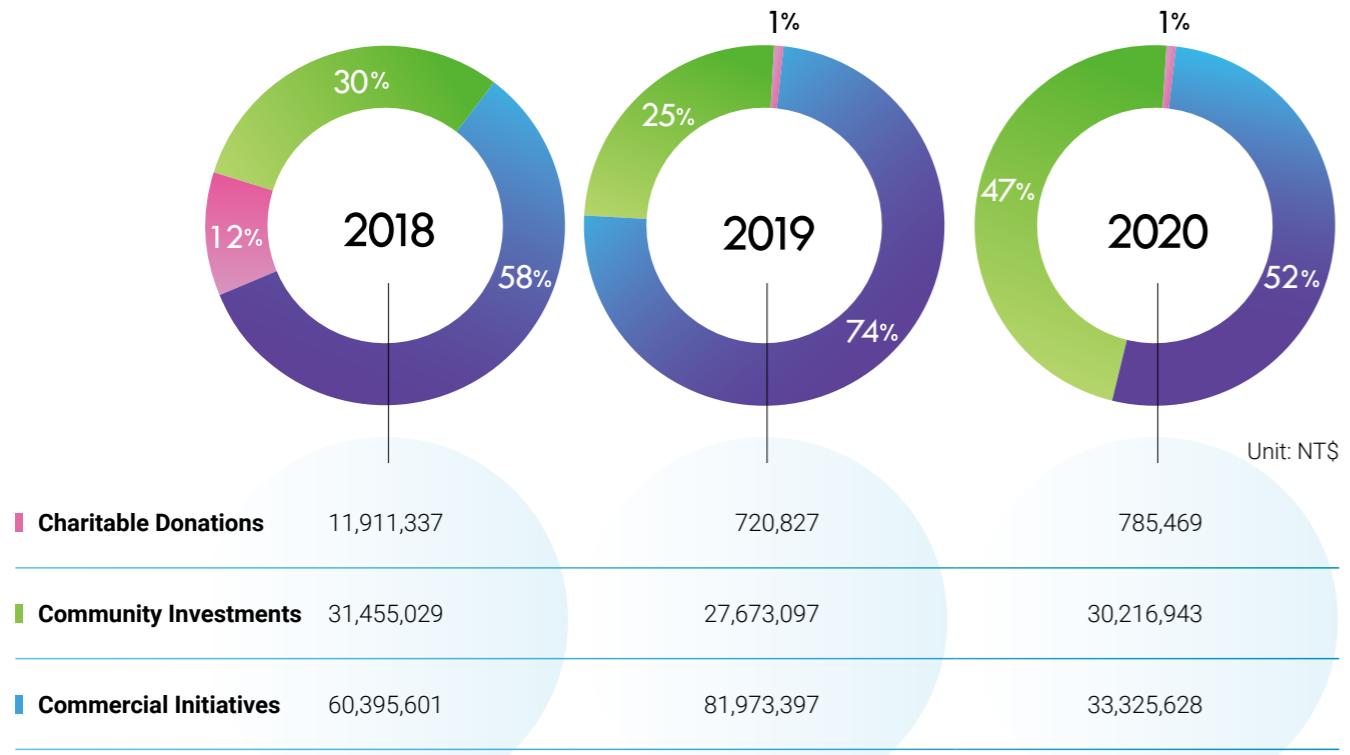
I Social care investments in 2018-2020

Unit: NT\$

Investment type	2018	2019	2020
Cash Contributions	42,800,456	69,477,132	30,425,935
Time : Employee volunteering	425,388	5,891,231	8,018,628
In-kind giving	11,030,832	873,532	1,409,077
Management Overheads	49,505,291	34,125,426	24,474,400
Total	103,761,967	110,367,321	64,328,040

Note Investments include event expenditures (including administrative and HR expenses), In-kind giving, and sponsorship.

I 2018-2020 Social engagement categories



Charitable Donations 11,911,337

720,827

785,469

Community Investments 31,455,029

27,673,097

30,216,943

Commercial Initiatives 60,395,601

81,973,397

33,325,628

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

Note 2 Community Investments: 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 products and activities to enhance the willingness of the public to participate in public welfare activities, so as to promote social prosperity and increase the influence of enterprises.

6.2 Health Promotion

I Connection between the social welfare strategies and business operations and their performance

For the "health promotion strategy, we improved disease risk management from post-hoc insurance coverage to prevention to help people establish risk awareness for major diseases and long-term care. We also organized the Shin Kong Life Tower Run Up, blood donation drives, and hiking activities across Taiwan to increase people's awareness of related diseases and improve health risk awareness to gradually attain the goal of SDG 3 for ensuring healthy lives and promoting well-being for all at all ages. We invested approximately NT\$6.688 million in related health promotion activities in 2020 which benefited approximately 36,000 participants.



● Health protection for all ages

Shin Kong Life Tower Run Up

The 39th event in 2020 was titled "Run for Health of All Age Groups" and focused on elderly care and long-term care issues to protect the life and health of the elderly. We promoted healthy exercised as well as multiple protection products and fitness club services to attain the goal of promoting the health of all age groups. 3,273 registered for the event and we have accumulated more than NT\$0.16 billion in charity donations and more than 200,000 participants have registered for the event since it was first organized in 1994.



Blood donation drives

SKL and MLS launch nationwide blood donation drives before Lantern Festival each year to alleviate the blood shortages after Chinese New Year. Shin Kong's nationwide blood donation drive in 2020 was titled "small pain for saving lives" and was organized in 21 locations across Taiwan. We provided gifts such as the famous illustrator Wei Teng co-branded hot and cold packs and year of the rat lucky lanterns. We also purchased "taro rice" from Liu Ying District Farmer's Association as gifts for blood donors so that we can take real actions to help support farmers in public welfare activities. In 2020, there were 3,338 blood donors and 4,595 bags of blood were collected, which in combination with the "Shin Kong Taipei Station" bloodmobile, resulted in a total of 16,558 blood donors for the year. Over the years, a total of 22,817 bags of blood were collected.



Hiking activities

SKL has organized hiking activities for insurance customers for 14 consecutive years to support the exercise promotion policies of the Sports Administration and encourage people to develop long-term habits for exercise. In the "2020 S.K. Walker" event, we invited colleagues, insurance customers, and family members across Taiwan to join us. To minimize the risks of spreading COVID-19, we reduced the scale of the event and rigorously followed disease prevention regulations. Approximately 1,880 insurance customers and their family members participated in the event and 564 SKL employees provided services.

Health Talk seminars



SKL invited famous artists Action Tang and William Hsieh to give speeches to increase people's awareness of the need for long-term care. The two artists shared their experience in taking care of family members who suffer from dementia and require long-term care. They shared stories on how the caregiver should adapt to care requirements and economic burdens in order to increase the people's awareness of elderly care issues. Four sessions were organized in Taipei City, New Taipei City, Taichung City, and Kaohsiung City in September 2020 for 566 participants.

Women's health protection

Women's cancer and women's health promotion seminar

As Taiwan's breast cancer screening rate remains low, we sought to remind women to take care of their health. Shin Kong Life Foundation and the "Taiwan Breast Cancer Alliance" have organized the "Breast Care for Spreading Seeds of Love" campaign for 15 consecutive years. We invited patients to speak on breast cancer prevention issues and connected patient associations across Taiwan to communicate prevention awareness to all corners of Taiwan. We organized 5 sessions of the "Women Cancer Prevention Seminar" in Yunlin County and Pintung County in 2020 due to its lower cancer screening rates. A total of 128 participants attended the event and we have organized such events for more than 10,396 participants.



Shin Kong Life Foundation also promote women's health awareness with the Business Department of SKL and SKB. We organized 4 celebrity health seminars in New Taipei City, Taichung, Kaohsiung, and Hualien in 2020. A total of 641 people registered for the event and the satisfaction rate was 93%.

● Friendly banking for people with dementia

SKB has always cared about elderly care issues and supports the United Nations Sustainable Development Goals (SDGs) with the aim of using core competencies of the Company for the welfare of all age groups. The number of defrauded people in Taiwan has increased and elderly people have become targets for fraud rings. As a company that has focused on local business development and prosperity, SKB sought to increase the alertness of service personnel and prevent customers from being defrauded. It has planned the care projects for the elderly suffering from dementia with "Taiwan Alzheimer Disease Association" since 2018. The "Help dementia with Shin Kong" program includes a variety of care projects for the elderly who suffer from dementia and SKB became the first bank in Taiwan to offer "friendly banking for people with dementia". A total of 56 dementia charity and care activities were held in 2020 for 23,282 participants.



Micro film - Mom Knows

SKB has launched micro films for dementia for two consecutive years. The 2020 micro film "Mom Knows" starred Golden Horse Award winner Shu-Fang Chen and focused on the emotional connections between the patient suffering from dementia and the caregiver. It communicates the importance of protecting patients from financial exploitation. SKB aimed to use a micro film to increase people's awareness of dementia issues, make use of its influence in corporate social responsibility, and connect more forces to create an environment friendly to people suffering from dementia. The 2020 micro film "Mom Knows" received the Top Ten Sustainability Micro Film Award in the fifth Taipei Golden Eagle Micro-Movie Festival.



► Micro film - Mom Knows



Dementia VR memory recreation



SKB worked with the elderly care innovation company LaPangu Care Inc., iFull Family Care Association, Dementia Care Association, Taiwan, R.O.C., Taiwan Association of Family Caregivers, Center for Integrated Dementia Care of Chung Shan Medical University, and Taiwan Alzheimer Disease Association and used the VR technologies developed by Silver Wood Corporation in Japan to create first-person 360-degree images of three scenarios including a train ride, getting off the train, and joining a gathering. The technology helps the user experience the hallucinations or loss of spatial sensitivity that people of dementia may suffer. We also appointed professional certified instructors to lead discussions on the difficulties for people suffering from dementia in order to improve our interactions with them.



Love Glitters in Colors — Memory Art Creations Workshop

SKB began collaboration with "New and Alive Art Service", a social enterprise, in organizing the "Love Glitters in Colors" memory art creative workshop since 2019. We worked with local day-care centers and associations of family caregivers and invited instructors of New and Alive Art Service with international certification to lead patients and

caregivers in two major creativity activities including "you in my eyes" and "creative circles". The art activity helped patients and caregivers redefine their relationship and intensify communication to attain vibrancy in old age and increase the quality of life.



Look at me and look at you image dialogue workshop

SKB and The Classic Vision Co., Ltd. jointly organized the "Look at me and look at you" image dialogue workshop in 2020 which used image creation to increase interaction between patients and caregivers. The team visited eight community care sites for people suffering from dementia in Taiwan and organized workshops for family caregivers and those suffering from minor dementia. We used simple documentaries to help participants take professional photographs with mobile phones. We also help caregivers use simple interview skills to record the wonderful things in the lives of dementia patients, and keep wonderful memories for each other.

● Protection against cancer

MLS care for and support cancer patients



MLS has long focused on the medical and biotechnology industries in its operations and has worked closely with the Formosa Cancer Association on cancer issues to gain information on the latest developments in the biotechnology industry. The key to fighting cancer lies in the patient's emotional state. We hope to help patients refocus their minds and recreate their beauty and confidence through cancer care activities. In 2020, we sponsored the sixth hundred-person "Hair for Hope" hair donation event in which braids of hair were used to produce wigs for cancer patients. We also sponsored the publication of the cancer health education handbook to be provided to 128 hospitals and 299 cancer treatment units in Taiwan free of charge upon application. We sought to strengthen the cancer patients and the people's will to fight cancer and gave pillows to cancer patients in hospital wards. We also organized donations and charity sock donations with the aim of taking the lead and encouraging all sectors of the society to join us in helping cancer patients fight cancer.

Donated face masks to the Childhood Cancer Foundation of the R.O.C.

The epidemic in 2020 created an extreme shortage of face masks in the first half of the year. MLS understood that young cancer patients have weaker immunity than regular people and have a desperate need for face masks. MLS thus donated 6,000 children's face masks to the Childhood Cancer Foundation of the R.O.C. to use real actions to protect these brave children who are battling cancer and help them pass the cancer fighting process.



Help fight against COVID-19

SKFH integrates the resources of subsidiaries and affiliates to jointly offer encouragement and express gratitude for those who have worked so hard during the outbreak of the COVID-19 epidemic. We provided donations of supplies, relief for emergencies, and social assistance for the poor and vulnerable. We implemented disease prevention measures with all citizens in hopes of expressing the gratitude of all people in Taiwan for those who served on the first line of defense against the disease in Taiwan.



Charity

SKL organized events on the fanpage to support healthcare workers and played the messages on the outdoor TV wall of Shin Kong Life Tower. We also organized an actual event and online broadcast of the "You're the Joy in My Heart - Concert in Tribute to Healthcare Workers" to use the power of music to soothe people's minds and offer our most sincere respect and gratitude to healthcare workers.

Donations of meals
for healthcare
workers

Shin Kong Life Foundation began providing five-star meal boxes from Hotel Royal since March to Taipei City Hospital which served as a moderate/severe isolation response hospital during the epidemic. We hoped use nutritious and delicious food to support the medical team so that hardworking healthcare workers can take care of their own health as they dedicate themselves to saving lives.

MLS appeared in
Times Square, New
York to pay tribute to
heroes fighting the
epidemic across the
world

MLS responded to the invitation of the global securities trading house and appeared on the TV wall of the NASDAQ Tower in Times Square, New York with a heartwarming message for healthcare workers, researchers, and citizens in the fight against the epidemic to join hands in the arduous journey of disease prevention and road to recovery.

6.3 Care for the Disadvantaged**I Connection between the social welfare strategies and business operations and their performance**

SKFH hopes to use the power of the Group to help socially and economically-challenged groups so that they can obtain basic protection in times of difficulties. We offer products for promoting financial inclusion such as micro insurance, small-amount whole life insurance, and micro loans and we develop a diverse range of digital financial services to help people living in remote areas obtain financial products and services. In addition, we also actively work with charity organizations in organizing activities in the public interest and support education of schoolchildren in remote areas. We use our business locations across Taiwan to support local communities and take real actions to support charities and social welfare enterprises. SKFH invested approximately NT\$12.958 million in various charitable events in 2020 which benefited approximately 154,000 participants.

● Family support and care**Christmas charity activities**

SKFH and subsidiaries focused on love and care for the 2020 Christmas events and organized the charity fundraising event titled "Christmas companionship for delivering light and warmth" on the Shin Kong Life Tower plaza. We worked with the "GIVE543" gifting platform and focused on the theme of "gifts from Shin Kong" to select four social welfare organization and encouraged employees to make donations. We raised 50 boxes of supplies and donated love to institutions that require care and create a positive cycle of charity in the society.

**109年度微型、高齡化、住宅地震、強制車險及投資新創重點產業頒獎典禮****Emergency aid and relief for police officers and firefighters**

SKL provided emergency relief for economically challenged people or those suffering from major illnesses across Taiwan. We also pay a compensation of NT\$100,000 for each police officer and firefighter killed in the line of duty in accordance with the "Regulations for Compensation for Police Officer and Firefighter Killed in the Line of Duty" to support their family and enhance social welfare. We provided emergency relief funds for 32 individuals in 2020 totaling NT\$160,000 and provided compensation totaling NT\$400,000 for four police officers and firefighters who were killed in the line of duty.

Dream Come True Program for Children in Remote Areas

SKL and Remote Area Students Dream-realizing Charitable Organization worked together on the "Remote Area Students Graduation Yearbook Dream Come True Program". We hired professional photographers to help small schools in remote rural areas shoot unique graduation yearbooks and provide graduates of individual tribes with the best form of memory for their growth. The program has benefited schoolchildren in remote areas and made improvements for resource deficiencies.





Charitable activities for supporting caregivers

SKB and New Taipei City Family Care Giver Association worked together on two campaigns in 2020 including "The Kitchen" and "Care Salon". We organized professional teams to support caregivers and use cooking to rebuild their sense self-worth and confidence. We also taught caregivers to cook dishes for a healthy DASH diet. The "Care Salon" focused on the needs of caregivers and we invited professional instructors to teach them care-giving skills and relax their hearts and minds. We also invited more experienced caregivers to share their experience. We encourage caregivers to take part in social activities and mitigate stress.



Assist the elderly in housekeeping in winter

SKB and the Hon Dao Senior Citizen's Welfare Foundation worked together for the benefit of the elderly who live alone. SKB started fundraising campaign for general expenses for volunteers to help support the elderly who live alone in 2020. We also helped the elderly who required the use of wheelchairs to complete health walk events and provided home cleaning services for the elderly who live alone and cannot move about easily.

Taiwan-Myanmar Medical Empowerment Project

SKB has worked with the American non-government organization Global Health through Education, Training and Service (GHETS) on the Taiwan-Myanmar Medical Empowerment Project since 2015. The Program was aimed to improve the quality of local medical services and improve sanitation and healthcare in underdeveloped regions of the world. We also provided training for medical units and professionals in different areas to achieve long-term improvements in the health environment. The Program has trained 59 seed instructors for family medicine and created 50 education clinics. It also works with the University of Medicine Yangon on educational courses.

2020 Shin Kong Year of the Rat Celebration for Lantern Festival

SKFH and subsidiaries invited artists and charity organizations to perform at the Lantern Festival event in 2020 and we also invited the Kanner Foundation of Taiwan to provide hand-made coffee designed and carefully packaged by children with autism with the aim of encouraging people to pay closer attention to social issues as they enjoyed the music and the feast.



Schoolchildren education and care

LIFE Lab. LINE stickers

SKL "LIFE Lab." partnered with the Eden Foundation in the creation of the co-branded cute and naughty stickers of "LIFE Lab." in 2020 with the aim of helping children in remote rural areas. All income was directed to the "Eden Elephant Ring Project" and we invited everyone to help take care of schoolchildren from economically disadvantaged families so that they can also enjoy high-quality education, improved confidence, and opportunities for learning after school.



New study companionship 2.0



Shin Kong Life Foundation has promoted the "new companionship - pen pal project" since 2013 to support the growth of children from economically disadvantaged families so that schoolchildren in remote rural areas can transform themselves and their families. The project has helped children in remote areas use letters to enhance their written and language skills and enrich their life experience with consultation and answers provided by elder pen pals. The correspondence process has expanded their imagination for the future and they understand that they have many options in life. As long as they have dreams and are willing to work hard, they can achieve heights of their own. The Foundations provided scholarship awards of NT\$2,000 for 11 students from economically disadvantaged families and 7 students with outstanding academic achievements in Xinguang Elementary School in 2020. We also organized 2 events in 2020 including the Dream 30 Career Forum with 363 participants and the Godot Remote Rural Area Drama Course for 53 participants.

Career path support - financial education program for job empowerment

SKB and the Taipei Orphan Welfare Foundation worked together on the "career path support - financial education program for job empowerment" to organize financial education programs for teenagers who are known to have relatively weak financial knowledge. We use simple and easy-to-understand methods to explain the operations of banks and help develop correct financial values so that students can learn about the convenience and security of digital finance and gain a deeper understanding for the finance industry.

Shin Kong digital academy

SKB and Andrew Charity Association worked together to incorporate financial education activities into the Life Development Camp of the Association. We led them on a tour of the new digital equipment of the Guanqian digital banking branch and taught them basic knowledge of finance from actual experience. We adopted an approach that meet general life requirements to help students learn more about financial services provided by banks.

2020 Christmas day trip

SKB invited 40 children and 3 teachers of the Taiwan Gengxin Academy Cultural and Education Association and 25 volunteers from the SKB Volunteers Association on a day trip to Taoyuan Pushin Range. The volunteers accompanied the children around the park, chatted with them, and made soap, painted piggy banks, and folded year of the ox lanterns with them to provide a heartwarming Christmas experience. We also provided basic education on financial knowledge to teach children how to distinguish between wanting and needing something and to prioritize savings. The volunteers also taught them to save more money, spend less, and use account books diligently to help them conserve energy for their future.

**Love you and share love with you project**

The Taiwan Action Bodhisattva Education Association created by the construction industry in Central Taiwan was founded more than 17 years ago and has always connected people through kindness to help support the disadvantaged who live beyond the scope of the government's assistance. The association has three main goals: help students in their studies, after-school assistance, and live up to their dreams. The "love you and share love with you" project started by caring for 25 students and has been expanded to more than 1,000 students in 81 schools in 2020. We have expanded from Taichung to Taichung, Changhua, and Nantou and ventured as far as Hualien just to help students in remote areas study without worries. We seek to help children view schools as hope instead of an unattainable goal.

Promotional program for newspaper reading education in remote areas

SKFH and Mandarin Daily News launched the newspaper reading education program for 19 elementary schools in remote areas and used reading and cut-out newspaper reports to improve students' language skills and expand their horizons. The program has been immensely popular with the students. We shall continue to invest resources in education in remote areas and we hope to use the seeds of love spread by companies to provide young children who lack resources with more opportunities for learning. The most important thing is to uncover the children's potential and provide them with a future of endless possibilities. We hope to help children expand their horizons in the creative process and enrich the minds of the children. The project has benefited approximately 1,173 participants.

**6.4 Financial education****I Connection between the social welfare strategies and business operations and their performance**

SKFH attaches great importance to youth development. In addition to organizing campus recruitment, scholarships, industry-academia cooperation, and wealth management contests each year to provide young students with academic resources, enhance their actual experience in the finance industry. We have also used our financial competencies to organize wealth management and public welfare seminars to help the people strengthen their wealth management knowledge. SKFH worked with insurance-related departments of 70 colleges and universities in 2020 in industry-academia cooperation projects and invested approximately NT\$21.25 million in related activities which benefited approximately 211,000 participants.

Youth education development**Shin Kong Life Insurance Scholarship**

The SKL Scholarship has been provided for 47 consecutive years since 1973. It is the only scholarship in the domestic life insurance industry provided for both the insured and non-insured. The scholarship is aimed to encourage students and provide them with the most substantive form support. A total of 28,158 applications were filed for the scholarship in 2020 and a total of 3,244 students received the scholarship which totaled approximately 8.554 million.

Scholarship for Yangon University of Economics, Myanmar

SKB has provided scholarships for students of Yangon University of Economics, Myanmar for four consecutive years since 2017 with the aim of helping the future leaders of Myanmar focus on their studies. The scholarships are provided to 3 recipients of each department with a total of 24 recipients. SKB also purchased books and set up a financial book section with a total donation of \$8,700 in 2020.

Cultivation of finance talents**Dream Camp**

SKL has organized industry-academia collaboration courses for students of finance-related departments each year and provided students of colleges and universities with opportunities for visiting the Company. We help students learn about the operations of insurance companies and professional know-how of the insurance industry through internships and visits. We also organize seminars on the results of internships to help students participate in finance and insurance work and learn about the operations of the insurance industry. This helps them improve practical experience and workplace competitiveness and train professional insurance talents. We worked with insurance-related departments of 70 colleges and universities in 2020.



Young Wealth Management Specialist finance and wealth management education programs with VR experience

SKB works with the Department of Education, Taipei City Government on the "Young Wealth Management Specialist Game" in 2020 to take wealth management education out of books and convert it to specific education plans. They started by learning about wealth management and currencies of the world, and tried depositing funds and filling out withdrawal forms at the counter at the realistic settings of the Bank. We also had bank clerks helping students learn the techniques for spreading and tying banknotes. The total number of people under 12 years old who opened bank accounts in 2020 amounted to 5,546.

Masterlink Cup: Potential Stock Identification Contest

MLS organized the individual stock research report contest and invited college students to draft research reports to identify stocks with potential for development. We sought to help students learn more about the importance of meticulous research and risk assessments in the research and report process and enhance their knowledge and interest in the stock market. The number of participants in 2020 is 151.



Masterlink FinTeach campus financial sponsorship event

MLS invited teachers and students to join the ranks for promoting inclusive finance to promote financial education, encourage students of colleges and universities in Taiwan to develop financial knowledge, and help them establish correct investment and wealth management concepts. The program helps MLS achieve the goal of quality education in the SDGs. Due to the impact of the epidemic in 2020, there were only 36 applications and MLS provided sponsorship to 13 departments and clubs of universities with a total sponsorship of NT\$331,300.



● Improve finance knowledge of the public

Shin Kong Beautiful Life

SKFH has regularly organized free public welfare seminars on wealth management, leisure, and health for 15 consecutive years. We have invited renowned figures in the society and elites from different fields to give speeches, share their experience and knowledge, and enrich our spirit. Due to the impact of the epidemic in 2020, only 11 seminars were held for 1,015 participants.

MLS Flipped Classroom

To support disease prevention measures, the flipped classroom was changed to an online YouTube program in 2020 so that investors can learn about investments from anywhere. The contents of the speeches were also edited into "one-minute summary footages" to help investors quickly learn about the keys for investment. A total of 24 seminars were organized in 2020 for 5,289 participants and 8,117 participants viewed the live stream.



MLS Investment Classroom

MLS organized seminars based on popular investment topics to teach people how to analyze market changes, introduce innovative financial investment tools, and explain investment strategies in a post-pandemic era so that investors can reduce their investment risks caused by a lack of information. A total of 112 seminars were organized in 2020.



LIFE Lab. seminars

SKL has used online media, neighborhood offices, or listed companies extensively to organize seminars on current issues and invite speakers to create opportunities for the public to interact with insurance companies. We also organized seminars on various topics including health and family handicraft courses in the LIFE Lab. or communities. In addition, we have promoted health awareness and insurance knowledge with the aim of helping the public enhance their knowledge of finance and insurance. A total of 120 events were organized in 2020 for 3,701 participants.



Charity Carnival

We organized the "2020 Financial Services Charity Carnival" in Pingtung and Chiayi to encourage people to learn about financial literacy and care for disadvantaged groups in the society. The event included games and public welfare themes to improve the financial knowledge of the public with the aim of promoting financial inclusion in local communities.



Christmas concert with anti-fraud education

Due to the continuous occurrence of fraud cases, we invited charity organizations for charity sales at the Christmas concert and we also organized anti-fraud education activities. People who take photos with the anti-fraud education placards and upload them onto their personal Facebook account with the hashtag "SKB Anti-Fraud Education" can win a small gift in the lucky draw.

6.5 Care for the Elderly

■ Connection between the social welfare strategies and business operations and their performance

SKFH pays close attention to the aging society and low birthrate in Taiwan as well as the demand for healthcare brought forth by such trends. SKFH also fulfills the concept of "Shin Kong provides services wherever elderly people need them" and aims to become the leading brand for senior citizen finance. We aim to use our business locations across Taiwan and our advantages in local markets to organize creative elderly care activities everywhere and close the distance between finance and customers. We also established a long-term care information network, organized health seminars, and developed spillover-effect policies to encourage people to implement health management and avoid long-term care risks. We invested approximately NT\$14.972 million in related activities in 2020 which benefited approximately 58,000 participants.

Creative aging

Community care everywhere

For years, SKFH has accompanied the elderly and school-age children based on the spirit of community care through offices, branches, branch companies, community activity centers, nursing homes, and associations for disadvantaged groups across Taiwan with the aim of passing down the art of paper lanterns. The activity focused on social care and financial education for all ages with a particular focus on "children's savings and wealth management" and "anti-fraud protection for the elderly". A total of 439 events were organized in 2020 with approximately 4,870 volunteers which benefited approximately 17,347 participants.



Elderly residence community care activities

We organized multiple care activities for the elderly in the "Jasper Villa Banqiao Park for All Ages" to care for the physical and mental health of the elderly. The activities included creative aging seminars, courses on taking photos with mobile phones, origami, English conversation courses, and walks with the elderly with the aim of increasing interactions between the elderly and others to improve the quality of life and fun in life. They also help the elderly enjoy their life after retirement.

History Alive and Legacy Art Work

Shin Kong Life Foundation introduced the methodology for providing services to the elderly from a professional American social welfare association in the United States in 2005 with 2 programs including "Legacy Art Work" and "History Alive". It became the first elderly service program organized with creative aging in Taiwan.

We created a partnership with the Godot Theatre Company in the "living history" program and used art as a medium for creating interactions between people from different generations. We helped the younger generation learn the value of old age and the elderly find their position in society and live a life of wisdom, confidence, and glory as they age. The program reached a total of 1,682 students in 2020 and created more connections between the elderly and the society. The program benefited a total of 1,684 elderly participants.

Legacy Art Work mainly involves group courses and artistic creation. We help the elderly think back to their past life experience and use art creation, relive their memories, and turn them into a series of artistic creations with story and heartwarming scenes. We organized total of 8,449 volunteers to provide services to 8,396 elderly people in 2020. The satisfaction rate of the volunteers and leaders was 95.7% and the satisfaction rate of the elderly was 95.3%.



6.6 Community Engagement

■ Connection between the social welfare strategies and business operations and their performance

SKFH has focused on local markets for more than 50 years. We have provided sponsorships and supported local cultural activities to protect local culture and improve their professional competitiveness. We also organize multiple leisure sports activities and provided outstanding talents in different fields with opportunities for showing their talents. Despite the impact of the epidemic in 2020 which reduced the number of seminars compared to previous years, we still invested in NT\$9.58 million which benefited approximately 1.224 million participants.

Discovering potential

Shin Kong National Drawing Contest

SKL organized a national drawing contest to encourage children to make use of their creativity and cultivate keen observation skills. The contest categories included coloring by kindergarten children, creative drawing by elementary school students, angel of hope, and elderly. Each winner was provided with a customized certificate of merit and a souvenir in recognition of the hard work of the children and elderly in artistic creation. The 16th Shin Kong National Drawing Contest in 2020 was based on the theme of "coloring together to create wonderful memories" and more than 15,000 works were submitted. After a careful review by professional and dedicated judges, we selected the top three winners, excellent works, and honorable mentions for all categories and presented awards for 526 works.

**Shin Kong Cup Street Dance Contest**

SKL has organized the Shin Kong Cup Street Dance Contest for 17 consecutive years to promote street dance culture and promote diverse development of youths. We organized an event in summer for street dancers to show off their moves and challenge themselves in order to create a better street dance environment, cultivate the next generation of outstanding dancers, and help the street dance culture take root in Taiwan. A total of 170 teams took part in the contest in 2020.

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

By organizing the Challenge, SKL encourages young people to engage in positive leisure activities, train their memory, strengthen their logic, increase positive interaction between parents and children, and brainstorm together. The activity has become an educational contest for all citizens. More than 200 players signed up for the challenge in 2020.

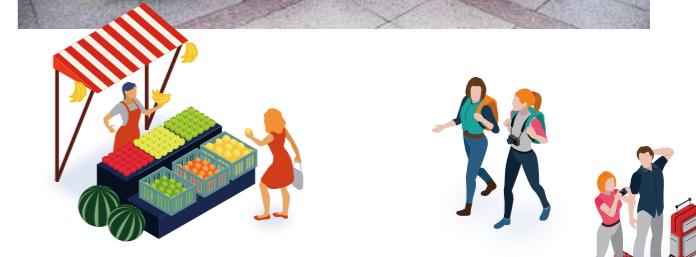
Donations to the Songshan Senior High School Basketball Team

MLS actively promotes youth empowerment and donated NT\$300,000 to Taipei Songshan Senior High School Basketball Team to help it continue to participate in the High School Basketball League (HBL) in Taiwan, uncover outstanding basketball players, grasp opportunities for advancing into the world of international sports, and promote sports.

Care for the land

Shin Kong smallholder farmers' market

SKL has provided the space in front of the Shin Kong Life Tower and booths on certain Fridays since 2017 for smallholder farmers to come and sell their products. The smallholder farmers use certifications of qualification or certification labels to create local brands dedicated to food safety and health. All sales revenues are transferred to smallholder farmers to demonstrate our support for domestic agriculture and smallholder farmers and the protection of the Earth and environment. We organized 35 sessions in 2020. The number of purchases exceeded 50,000. Approximately 530 smallholder farmers used the booths and the total sales amount exceeded NT\$8.2 million.

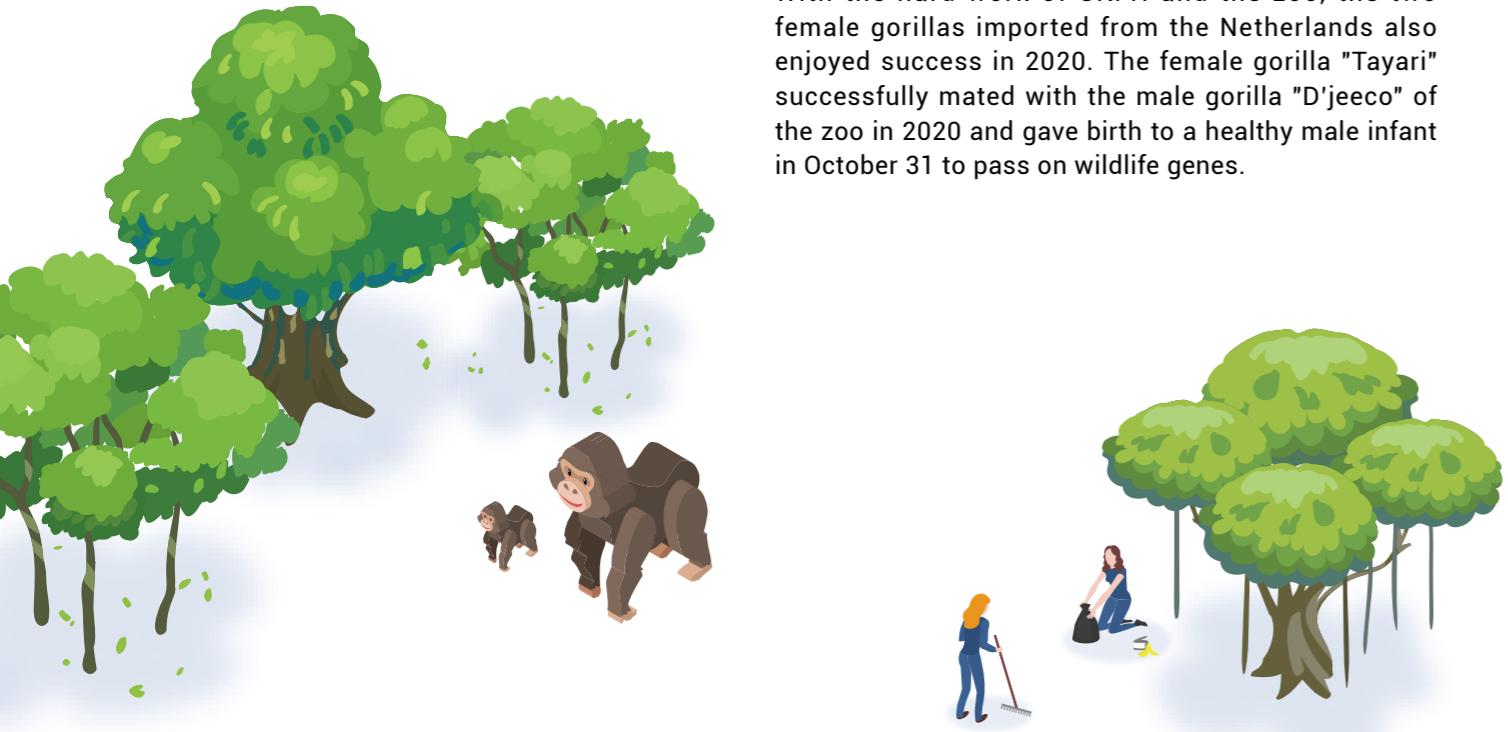
**Revitalize local tourism**

SKL is a local company with deep roots in the region and committed to supporting domestic tourism. We hope to support domestic tourism through our corporate influence. In addition to the Penghu International Fireworks Festival, SKL has also provided long-term sponsorship for the Yanshui Beehive Fireworks Festival in Tainan, Sun Moon Lake International Swimming Carnival in Nantou, Tianzhong Marathon in Changhua, and Chiayi City International Band Festival. We also invited employees, customers, and the public to take part in the events together and use real actions to support domestic economic development.



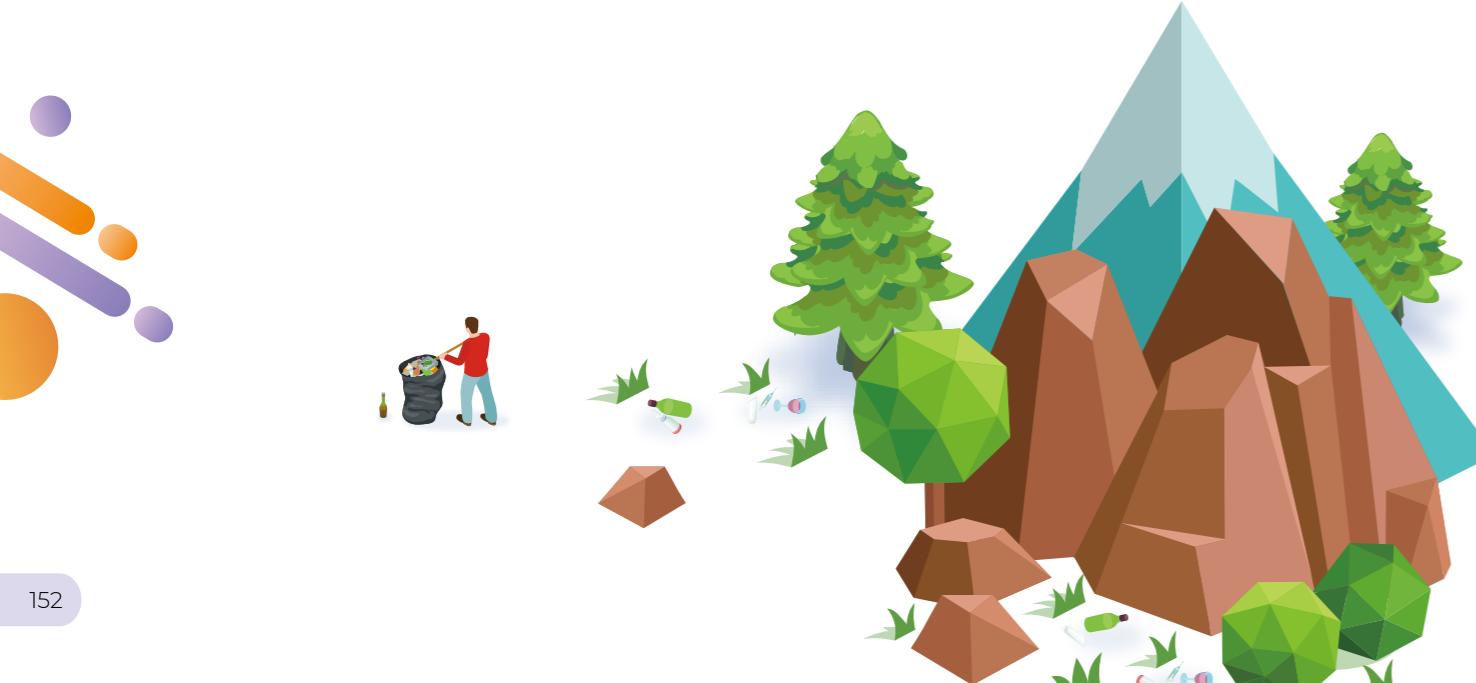
Ecological conservation

SKFH has long been dedicated to ecological conservation. In 1986, SKL adopted "Bao Bao", a gorilla that was considered to be part of an endangered species. SKFH has sponsored the birthday celebration events of the gorilla for 26 consecutive years with the aim of inspiring people's care for the natural environment, calling attention to the crises faced by gorillas which were on the brink of extinction, and increasing the awareness of wildlife conservation. Taipei Zoo delivered "Bao Bao" to the Netherlands to become a pack leader and breed with the female gorillas in 2018. The program successfully won world recognition for animal conservation efforts in Taiwan and drew Taiwan closer to the international community. After two years of hard work, "Bao Bao" successfully passed down his genes in 2020. With the hard work of SKFH and the zoo, the two female gorillas imported from the Netherlands also enjoyed success in 2020. The female gorilla "Tayari" successfully mated with the male gorilla "D'jeeco" of the zoo in 2020 and gave birth to a healthy male infant in October 31 to pass on wildlife genes.



Trail hiking and mountain clearing activities

SKB and "Shin Kong Bank Mountain Climbing Club" jointly invited representatives of the "Taiwan Nature Trail Society" to guide employees on a journey through the "Fuzhoushan Trail" in Taipei City and communicate information on the land and natural environment. They inspired employees to care for our homeland and ecological environment and led employees to experience, understand, and protect nature.



Help Keep the Ocean Clean

MLS and Taiwan RE-THINK Environmental Education Association worked together and invited more than one hundred employees to clear the beach at Qianshuiwan to jointly support marine environmental protection and implement marine ecology indicators in the SDGs.



Corporate volunteers

We established the "Shin Kong LOHAS Volunteers Association" and "Shin Kong Bank Volunteers Association" to encourage employees to volunteer for services. We work with more than 30 social welfare institutions in Taiwan to provide volunteer services, resolve social welfare institutions' manpower requirements, and organize volunteer training programs to participating volunteers gain a sense of accomplishment for providing charity services and improve their mental health. We plan the company volunteers' day based on different themes each year to encourage employees to actively care about others and give back to the society and to create a climate of volunteering in the Company. We provide 3 days of volunteering leave, resources, expenses, and reward mechanisms to encourage employees to make contributions and participate in social welfare.



In 2020, "Shin Kong LOHAS Volunteers Association" registered a total of 911 volunteers which provided 438 sessions of volunteer services with 2,314 participants and 14,087 hours of volunteer work. In response to the spread of the COVID-19 epidemic, we participated in the volunteer activities of non-profit organizations and joined the national team for disease prevention to fight the epidemic with the people. The disease prevention volunteers participated in a total of 219 activities with 1,077 participants and 7,716.5 hours of volunteer services. We won the "Outstanding Group Award" in the Golden Wish Award in 2020.

Shin Kong Bank Volunteers Association organized 82 events in 2020 and contributed 3,454 service hours. The Association demonstrated the corporate value of "Our light and heart are always with you" and aims to use the power of "light" to brighten all corners of the society.

07

Appendix

- 7.1 Supplemental Table of Economic and Social Data
- 7.2 GRI Standards
- 7.3 GRI Material Topics and Management Approaches
- 7.4 Sustainability Accounting Standards Board (SASB) Disclosure
- 7.5 United Nations Global Compact
- 7.6 Assurance and Verification Statements



Chapter 07

Appendix

7.1 Supplemental Tables of Economic and Social Data

7.1.1 Engagement with Domestic and Foreign Organizations

Company	Engagement	Organization
SKFH	Permanent Membership	Taiwan Stock Affairs Association, Chinese National Association of Industry and Commerce, Taiwan (CNAIC), Bankers Association of Taipei, Cross-Strait CEO Summit, Taiwan Institute of Directors, Financial Planning Association of Taiwan, and Chinese Human Resource Management Association
	Strategic Membership	Taiwan Mergers & Acquisitions and Private Equity Council
	Strategic Membership	Life Insurance Association of the Republic of China, Taipei Real Estate Marketing Agency Association, Chinese Insurance Service Association, Chinese Excellent Management Association, Overseas Emergency Assistance Association, LIMRA, LOMA, General Chamber of Commerce of the Republic of China, Taiwan CIO Association, Computer Society of the Republic of China, Information Management Association, Institute of Internal Auditors, R.O.C., International Association of Insurance Supervisors, Taiwan Financial Services Roundtable, Taiwan Insurance Institute, Chinese Human Resource Management Association, and Alliance for Sustainable Development Goals
SKL	Participation in Projects or Committees	Insurance Anti-Fraud Institute
	Director, Council Member or Supervisor	Taiwan Institute for Sustainable Energy, Center for Corporate Sustainability, Life Insurance Management Institute, Taiwan-Japan Cultural and Economic Association, Chinese International Economic Cooperation Association, Taiwan Chamber of Commerce & Industry, Taiwan Committee of the Chinese East Asia Economic Association, Life Insurance Management Institute of the Republic of China, Chinese National Association of Industry and Commerce, Association of Industrial Relations, and General Assembly of Chinese Culture
	Other	International Insurance Society, Actuarial Institute of Chinese Taipei, Taiwan Association of Energy Service Companies, and Financial Ombudsman Institution
SKB	Permanent Membership	Trust Association of R.O.C., Financial Ombudsman Institution, National Credit Card Center, Central Deposit Insurance Corporation, Bankers Association of the Republic of China, Taiwan Securities Association, Factor Chain International, Financial Information Service Co., Ltd., Securities Investment Trust and Consulting Association of the R.O.C., FinTech Ecosystem Research and Development Association, Sinking Fund Established by Electronic Payment Institutions, Overseas Credit Guarantee Fund, Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), Agricultural Credit Guarantee Fund, Chinese Human Resource Management Association, Financial Information Sharing and Analysis Center, The Institute of Internal Auditors-Chinese and Society for Worldwide Interbank Financial Telecommunication (SWIFT)

Company	Engagement	Organization
SKB	Supervisor or Consulting Director	Taiwan Mobile Payment Co., Ltd. and Taiwan Clearing House
	Participation in Projects or Committees	R.O.C. Bills Finance Association, Open API Research and Application Development Committee
MLS	Permanent Membership	Public Company Stock Affairs Association, Taiwan Private Equity Association, Securities Analysts Association, Chinese Taipei, Cross-Strait CEO Summit
	Participation in Committees	Taiwan Securities Association, Chinese National Futures Association, R.O.C. Bills Finance Association, Trust Association of R.O.C., and Securities Investment Trust and Consulting Association of the R.O.C.
SKIT	Permanent Membership	Chinese National Futures Association, Securities Analysts Association, Chinese Taipei and Financial Ombudsman Institution
	Participation in Committees	Securities Investment Trust and Consulting Association of the R.O.C.
SKPIA	Permanent Membership	Insurance Agency Association of the Republic of China, Chinese Insurance Service Association, and Financial Ombudsman Institution

■ SKFH Top 3 Largest Contributions and Expenditures to organizations whose role is to influence public policy

Name of organization	Total amount paid in FY 2020 (NTD)
Trust Association of R.O.C.	1,488,597
The Bankers Association Of The Republic Of China	1,357,800
Life Insurance Association of the Republic of China	1,332,000

7.1.2 New Full-time Employees in 2020

Category	Male				Female				Management level			Nationality		Workplace		Total
	< 30	30-50	> 50	Subtotal	< 30	30-50	> 50	Subtotal	Junior	Middle	Senior	Taiwanese	Foreign-national	Taiwan	Overs seas	
Number of employees	199	190	24	413	190	166	21	377	42	5	8	785	5	782	8	790
% of all new full-time employees	25.19%	24.05%	3.04%	52.28%	24.05%	21.01%	2.66%	47.72%	5.32%	0.63%	1.01%	99.37%	0.63%	98.99%	1.01%	100.00%
% of all full-time employees	2.36%	2.25%	0.28%	4.90%	2.25%	1.97%	0.25%	4.47%	0.50%	0.06%	0.09%	9.31%	0.06%	9.27%	0.09%	9.36%

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

Note 2 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 2020.

Note 3 % of all full-time employees = the number of new employees in 2020 / the total number of full-time employees of SKFH and its subsidiaries.

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7.1.3 Resigned New Employees in 2020

Category	Male				Female				Workplace		Total
	< 30	30-50	> 50	Subtotal	< 30	30-50	> 50	Subtotal	Taiwan	Overseas	
Number of employees who left the Company	37	40	5	82	33	52	4	89	171	0	171
Turnover Rate	4.68%	5.06%	0.63%	10.38%	4.18%	6.58%	0.51%	11.27%	21.65%	0.00%	21.65%

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

7.1.4 Number of Employees who Resigned and Turnover Rate in 2020

Number of employees who left the company	Turn-over rate	Resigned Male			Resigned Female			Resigned Management				Nationality		Workplace		Disabilities	
		< 30	30-50	> 50	< 30	30-50	> 50	Junior level	Mid-Level	Senior-Level	Turn-over rate	Taiwanese	Foreign national	Taiwan	Overseas		
Total	843	9.99%	90	217	93	103	258	82	10	9	41	0.7%	842	1	842	1	4

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

Note 2 Total departures are defined as employees who left the organization voluntarily or due to dismissal, retirement, illness, or death in the line of duty, excluding secondments.

Note 3 Turnover Rate= Number of full-time employees left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note 4 Turnover Rate of Management= Number of management left SKFH and its subsidiaries/total number of full-time employees of SKFH and its subsidiaries

Note 5 The foreign national resigned employee is the overseas employee of SKB.

7.1.5 Internal Hiring Analysis in 2020

Category	Male				Female				Management level			Nationality		Workplace		Total
	< 30	30-50	> 50	Subtotal	< 30	30-50	> 50	Subtotal	Junior	Middle	Senior	Taiwanese	Foreign national	Taiwan	Overseas	
Number of employees	5	21	11	37	3	50	9	62	38	5	2	99	0	99	0	99

7.1.6 Occupational Accident Data and Absenteeism Statistics in 2020

	Male	Female	Total
Occupational Injuries	8	7	15
Occupational Deaths	0	0	0
Incident Rate (IR)	1.21	0.68	0.89
Lost Day Rate (LDR)	12	6	9
Disabling Injury Frequency Rate (FR)	1.21	0.68	0.89
Disabling Injury Severity Rate (SR)	12	7	9
Frequency Severity Indicator (FSI)	0.12	0.06	0.09
Absentee Days	2,689	7,394	10,083
Absentee Rate(AR)	0.33%	0.57%	0.48%
Total Hours Worked	6,566,856	10,291,024	16,857,880

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

Note 2 Incidence rate (IR, the third decimal place is unconditionally rounded off) = occupational injury (cases) X 1,000,000 / total hours worked

Note 3 Loss day rate (LDR, the first decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked

Note 4 Disabling injury frequency rate (FR, the third decimal place is unconditionally rounded off) = total occupational injury (cases) X 1,000,000 / total hours worked

Note 5 Disabling injury severity rate (SR, the first decimal place is unconditionally rounded off) = total lost workdays (days) X 1,000,000 / total hours worked

Note 6 Frequency severity indicator (FSI, the third decimal place is unconditionally rounded off) = square root of (FR X SR / 1,000)

Note 7 Absentee days include sick leave, occupational injury leave, and personal leave taken by employees who are absent from work due to disability but not limited to work-related injury or disease and excluding statutory leaves such as festivals and holidays, training, maternity/paternity leave, and bereavement leave.

Note 8 Absentee rate (AR)=(Number of absentee days in the accounting period / Total days scheduled to be worked in the accounting period)x 100%

Note 9 Total days scheduled to be worked in the accounting period=total number of employees*annual workdays

Note 10 Total hours worked: Expected total number of employee hours worked (total number of employees * daily working hours * annual workdays)

7.1.7 Penalties and Improvement Measures

Company	Description of Penalties in 2020	Improvement Measures
SKF	Fined NT\$4 million, mainly due to the deficiencies in real estate investment business and stakeholder's transactions.	Made improvement based on the penalty, and strengthened the education and training on employees.
SKL	Fined NT\$24 million, mainly due to the deficiencies in investment allocation, investment decision-making process and risk control, etc.	Revised the investment structure and process, reported to the competent authorities, adjusted the measures of the Investment Audit Committee, and duly implemented the investment structure and process.
	Fined NT\$3.6 million, mainly due to the ineffectiveness of the prevention mechanism for equity products transactions and ineffective control over investment information, etc.	Formulated inspection and audit mechanism, and established an inspection mechanism as the second line of defense.
	Fined NT\$7.2 million, mainly due to the deficiencies in customer data maintenance, compliant investigation, recruitment procedures for handling operators, underwriting and loan businesses, and cooperative channels evaluation, etc.	Revised internal specifications, established new system control and inspection mechanisms, amended insurance-effecting procedures and system inspection mechanisms, adjusted notification standards, and added assessment items for cooperation channels.

Company	Description of Penalties in 2020	Improvement Measures
MLS	Fined NT\$0.5million, mainly due to the process of general corporate and foreign institutional investors' client review operations and high-risk client transaction review, etc.	Strengthened education and training, revised related operation management procedures, and reviewed high-risk client transaction records on a monthly basis.

Note For the details of significant penalties, please refer to the "Annual Report P161 "Disciplinary actions received in the past 2 years due to violation of laws and major defects and improvement".

7.2 GRI Standards

GRI Standards	Topic	Chapter	Page Number
GRI 102 : General Disclosures 2016	102-1 Name of the organization	2.1.1 About SKFH	22
	102-2 Activities, brands, products, and services	2.1.1 About SKFH	22
	102-3 Location of headquarters	About This Report	1
	102-4 Location of operations	2.1.1 About SKFH	23-24
	102-5 Ownership and legal form	2.1.1 About SKFH	22
	102-6 Markets served	2.1.1 About SKFH	22-24
	102-7 Scale of the organization	2.1.1 About SKFH	22-23
		2.1.2 Financial Performance and Information Transparency	25
		5.1.1 New Full-time Employees in 2020	90
	102-8 Information on employees and other workers	5.1.1 New Full-time Employees in 2020	90
	102-9 Supply chain	2.1.1 About SKFH	23
	102-10 Significant changes to the organization and its supply chain	No significant changes	—
	102-11 Precautionary Principle or approach	2.5.3 Risk Management Policy and Mechanisms	40-41
	102-12 External initiatives	3.5 Sustainable and Responsible Finance 2.5.5 Climate Change Risks	64 42
	102-13 Membership of associations	7.1.1 Engagement with Domestic and Foreign Organizations	156-157
	102-14 Statement from senior decision-maker	From the Chairman and the President	4-5
	102-16 Values, principles, standards, and norms of behavior	2.3.1 Ethical Management	33
	102-18 Governance structure	1.2.1 Corporate Sustainability Committee 2.2.1 Board of Directors	11 28-29
	102-40 List of stakeholder groups	1.3 Stakeholder Engagement	12-13
	102-41 Collective bargaining agreements	We don't have collective bargaining agreements	—
	102-42 Identifying and selecting stakeholders	1.3 Stakeholder Engagement	12-13
	102-43 Approach to stakeholder engagement	1.3 Stakeholder Engagement	12-13
	102-44 Key topics and concerns raised	1.4 Materiality Assessment	14-15

GRI Standards	Topic	Chapter	Page Number
GRI 103 : Management Approach 2016	102-45 Entities included in the consolidated financial statements	2.1.1 About SKFH	22
	102-46 Defining report content and topic Boundaries	1.4 Materiality Assessment	14-17
	102-47 List of material topics	1.4 Materiality Assessment	14-17
	102-48 Restatements of information	The GHG emission calculation scope includes computer facilities inside the building of The Great Taipei Gas Corporation	—
	102-49 Changes in reporting	1.4 Materiality Assessment	14
	102-50 Reporting period	About This Report	1
	102-51 Date of most recent report	About This Report	1
	102-52 Reporting cycle	About This Report	1
	102-53 Contact point for questions regarding the report	About This Report	1
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report	1
GRI 201 : Economic Performance 2016	102-55 GRI content index	7.2 GRI Standards	160-162
	102-56 External assurance	7.6 Assurance & Verification Statement	172-179
	103-1 Explanation of the material topic and its Boundary	1.4 Materiality Assessment	16-17
	103-2 The management approach and its components	7.3 GRI Material Topics and Management Approaches	164-167
	103-3 Evaluation of the management approach	7.3 GRI Material Topics and Management Approaches	164-167
GRI 203 : Indirect Economic Impacts 2016	201-1 Direct economic value generated and distributed	2.1.2 Financial Performance and Information Transparency	25
	201-2 Financial implications and other risks and opportunities due to climate change	2.5.5 Climate Change Risks	42
GRI 205 : Anticorruption 2016	203-2 Significant indirect economic impacts	3.4 Financial Inclusion 3.5 Sustainable and Responsible Finance	60 64
	205-2 Communication and training about anti-corruption policies and procedures	2.3.1 Ethical Management 2.3.2 Anti-Money Laundering	33 36
GRI 206 : Anti-Competitive Behavior 2016	205-3 Confirmed incidents of corruption and actions taken	2.3.1 Ethical Management	33
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3.3 Global Legal Compliance	36
	305-1 Direct (Scope 1) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	78
	305-2 Energy indirect (Scope 2) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	78
	305-3 Other indirect (Scope 3) GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	78
GRI 305 : Emissions 2016	305-4 GHG emissions intensity	4.2.2 Energy and Resource Management	78
	305-5 Reduction of GHG emissions	4.2.1 Actions to Reduce Carbon Emissions	78

GRI Standards	Topic	Chapter	Page Number
GRI 307 : Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	4.1 Environmental Sustainability	76
GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	5.3.2 Training Investment and Effectiveness	109
	404-2 Programs for upgrading employee skills and transition assistance programs	5.3.1 Major Training Strategic Principles and Plans	105
	404-3 Percentage of employees receiving regular performance and career development reviews	5.2.2 Talent Retention and Performance Management	102
GRI 417 : Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	3.2.1 Compliance with Product and Marketing Regulations	55
	417-2 Incidents of non-compliance concerning product and service information and labeling	No significant incidents	—
	417-3 Incidents of non-compliance concerning marketing communications	No significant incidents	—
GRI 418 : Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.3 Protection of Customer Privacy	58
GRI 419 : Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	7.1.7 Significant Penalties and Improvement Measures	159-160

I G4 Financial Service Sector Disclosures

Indicator	Item	Page Number
FS1	Policies with specific environmental and social components applied to business lines	64-70
FS2	Procedures for assessing and screening environmental and social risks in business lines	64
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	64-70
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	33-34
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	64-70
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	60-64
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	72-73
FS13	Access points in low-populated or economically disadvantaged areas by type	23
FS14	Initiatives to improve access to financial services for disadvantaged people	61
FS15	Policies for the fair design and sale of financial products and services	56
FS16	Initiatives to enhance financial literacy by type of beneficiary	145-148



7.3 GRI Material Topics and Management Approaches

GRI	Topic	Management Approaches	Purpose	Policies		Commitments	Short-term Goals	Communication Channel / Grievance Mechanisms	Evaluation results and actions
201	Economic Performance	SKFH considers overall economic changes and amendments of regulations at the end of each year. The goals for profitability and important business goals of subsidiaries in the next year are established in accordance with the Company's overall operating strategy. We regularly hold business performance management meetings of each subsidiary to track and review the performance.	We ensure that the subsidiaries achieve the annual business plan and budget goals, decide whether to adjust the Group's strategies, or help the subsidiary achieve the goals with the support of the Group based on changes in the financial environment.	"Corporate Governance Best Practice Principles" and SKFH Operation Outlook and Guidance		Prosper with shareholders, employees, the society, and the environment, and create corporate sustainability value.	<ul style="list-style-type: none"> • Adjust structure for stable profit • Integrate resources and enhance synergy • Prioritize digitalization and lead mobile applications • Create new sources of revenue and expand markets • Enhance capital application and emphasize compliance and risk management • Fulfill corporate responsibilities and implement corporate governance 	Contact telephone number : (02) 2389-5858 Contact email : ir@skfh.com.tw	2.1 SKFH Overview
		The Corporate Sustainability Committee under SKFH's Board of Directors is responsible for leading sustainable development and climate change-related issues, which reports semi-annually to the Board of Directors on climate change-related issues and the state of implementation, including the planning and performance of green finance and the implementation of GHG inventory and emission reduction targets.	To identify and assess the risks and opportunities of climate change for the company	"SKFH Risk Management Policy"		SKFH will continue to improve our climate change mitigation and adaptation strategies, increase climate resilience, and make contributions to the achievement of a sustainable society.	Taking 2019 as the baseline year, we set the target of reducing carbon by 6% in 2025.	Corporate Sustainability Office : esg@skfh.com.tw	2.5.5 Climate Change Risks 4.2 Green Operation
203	Indirect Economic Impacts	SKFH leverage its core competencies and expertise to integrate Environmental, Social and Governance (ESG) strategies and mindset into our financial operations, including investment, financing, lending, insurance, and asset management activities. SKFH also work with a wide range of stakeholders, including clients and business partners, to promote responsible financial products and services.	To implement responsible finance and to integrate ESG-related issues into the investment analysis and decision-making process	"SKFH Sustainable Finance Policy" "Directions for Insurance Companies to Engage in Microinsurance Business"		We are committed to enhance the long-term value of customers, employees, shareholders and other stakeholders as well as to achieve sustainable development of the enterprise, society and the environment by fulfilling corporate social responsibility	To implement sustainable investment, and support regulations and regulatory policies related to sustainable investment, and to set investment guidelines in accordance with the UN Principles for Responsible Investment (PRI).	We communicate with investors about the implementation of responsible investment through institutional investor conferences, shareholders' meetings, press releases, etc. Investor Relations : ir@skfh.com.tw	3.5 Sustainable and Responsible Finance
		SKFH and its subsidiaries have leveraged their strengths to develop a wide range of financial friendly products and services to ensure that all people have full access to basic, equal and reasonably convenient financial services for the benefit of the public.	In response to SDG1 and SDG8, to ensure equitable access to new technologies and financial services for people of any genders as well as the poor and disadvantaged, and to provide wider access to banking, insurance and financial services for all people.				To increase the number of beneficiaries of financial inclusion and to develop a greater variety of inclusive financial products and services.	SKL Financial Friendly Services https://easy-access.skl.com.tw/	3.4 Financial Inclusion
205	Anti-Corruption	To implement ethical management, we have established regulations such as the "Anti-Corruption Policy", "Ethical Corporate Management Policy and Best Practice Principles", "Code of Conduct", whistleblower protection system, internal and external reporting channels, and integrity consultation. We supervised subsidiaries and other companies or legal persons under direct or indirect control in the establishment of related regulations and compliance to establish a corporate culture of ethical management.	SKFH ensures all employees to adhere to the principles of fairness and integrity and abide by related confidentiality regulations to curb unethical conduct and corruption and establish ethical management corporate culture.	"Anti-Corruption Policy" "Ethical Corporate Management Policy and Best Practice Principles" "Code of Ethics" "Employee Code of Conduct" "SKFH The Company's Internal and External Personnel Whistleblowing Procedure" "Anti-Money Laundering and Counter - Terrorism Financing Plans"		Create a corporate culture of ethical management, establish related internal anti-corruption regulations, and fully commit to meeting the requirements set forth in the United Nations "Act to Implement United Nations Convention against Corruption".	Implement counter-terrorism financing and money-laundering prevention measures, establish information security joint defense platform between subsidiaries, and perform regular capital stress tests.	A report mailbox is provided. If a major violation or risk of damage is discovered in investigations, the reporting unit shall submit the reported matter, the handling method and the improvement measures to the Board of Directors, and disclose them to the public. Independent director representative : id@skfh.com.tw Employee communication : skfh-hr@skfh.com.tw Whistleblower mailbox : whistleblower@skfh.com.tw	2.3.1 Ethical Management 2.3.2 Anti-Money Laundering

GRI	Topic	Management Approaches	Purpose	Policies		Commitments	Short-term Goals	Communication Channel / Grievance Mechanisms	Evaluation results and actions
305	Emissions	We established an "Environmental Protection Group" under the Corporate Sustainability Committee and set up carbon emissions reduction goal which are included in the KPIs of the employees, department supervisors, and senior executives for regular follow-up each quarter.	All employees of the Company work together to reduce carbon emissions.	"Shin Kong Financial Holding Co., Ltd. Environmental Protection Management Policy"		We are committed to actively respond to and implement environmental protection and ecological conservation principles and activities and strive to reduce the possible negative impact on the environment.	Taking 2019 as the baseline year, we set the target of reducing carbon by 6% in 2025.	Promote energy saving and carbon emissions reduction in daily operations. Organize annual "Earth Hour" and "No light but the moonlight" energy conservation activities and apply energy conservation reward mechanisms to encourage employees to propose innovative energy conservation solutions.	4.1 Environmental Sustainability 4.2 Green Operation
307	Environmental Compliance	We established an "Environmental Protection Group" under the Corporate Sustainability Committee, and set goals of reducing energy, water and waste. We also adopted these goals into the KPI of our related employees, managers and executives, and track the performances quarterly.	To reduce the wastage of resources by managing KPIs in order to comply with regulatory obligations to conserve energy and resources.	"Shin Kong Financial Holding Co., Ltd. Environmental Protection Management Policy"		We are committed to actively respond to and implement environmental protection and ecological conservation principles and activities and strive to reduce the possible negative impact on the environment.	The goal is to reduce electricity, water and waste by 1% each year	We promote the concept of energy and resources conservation in our daily operations and discuss about the implementation of our environmental objectives through the performance tracking meetings on a quarterly basis.	4.1 Environmental Sustainability
404	Training and education	Plan medium to long-term overall talent asset development plans in accordance with the missions, vision, and operating strategies. Activate function-based talent management mechanisms to build a key talent pool through modular and systematic management mechanisms. Plan various physical and digital courses that meet the needs of employees in different roles and provides other practical training to enhance employee competency.	Strengthen employee's professional knowledge and expand their capacity for their roles.	"Education and Training Implementation Guidelines" "Education and Training Management Procedures" "Faculty Management Regulations" "Professional Certification Reward Guidelines"		Improve the quality of the training environment and cultivate a first-rate team of talents.	By 2025, the average training hours per employee will reach 100 hours, and the rate of replacement for internal vacancy will remain at 50%.	<ul style="list-style-type: none"> ● Employee communication : skfh-hr@skfh.com.tw ● Opinion posting areas ● Resignation counseling ● Labor-Management Meetings ● Employee survey ● Sexual harassment report mailbox : shinkong113@skfh.com.tw ● Sexual harassment hotline : (02)7725-3216 	5.3 Career Development
417	Marketing and labeling	We continue to optimize the reporting mechanism for operating procedures and major events of laws and regulations of SKFH and its subsidiaries. When a subsidiary plans to launch a new product or service or applies to start a new business and such businesses are deemed by the competent authority as materials changes for financial products for which approval is required; or when they apply specific or large amounts of funding, they shall submit written opinions ensuring that such businesses meet regulatory requirements and internal regulations, and affix their signatures to be held accountable.	Business operations must comply with laws and regulations to reduce legal risks.	"Code of Conduct for Fair Customer Treatment" "Business Marketing Regulations" "Regulations Governing Joint-Marketing by Shin Kong Financial Holding Co., Ltd. and Its Subsidiaries" "SKFH and Subsidiaries Internal Operating Regulations for Advertisement, Business Solicitation, and Marketing Promotion Activities" "Regulations for Processing Consumer Disputes"		Ensure customers understand product features, risks, guarantees and their rights.	Require all employees to abide by regulations and protect the interests of customers.	Opinions can be submitted through the competent authority, various business locations, and other complaint channels including telephone, email, letters, fax, and stakeholders' section. Contact Information : SKFH (02) 2389-5858 SKL 0800-031-115 SKB (02) 2171-1055 / 0800-081-108 MLS 0800-088-148 SKIT 0800-075-858	3.2.1 Compliance with Product and Marketing Regulations
418	Customer privacy	SKFH established a permanent and interdepartmental "Personal Data Protection Management and Execution Team" to plan and promote related personal data protection matters. The members of the Team convene meetings to jointly plan and promote personal data protection and the Team regularly reports personal data security maintenance measures to the President. We continue to inform employees of related information specified in the Personal Data Protection Act and gradually guide each subsidiary to establish their own comprehensive personal data protection systems, and promote related training and regulatory tests.	Protect customer privacy, prevent leaks of personal data, and strengthen data security.	"Personal Data File Security Protection Regulations" "Operating Regulations Personal Data File Collection, Processing, and Usage and Exercise of the Party's Rights" "Shin Kong Financial Holding Co., Ltd. and Its Subsidiary Companies Joint Statement on Confidentiality Measures for Customer Data" "Information Security Policy" "SKFH and Its Subsidiaries Firewall Policy" "Subsidiary Companies Joint Marketing Management Regulations"		Committed to implementing personal data protection mechanisms to strengthen information security for the Company.	Continue to implement the control of personal data protection operations, and prevent privacy breaches.	Complaint/Report mailbox : Independent director : ID@skfh.com.tw Report mailbox : whistleblower@skfh.com.tw	3.2.3 Protection of Customer Privacy
419	Socioeconomic compliance	We actively comply with the latest regulations and revise related legal compliance systems to optimize the compliance procedures and reporting mechanisms for material incidents of SKFH and its subsidiaries.	Business operations must comply with laws and regulations to reduce legal risks.	"Legal Compliance Policy" "Legal Compliance System" "Legal Compliance Material Incident Reporting Regulations" "Legal Compliance Self-Assessment and Evaluation Regulations" "Regulations for Evaluation of Subsidiary Compliance Operations"		Strengthen the Group's legal compliance system, establish a corporate culture of ethical management, and reduce the Group's legal risks.	To enlarge a pool of legal compliance talents, the SKFH shall appoint legal compliance officers who are required to receive 30 hours of training prior to service to avoid a shortage of manpower in compliance and regulations due to reassignments of business operations.		2.3 Legal Compliance

7.4 Sustainability Accounting Standards Board (SASB) Disclosure

Insurance

Code	Topic	Accounting Metric	Disclosure Content
FN-IN-270a.1	Transparent Information & Fair Advice for Customers	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	Shin Kong Financial Holding Co., Ltd. 2020 Annual Report (P.107) (XI) 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: https://reurl.cc/3aax29
FN-IN-270a.2		Complaints-to-claims ratio	Complaints received by Financial Ombudsman Institution https://reurl.cc/830qpj
FN-IN-270a.3		Customer retention rate	SKFH Q4 2020 Earnings Update (P12) Persistency Ratio: https://reurl.cc/W33v0e
FN-IN-270a.4		Description of approach to informing customers about products	Chapter 3.2.1 Compliance with Product and Marketing Regulations of this Report.
FN-IN-410a.1	Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	SKFH Q4 2020 Earnings Update (P13) Investment Portfolio: https://reurl.cc/W33v0e
FN-IN-410a.2		Description of approach to incorporation of environmental, social, and governance(ESG) factors in investment management processes and strategies	SKL Institutional Investor Due Diligence Governance Report: https://reurl.cc/0jDml9
FN-IN-410b.1		Policies Designed to Incentivize Responsible Behavior	Net premiums written related to energy efficiency and low carbon technology Not applicable. SKFH does not operate property insurance products.
FN-IN-410b.2			Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors. Chapter 3.5.2 The Principles for Sustainable Insurance (PSI)- Principle 1 "Products and services developments" of this Report.
FN-IN-450a.1	Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Not applicable. SKFH does not operate property insurance products.
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. SKFH does not operate property insurance products.
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.	(1) Chapter 3.5.2 The Principles for Sustainable Insurance (PSI)- Principle 1 "Risk management and underwriting" of this Report. (2) Chapter 2.5.5 Climate Change Risks of this Report.

Code	Topic	Accounting Metric	Disclosure Content
FN-IN-550a.1	Systemic Risk Management	Exposure to derivative instruments by category: (1)total potential exposure to non-centrally cleared derivatives, (2)total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives.	Shin Kong Life Insurance Co., Ltd. And Subsidiaries Consolidated Financial Statement 2019-2020 (P.58) 9. Financial instruments measured at fair value through profit or loss: https://reurl.cc/j8q6r2
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. And Subsidiaries Consolidated Financial Statement 2019-2020 (P.152) 3. Liquidity risk: https://reurl.cc/j8q6r2
FN-IN-000.A	Activity Metric	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	Premium income and benefits for each insurance type: https://reurl.cc/pgmp9d

Commercial Bank

Code	Topic	Accounting Metric	Disclosure Content
FN-CB-230a.1	Data Securit	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	(1) 1 Case (2) 100% (3) 2
FN-CB-230a.2		Description the of approach to identifying and addressing data security risks	• Chapter 2.4 Information Security of this Report • Shin Kong Financial Holding Co., Ltd. (SKFH) 2020 Annual Report P.262 VII.Information Equipment: (III)Shin Kong Bank (SKB): https://reurl.cc/3aax29
FN-CB-240a.1	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development3	Chapter 3.5.3 ESG Credit Policy of this Report
FN-CB-240a.4		Number of participants in financial Education initiatives for disadvantaged customers	• Chapter 6.3 Care for the Disadvantaged of this Report Career path support - financial education program for job empowerment Shin Kong digital academy • Chapter 6.4 Financial Education of this Report Financial Education Scholarship for Yangon University of Economics, Myanmar, "Young Wealth Management Specialist", Finance and wealth management education programs with VR experience, Charity Carnival • There were approximately 2,500 participants in 2020.

Code	Topic	Accounting Metric	Disclosure Content
FN-CB-410a.1	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit risk exposure, by industry	SKB 2020 Annual Report P.203 (4) The information of credit risk quality: https://reurl.cc/R00zZZ
FN-CB-410a.2		Description of the approach to the incorporation of environmental, social, and governance (ESG) factors in credit risk analysis	Chapter 3.5.3 ESG Credit Policy of this Report
FN-CB-510a.1	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	None of the amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations
FN-CB-510a.2		Description of whistleblower policies and procedures	SKFH Internal and External Whistleblowing Procedure: https://reurl.cc/ZGGWmA
FN-CB-550a.2		Description of the approach to the incorporation of results of mandatory and voluntary stress tests into Capital Adequacy Ratio, long-term corporate strategy, and other business activities	SKB 2020 Annual Report P.92-94 and Appendix 1: 2020 Consolidated Financial Statements That Have Been Audited and Attested by CPAs: https://reurl.cc/R00zZZ 2. SKB Website: Disclosure of information related to the capital adequacy of domestic banks: https://reurl.cc/VEEL9A
FN-CB-000.A	Activity Metric	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	SKB 2020 Annual Report P.68 3. Overview of the operations by business units (1) Deposits business: https://reurl.cc/3aN9qL
FN-CB-000.B		(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	SKFH Q4 2020 Earnings Update P.22 Loan Mix: https://reurl.cc/yEnqAq

7.5 United Nations Global Compact

Topic	Principle	Related SKFH CSR Report Section
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	5.1.3 Human Rights Protection
	2. Make sure that they are not complicit in human rights abuses.	5.1.3 Human Rights Protection 4.3.1 Supplier Sustainability Management
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.1.4 Diverse Communication Channels
	4. The elimination of all forms of forced and compulsory labor.	5.1.3 Human Rights Protection
Environment	5. The effective abolition of child labor.	5.1.3 Human Rights Protection
	6. The elimination of discrimination in respect of employment and occupation.	5.1.3 Human Rights Protection
Anti-Corruption	7. Businesses should support a precautionary approach to environmental challenges.	4.1.2 Environmentally-Friendly Green Buildings 4.2.1 Actions to Reduce Carbon Emissions
	8. Undertake initiatives to promote greater environmental responsibility.	3.5. Sustainable and Responsible Finance 4.1.1 Environmental Sustainability Management Mechanisms 4.2.2 Energy and Resource Management
Anti-Corruption	9. Encourage the development and diffusion of environmentally friendly technologies.	3.5.5 Green Energy Finance
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	2.3.1 Ethical Management



7.6 Assurance and Verification Statements



ISO 14064-1 Greenhouse Gas Emission -
Shin Kong Financial Holding



ISO 14064-1 Greenhouse Gas Emission -
Shin Kong Life Insurance



ISO 14064-1 Greenhouse Gas Emission -
Shin Kong Investment Trust



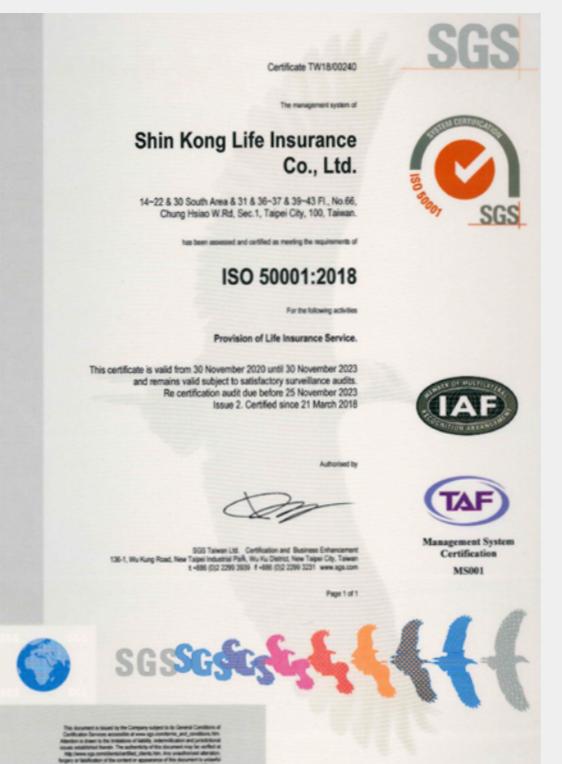
ISO 14064-1 Greenhouse Gas Emission -
Shin Kong Property Insurance Agency



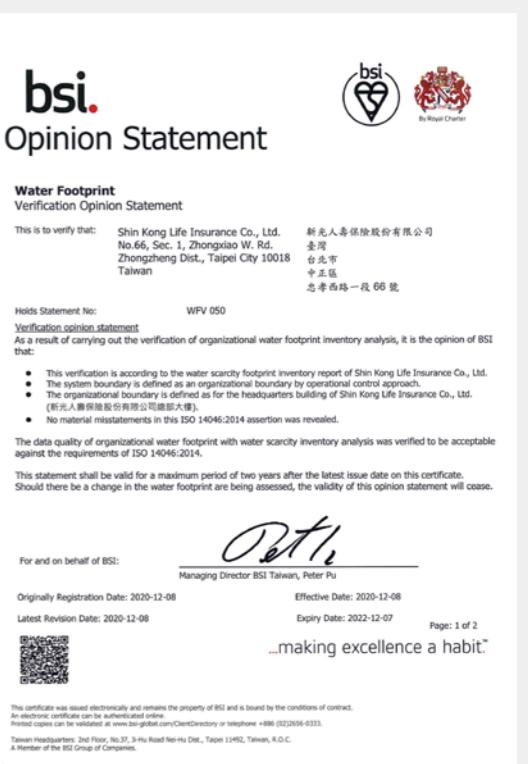
ISO 14064-1 Greenhouse Gas Emission -
Shin Kong Bank



ISO 14064-1 Greenhouse Gas Emission -
MasterLink Securities



ISO 50001 Energy Management System -
Shin Kong Life Insurance



ISO 14064 Water Footprint -
Shin Kong Life Insurance



ISO 10002 Customer Satisfaction Management System - Shin Kong Life Insurance



ISO 45001 Occupational Health and Safety Management System - Shin Kong Life Insurance



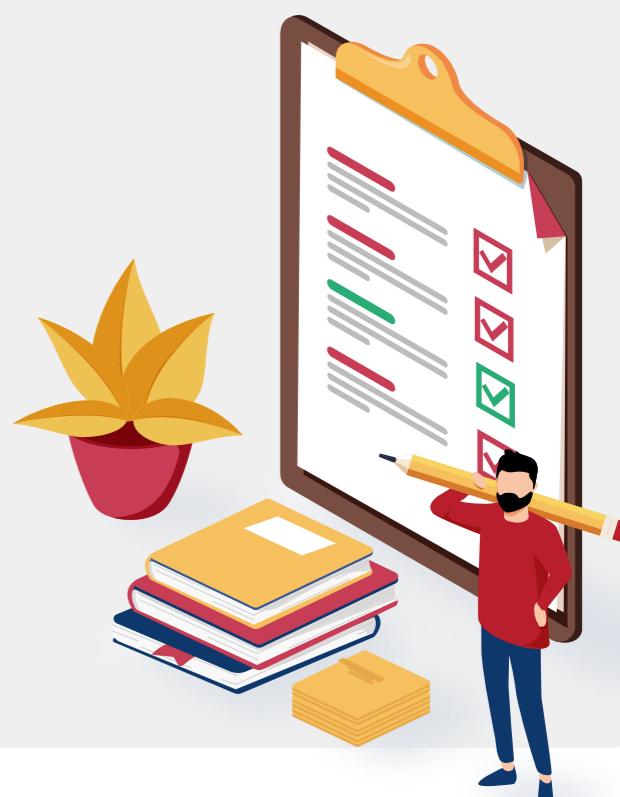
ISO 27001 Information Security Management System - MasterLink Securities



ISO 27001 Information Security Management System - Shin Kong Life Insurance



ISO 27001 Information Security Management System - Shin Kong Bank





ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHIN KONG FINANCIAL HOLDING CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by SHIN KONG FINANCIAL HOLDING CO., LTD. (hereinafter referred to as SKFH) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification from 03 March 2021 to 05 May 2021. 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 CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of SKFH. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all SKFH's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

TWLPP5008 Issue 2104

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:

Select specific reporting criteria included in the contract

Reporting Criteria Options

1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)
3	GHG Protocol Scope3 Category 6 Business Travel (Shin Kong Life Insurance Co., Ltd.)

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for SKFH and moderate level of scrutiny for subsidiaries, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018)
- evaluation of GHG Scope3 business travel conducted by AA1000AS v3 Type 2 Moderate assurance where limited evidence has been obtained to support their statement; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

In response to COVID-19 pandemic situation the assurance process for GHG Scope3 was conducted via Cisco WebexTM.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from SKFH, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, CPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

TWLPP5008 Issue 2104

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**Inclusivity**

SKFH has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SKFH may proactively consider enabling stakeholders' participation in identifying relevant material sustainability topics and their solutions.

Materiality

SKFH has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. SKFH has responded in a way that addressed the needs, concerns and expectations of stakeholders.

Impact

SKFH has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SKFH's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, more detailed the mechanisms for evaluating of the effectiveness of the management approach may be further enhanced (103-3). The goals and targets setting of key topics for the medium-term and long-term with respect to sustainability performance are expected to demonstrate in the report. Furthermore, more detailed descriptions of the highest governance body's involvement with ESG management is encouraged.

GHG PROTOCOL CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The inventory of Greenhouse Gas emissions of Scope3 in year 2020 of SKL, which is one of SKFH's subsidiaries data, has been verified in accordance with AA1000AS v3 Type2 Moderate. SKF and SKL has referenced GHG Protocol Scope3 Category 6 Business Travel to inventory related GHG emissions. The GHG information for the period 01 January 2020 to 31 December 2020 disclosing emissions of 52.29 metric tonnes of CO₂ equivalent is verified by SGS to a moderate level of assurance, consistent with the agreed verification scope, objectives and criteria. Information has been gathered, recorded, compiled, analyzed, and disclosed in a way that, when examined, established the quality and materiality of the information. The margin of error for quantitative data is small enough not to substantially influence the ability of stakeholders to reach appropriate and informed conclusions on performance. Regarding assuring of Scope3 business travel, SKFH complied with the requirements of Type 2 Moderate assurance where limited evidence has been obtained to support their statement.

Signed:

For and on behalf of SGS Taiwan Ltd.



AA1000
Licensed Report
000-8/V3-FWRSP

David Huang
Senior Director
Taipei, Taiwan
21 May, 2021
WWW.SGS.COM



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www.skfh.com.tw

