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HUA NAN FINANCIAL HOLDINGS CO., LTD.

Sustainability
Report

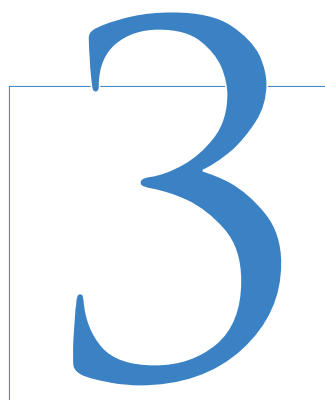


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About This Report

This report discloses Hua Nan Financial Group utilizing a five-point that includes sustainable governance, financial services, employee development, environmental sustainability, and social co-prosperity. The viewpoints and responsive actions of Hua Nan Financial Holdings Co., Ltd. and its subsidiaries on environmental, social, and governance (ESG) sustainability challenges encountered in business operations, thereby communicating with the Company and its various stakeholders.

Reporting Period

The material in this report generally covers the period from January 1, 2023 to December 31, 2023. Some information is updated to April 2024, which has been specified in the report regarding the coverage period.

Boundaries and Scope

This report focuses on relevant information of Hua Nan Financial Group in Taiwan. The scope covers the parent company Hua Nan Financial Holdings Co., Ltd. (HNFHC or the Company) and its six major subsidiaries - Hua Nan Commercial Bank Co., Ltd. (HNCB), Hua Nan Securities Co., Ltd. (HNSC), South China Insurance Co., Ltd. (SCIC), Hua Nan Investment Trust Co., Ltd. (HNIT), Hua Nan Venture Capital Co., Ltd. (HNVC), and Hua Nan Assets Management Co., Ltd. (HNAMC). Some information also covers the Group's sub-subsidiaries such as Hua Nan International Leasing Co., Ltd. (HNILC), Hua Nan Futures (HNFC), and Hua Nan Securities Investment Management Co., Ltd. (HNIM). During the reporting period, HNFHC had no significant changes in size, structure, or ownership.

The data collection process and measurement methods in this report involved inviting relevant departments to discuss, interview, and collect operational management data. The Group's ESG performance information was compiled in accordance with requirements of international standards and indicators. Some performance information discloses four years of data from 2020 to 2023.

The collection, measurement, and calculation methods for data on various indicators are primarily based on compliance with local regulatory requirements. If there are no specific local regulations, international standards (such as ISO) are referenced. If no applicable international standards exist, industry standards or practices are followed.

Reporting Guidelines

This report has been prepared in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and the GRI Sustainability Reporting Standards. It also references the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and the sustainability reporting standards IFRS S1 and S2 issued by the International Sustainability Standards Board (ISSB). At the same time, it responds to the United Nations Sustainable Development Goals (SDGs).

Third-party Assurance

Some of the performance data in this report has been independently assured with limited assurance by KPMG in accordance with TWSAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". The assurance report is included in the appendix of this report.

Publication

HNFHC publishes its sustainability report annually and makes it available for download on the Company's official website. The previous report was released in July 2023, and this version is published in June 2024.

Feedback

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HNFHC Sustainable Development Website



Stakeholder Questionnaire

Message from the Chairman

Ushering a New Era of Global Reform

Reflecting on the post-pandemic era, the worldwide geopolitical instability, sluggish end-user demand, state of high inflation and interest rates are all ongoing amidst the emergence of thriving business opportunities, such as artificial intelligence and high-performance computing, along with the interest rate hikes cycle being on its last leg. Despite negative global economy and unstable social circumstances, Hua Nan Financial Holdings (Co., Ltd.) has managed to deliver outstanding results. In 2023, our after-tax net profit saw an increase of NT\$4.31 billion compared to the previous year, continuing to hit a record high of NT\$21.618 billion. Earnings per share (EPS) was NT\$1.58, while return on equity (ROE) amounted to 11.01%.

Conversely, 2024 will be presented with radical changes; forcing societies and countries alike to face challenges, with significant elections across seventy-four nations worldwide, predicted to impact the lives of half of the global population. On the other hand, Israel's counterattacks against the Yemeni anti-government armed group's attacks on commercial ships passing through the Red Sea have led to a series of regional conflicts, and the impasse in the Russia-Ukraine war has prompted Sweden to join the North Atlantic Treaty Organization (NATO). The significance of "sustainable development" is still something HNFHC considers in light of the shifting global political and economic landscape. Although enterprises cannot shake the changes in the international situation, they may effectively manage risk control and strengthen their business health, by anticipating and planning ahead for future domestic trends such as an aging population, low birth rates, and carbon emission pricing. As the global situation changes and impacts sustainability issues, HNFHC will continue to strengthen and assess its sustainable development strategies, in an effort to lay the clear foundation for HNFHC's second century.



Grasping International Sustainability Trends

The United Nations Climate Change Conference (COP) is held annually and has reached its 28th session, with the most recent event held in Dubai, the economic center of the United Arab Emirates, an oil-producing country. COP28 announced its first “Global Stocktake” (GST) to review global carbon reduction efforts, which has failed to meet expectations lamentably. To limit global warming to 1.5°C, carbon emissions must be reduced by 43% by 2030, based on the 2019 global carbon emission levels. The conference also considered the gradual phase-out or decrease of fossil fuels, as well as the increased use of renewable energy. Many countries made funding commitments towards the “Loss and Damage Fund” announced during COP27 to implement climate justice.

On the other hand, the European Union’s “Carbon Border Adjustment Mechanism” (CBAM), which was piloted in October 2023, has begun to require products exported to the EU, such as cement, fertilizers, steel, aluminum, and chemicals, to provide information on direct and indirect carbon emissions during the manufacturing process. CBAM certificates are planned to be awarded based on product carbon emissions beginning in 2026, while the United States have been aggressively planning to implement the “Clean Competition Act” (CCA) in 2024, imposing a carbon emission tax on products exported to the US.

To more comprehensively grasp the potential operational impact of climate change issues on the Group, the Company has been responding to the Carbon Disclosure Project (CDP) questionnaire since 2020. In 2023, the Company used the Task Force on Climate-related Financial Disclosures (TCFD) framework to compile a TCFD report and passed the British Standards Institution (BSI) audit, obtaining the highest level of “Level-5+: Excellence” audit certificate. At the same time, the Group’s three main subsidiaries - HNCB, HNSC, and SCIC - all issued TCFD reports to illustrate the Group’s commitment to the climate crisis.



Taiwan Carbon Rights Exchange and Future Trends

The Taiwan Carbon Rights Exchange began operations on August 7, 2023, with the “International Carbon Rights Trading Platform” launched on December 22. Hua Nan Financial Holdings (HNFHC) proved its commitment to net-zero by one of the first buyers of international carbon rights trading. The Taiwan Carbon Rights Exchange is the first step in “pricing carbon emissions”. With the subsequent advocacy of domestic carbon rights trading and carbon prices in 2024, carbon reduction is no longer simply a talking point, but is increasingly being incorporated into company operations under government regulations.

The Group currently grasps the policy requirements of the FSC’s “Roadmap for TWSE/TPEX Listed Companies’ Sustainable Development” and “Green Finance Action Plan 3.0”. Whether it is the inventory of our own operational carbon emissions (Scope 1 and Scope 2) or working with policy timelines to plan and carry out the disclosure and assurance of financial carbon emissions of investment and financing portfolios (Scope 3), we are able to sense that the public disclosure of sustainability information and the force of “carbon reduction, net zero, and green transformation” are becoming increasingly important. Under this trend, understanding and planning for the future industry green transformation, carbon capture technology, carbon trading market, hydrogen energy, renewable energy and other business opportunities has emerged as a sustainable development issue for domestic finance industry participants. HNCB also began the “SME Net Zero Transformation Project” in September 2023, offering SMEs recommendations on how to progressively build carbon inventory and reduction strategies, as well as net zero transformation financing alternatives. In addition to helping enterprises of all sizes achieve net zero targets, it also is able to also reduce the supply chain carbon emissions of major enterprises, killing two birds with one stone.

Core Values of Sustainable Development

When sustainability issues shifted from the previous corporate social responsibility focusing on environmental, social, and governance (ESG), we also began to reflect on what is the core value of Hua Nan Financial Group’s sustainable development. The social element is now pursuing diversity, equality, and inclusion (DEI), the environmental aspect is concentrating on climate change and net zero carbon reduction, and corporate governance is emphasizing performance management and expanding board member diversity. Diverse advancements are occurring on various problems.

From the standpoint of stakeholders, the core value may be traced back to the earliest corporate social responsibility theories. In the 1970s, the economic giant Milton Friedman published an article in the New York Times headlined “The Social Responsibility of Business Is to Increase Its Profits,” recognizing that the corporate social responsibility at that time was to enhance profits for shareholders and the Company. When many companies today shout “ESG & EPS”, it also demonstrates that, in addition to preserving shareholder rights and interests, the three components of environment, society, and corporate governance must also be recognized in order to establish a solid foundation for corporate sustainability.

In addition to the “financial” aspect of profitability, corporate sustainable development now focuses on “non-financial” management. As a capital provider and driver of industrial growth, the financial industry should have a broader view of “profitability” in order to achieve “co-prosperity” with other stakeholders. This will be critical to the financial industry’s “continued profitability” and “sustainable operation.” HNFHC’s core value in sustainability is to flourish alongside shareholders, customers, and society as a whole.

Strategies and Actions for Sustainable Development

In terms of sustainability decision-making, the structure of the Group Sustainable Development Committee in 2022 and adjusted to include short-, medium-, and long-term goals for the Group's sustainable development over the following five years, allowing each subsidiary to formulate applicable promotion strategies. The implementation results are submitted to the Board of Directors on a regular basis in order to improve the decision-making and oversight of sustainability concerns. The integration and promotion of the financial holding company and subsidiaries realizes the aim of HNFHC's sustainability and keeping up with the times. In 2023, the Group conducted an assessment of goal execution and established sustainable development objectives for 2024, as well as updating the medium- and long-term goals on a rolling basis.

In terms of enhancing sustainability information disclosure, the Company refers to the GRI Standards to engage with stakeholders and develop the information disclosure structure and content of the sustainability report. We also refer to the "Sustainability Accounting Standards Board" (SASB) to improve the information disclosure of commercial banks. At the same time, the International Financial Reporting Standards (IFRS) S1 and S2 guidelines are closely monitored to ensure that the information disclosed in the sustainability report fulfills external expectations. In addition, to manage the environmental impact of the Group's operations, carbon emissions, energy and resource usage is accurately managed, through annual ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory, ISO 50001 energy management system, and the newly added ISO 46001 water efficiency management system certification in 2023.

In terms of green finance, in addition to strengthening ESG issue management in the credit review process, HNCB has introduced the "HNCB Net Carbon Instant Loan" to provide customers with funds for green capital expenditures such as purchasing renewable energy, energy-saving, energy storage, and pollution prevention equipment or systems, as well as financing services linked to sustainability performance. To create a cleaner and more sustainable environment for future generations, we also continue to invest in green industries and green bonds, paying attention to the opportunities brought by net zero concerns, and making every effort to prepare forward.

Building Sustainable Development from a Corporate Health Management Perspective

Changes in the financial market are driven by several variables, including industrial progress, government policies, and the state of the global situation. Sufficient planning and forward thinking are necessary to maintain profitability in the face of change. Companies that have demonstrated the ability to weather difficult times and convert them into opportunities have done so by consistently practicing "health management" in addition to having internal cohesion. They constantly assess whether their services satisfy customer needs, decision execution, and staff development. From this, they may determine the Company's ability to adjust, respond and learn in the face of external changes. Enhancing the Company's "resilience" is the only way to guarantee that it stands invincible when faced with challenges. To safeguard the rights and interests of every shareholder and customer, we work to further HNFHC's sustainable development sustainable development in the most viable and stable manner possible. In the process of implementation, to the Company will continue to share its rich corporate experience with the public. **Co-prospering with you, who care about HNFHC, is the core of our sustainable development.**

Chairman

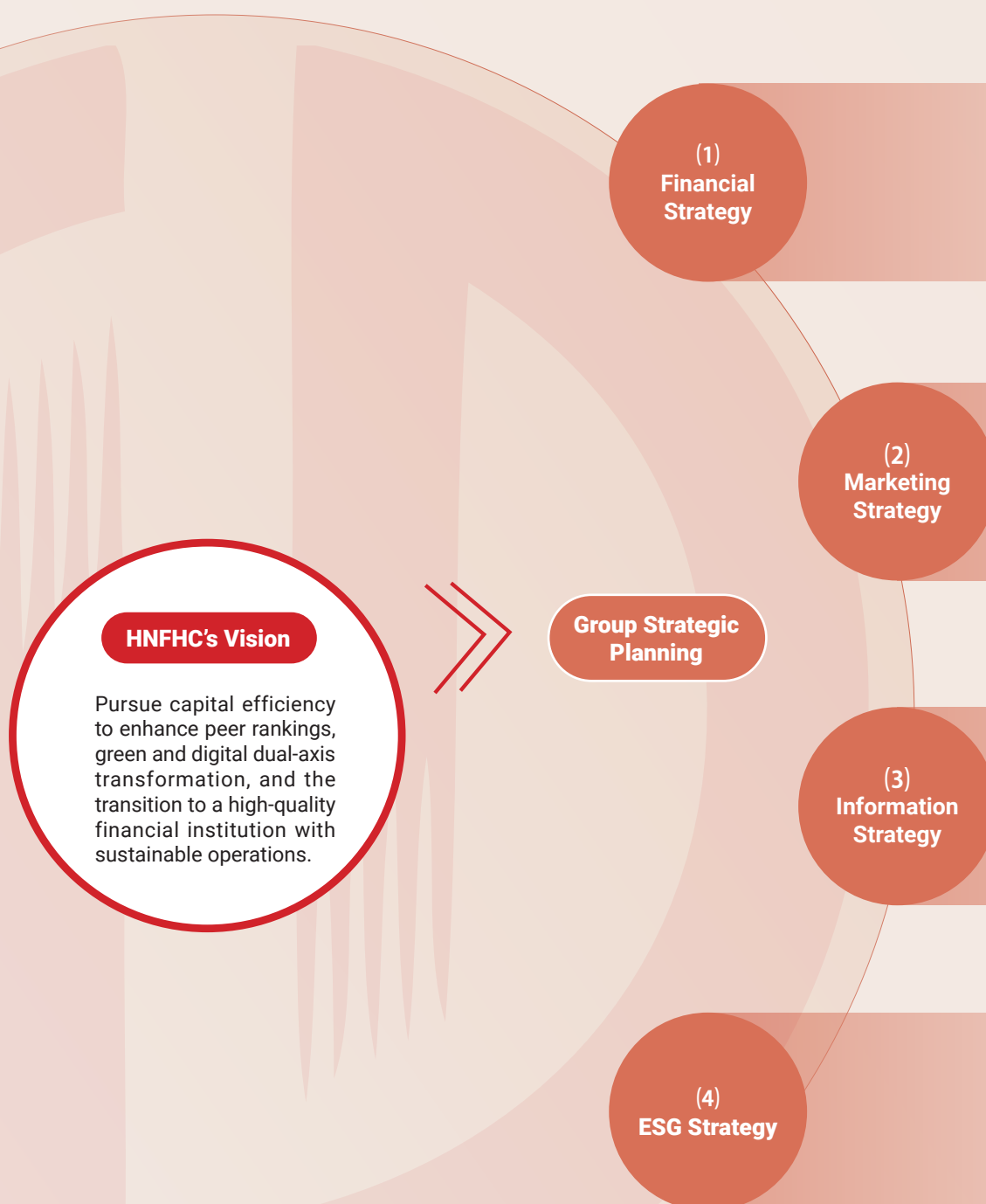
Chang, Yun-peng

Preface

The Group's Sustainable Development Strategy

The cornerstone of corporate sustainable development is continuous profitability, a strong financial structure, capital planning, business strategies, etc. This report provide more detailed information to enable all stakeholders (shareholders, government, customers, employees, investors, suppliers, etc.) better understand HNFHC's efforts in sustainable operations.

The Company's operating growth and profits have increased year by year over the past three years; setting new highs from a net profit of NT\$17.206 billion in 2021 to NT\$17.308 billion in 2022, and growing



further to NT\$21.618 billion in 2023. Due to the sharp fluctuations in the global financial market caused by rising interest rates, shareholders' equity increased from NT\$200.7 billion at the end of 2021 to NT\$184.8 billion in 2022, as a result of valuation losses on stocks and bonds. However, by the end of 2023, it had rebounded to NT\$207.8 billion, continuing to achieve excellent results and setting a new historical high.

Facing the future, the Group will continue to preserve shareholders' rights and interests, promote company sustainability, and pursue dividend growth. Increased engagement in worldwide ESG initiatives and ratings will continue to elevate the Group's position in the ESG field.

The Group's financial aim is to exceed the industry average. A "Three-Year Profitability Improvement Plan" will be implemented, and annual rolling reviews conducted to maximize capital usage efficiency. Through planning of medium- and long-term (1) business strategies, (2) financial targets, (3) dividend policy, (4) capital and risk management strategies, and formulating corresponding performance evaluation and reward systems, profitability can be improved in peer rankings.

1. Improvement of the Group's cross-selling performance
2. Global layout and value recognition
3. Value-added product collaboration and synergy
4. Economic knowledge generating business opportunities
5. Joint marketing activities promotion
6. Increased stickiness through product customer cross-selling

Move towards the four directions of ABC+S (AI & Automation, Big-Data, Cloud, Security). In 2024, Hua Nan Bank will take the lead in attempting to utilize generative AI to accelerate internal knowledge transfer efficiency in intelligent services and cloud platforms, introducing a collaborative cloud work framework to improve employee productivity, and implementing cloud services to accelerate digital content delivery and increase resource utilization. The information gathered will be shared with other subsidiaries in the future. Each company will continue to improve RPA automation, increase data analysis value, and boost information security protection mechanisms.

The Group develops sustainable development goals based on the five aspects of "Corporate Governance": "Financial Services," "Employee Development," "Environmental Sustainability", and "Social Co-prosperity." Short-, medium-, and long-term goals for the next five years are planned based on the above subjects. It strives to align with sustainability trends, plan relevant business and improve corporate operations in advance by conducting regular reviews of goal execution and rolling adjustments to the goal content.

Five Core Strategies

The following five core strategies will be implemented in 2024 to achieve the goals mentioned above. The primary focus will be on incorporating capital use efficiency into subsidiary and branch performance evaluations to increase capital use efficiency and profitability, dynamically allocating dividends and assets based on business development, gradually refine related measures in line with the Group's digital transformation and sustainable finance development trends.

Five Core Strategies

(1) Improving Capital Efficiency

The Group mainly focuses on corporate banking loan service, which requires greater capital, and raising maintaining capital incurs more expenses, particularly during period of limited liquidity. If capital is utilized, it should generate comparable returns. To effectively improve profitability in a competitive environment, capital use efficiency must be strengthened and deeply ingrained in the daily business operations of managers and employees, including: incorporating capital use efficiency into subsidiary and branch performance evaluations, increasing deposit-loan spreads, increasing risk-free fee income, and conducting efficient investment operations.

Specific Measures

- 1 Promote the incorporation of capital use efficiency into subsidiary and branch performance evaluations, provide behavioral incentives to guide business, adjust risk asset structure, pricing strategies, and risk assessment, prioritize businesses with higher capital use efficiency, and increase overall customer contribution.
- 2 The loaning industry will continue to optimize asset structure and focus on stable growth as its primary development strategy. It will also guide business units to consider returns and capital use efficiency when undertaking credit business, appropriately increase lending rates in a timely manner to meet profit objectives.
- 3 In response to the market conditions, diversify income sources and lessen reliance on interest revenue. Provide comprehensive asset allocation and consulting services such as brokerage, investment, insurance, trust, and real estate, establish a high-end wealth management business, and boost fee income from corporate banking credit, foreign exchange, deposit and remittance, and guarantee businesses.
- 4 Diversify asset investments and adapt dynamically to maximize capital use efficiency. Utilize the expansion of the US-Taiwan interest rate differential to conduct USD/TWD SWAP transactions to improve financial operating performance.



(2) Strengthen Management of Financial and Risk

The Group will implement a “Three-Year Profitability Improvement Plan”. Through the top-down setting of subsidiary profit targets set by the Group, capital use efficiency will be pursued. Through dividend policy, capital planning, risk-weighted assets (RWA) scale, and risk appetite management methods, it aims to achieve capital control and abundant profits, hence improving profitability in peer rankings.

Specific Measures

- 1 The Group will set subsidiary profit targets from the top down and conduct yearly rolling reviews in accordance with the Ministry of Finance’s “Financial Holding Company Double-engine, Banks Double-wing” 2.0 blueprint and the Company’s “Three-Year Profitability Improvement Plan.” The three-year profit objective will be adjusted in tandem with fluctuations in peer profitability throughout the implementation year.
- 2 Dividend policy and asset allocation are dynamically allocated based on business development.
- 3 Continue to optimize and construct a Group risk management mechanism that keeps up with the times, dynamically alter risk management indicators, possess knowledge regarding changes in exposures, and provide timely analysis and suggestions to improve risk control and early warning functions.
- 4 To understand and respond to the impact of dramatic market developments early, the Group’s capital adequacy ratio estimation involves scenario analysis and forecasts the Group’s and subsidiaries’ capital adequacy ratio potential landing points every month until the end of the year.
- 5 Strengthen capital use efficiency management in accordance with the Company’s three-year financial plan blueprint, including regular reporting of target achievement and response measures, as well as assessments and recommendations on the potential impact of major events (such as business strategy or capital provision regulatory adjustments).



Five Core Strategies

(3) Performance Evaluation and Reward System Optimization

Focus on the growth of operating efficiency and avoid guiding managers and employees to pursue scale and numbers, so that each company may increase asset and capital usage efficiency while growing profitability.

Specific Measures

- 1 Strengthen the link between the HNFHC and subsidiaries' reward and performance evaluation systems and the performance rankings of their respective industries, encouraging each company to continue to improve and actively increase profits, thereby improving the Group's overall ranking and market position, and enhancing employees' sense of crisis and organizational competitiveness.
- 2 The reward and performance evaluation will prioritize operational efficiency indicators above scale and numbers as measurement indicators, ensuring that each company can increase asset and capital usage efficiency while growing profitability.
- 3 By modifying the reward and performance assessment techniques, we may improve behavioral incentives, effectively lead managers and employees to be more efficient, shape the Group's culture, and entice talents to join the Group.



(4) Deepen Digital Transformation

The Group is committed to advancing the use of technology to create innovative financial products and services. The competent authorities is also steadily easing the scope of usage. The Group's information strategy is evolving in the four directions of ABC+S (AI & Automation, BigData, Cloud, Security). The combination of finance and technology accelerates the speed of digital transformation, boosts company development, broadens the youthful client base, and improves overall competitiveness.

Specific Measures

- 1 Build intelligent services - The Group continues to develop various intelligent services and employ generative AI to expedite internal knowledge transfer and extend RPA applications to increase operational efficiency.
- 2 Create data value - Establish a modern data platform, expanding data analysis and business application scenarios, and increasing data application efficiency value.
- 3 Utilize cloud flexibility - Continue to develop cloud-native technology, implement a cloud-based collaborative work framework to boost employee productivity, and leverage cloud services to accelerate digital content delivery and increase resource utilization.
- 4 Strengthen information security resilience - Improve information security resilience by implementing a zero-trust framework, implement defense drills, and cultivate information security talents.
- 5 Move on into the ranks of leading groups in digital finance through meeting the digital financial life requirements of customers of various generations through implementing three digital transformation strategies: converging and adding value to information (knowledge economy), strengthening synergy services (collaborative synergy), and accompanying customer journeys (generational layout).



Five Core Strategies

(5) Adapt to the Trend of Sustainable Financial Development

To meet the increasingly high standards of domestic and foreign financial supervision and legal compliance, we have to continue to deepen the corporate culture of internal control, internal audit, risk management, and legal compliance, refine corporate governance, fulfill corporate social responsibility, and gradually promote green finance action plans to become an ESG-compliant financial institution.

Specific Measures

- 1 Deepen the Group's GRC culture, strengthen the functions and effective communication of the three lines of defense of internal control, such as self-inspection, legal compliance, risk management, and internal audit, and provide associated education and training on a regular basis.
- 2 Continue to implement the Group's Legal Compliance system, whistleblowing system, and principles for protecting fair competition by establishing consistent standards and norms for legal compliance; regular group meetings and reporting mechanisms, project and implementation effectiveness inspections, violation case analysis and management, and continuous monitoring and evaluation.
- 3 Continue to optimize the functions of the legal compliance information reporting system and the Group's anti-money laundering information sharing platform; plan and discuss with the information unit the establishment of the Group's laws and regulations management system, and strengthen the graded management of subsidiaries' legal compliance affairs, to assist in identifying legal compliance weaknesses, safeguarding the Company's interests, and reducing legal risks, thereby improving legal compliance management and operational efficiency.
- 4 The Group continues to strengthen corporate governance, carry out its corporate social responsibility, and uphold environmental sustainability. In addition to complying with the TWSE/TPEx Listed Companies Sustainable Development Action Plan issued by the FSC in 2023, the Green Finance Action Plan 3.0 issued in 2022, and the Ministry of Finance's ESG Initiative Platform Concrete Implementation Plan, as well as the TCFD (Task Force on Climate-related Financial Disclosures), SASB (Sustainability Accounting Standards Board), and IFRS S1 and S2 standards. We also regularly conduct sustainability-related education and training, with the expectation of integrating related issues into operations. HNFHC also recognizes and follows global and national trends, conducts business in accordance with ESG principles, supports responsible finance and investment, and keeps up in its support for the sustainable advancement of green energy technology, circular economy, and other industries.
- 5 Clarify the fundamental concerns of each ESG element within a sound sustainable governance framework, establish main work items, and set short-, medium-, and long-term targets for each item. Furthermore, in addition to monitoring target attainment on a regular basis, rolling adjustments are made every year. Through the division of labor and cooperation of the Group's companies, it will work together to achieve the goals one by one while growing sustainably with the country and society.



The Group's Sustainable Development Goals

HNFHC echoes the United Nations Sustainable Development Goals (SDGs) and incorporates international sustainable development trends and strategies. Starting in 2023, based on the framework of the Sustainable Development Committee's working groups, it plans the Group's sustainable development goals for the next five years in the following five aspects: "corporate governance", "financial services", "employee development", "environmental sustainability", and "social co-prosperity". Goal content is revised on a yearly basis to align with sustainability trends, plan related businesses in advance, and enhance corporate operational quality.

Sustainable Governance		Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023			
1. Protecting Rights and Interests of Shareholders  	(1) Future Profitability Goals	Set short-term profitability goals based on economic growth rate, industry level, and market dynamics.			
	(2) Future Profitability Strategies	1. Implement strategic planning annually. 2. Enhance profitability ranking through improving operating performance and strengthening capital utilization efficiency.			
	(3) Dividend Distribution Policy Explanation	Improve capital utilization efficiency and profitability quality. The 2022 earnings distribution is mainly in the form of cash dividends.			
2. Corporate Governance   	(4) Strengthen the Functions of the Board of Directors	1. Average rate of attending directors at board meetings reaches 85% or above. 2. Conduct internal performance evaluations of the Board of Directors, individual directors, and functional committees.			
	(5) Enhance Board of Directors Diversity	1. Establish a diversity policy for board members and disclose the specific management objectives and implementation status of the diversity policy on the HNFHC's website, Annual Report, or ESG Report. 2. Consists of at least 1 female director.			
	(6) Mechanism for the Linking of Sustainable Performance and Senior Executive Compensation	HNFHC will include the ESG implementation effectiveness of subsidiaries in their performance evaluation.			

SUSTAINABLE DEVELOPMENT GOALS

***Explanation of Changes in Goals:** When creating targets and goals for 2024, in response to the Group's sustainable development strategy with "protecting shareholders' rights and interests" as the key goal, related issues were prioritized to highlight the Group's attention on shareholders' rights and interests. In addition, the primary work goals under each issue are discussed in detail, as in the the implementation of the "Short-term Goals - 2023." The "Short-term Goals - 2024" and "Medium and Long-term Goals - 2025 to 2028" have has their language slightly revised to prevent a lack of decision-making flexibility in goals, and issue numbers have been added for ease of reading.

***All amounts mentioned in the following goals are in unit of "New Taiwan Dollars."**

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
☒ Short-term profitability goals for 2023 have been set.	Set short-term profitability goals based on economic growth rate, industry level, and market dynamics.	Plan medium and long-term profitability improvement plans to enhance the Group's growth momentum and industry profitability ranking.
☒ 1. The 2024 plan has been submitted to the Board of Directors for discussion and approval along with budget details.	Strengthen capital usage efficiency and operational performance to increase profitability ranking.	Continue to strengthen capital utilization efficiency and operating performance in order to improve profitability ranking, and adapt in a timely manner to political and economic events or competitive environments based on actual demands.
☒ 2. As of the end of 2023, EPS ranked 9th among financial holding peers, an increase of one position from 2022.		
☒ The 2022 earnings distribution was amounted to approximately NT\$8.049 billion, distributed in full in cash dividends.	Based on the principles of sustainable and sound business operations and maintaining and enhancing shareholders' equity, comprehensively analyze different financial parameters and adopt an appropriate dividend policy based on yearly profitability.	Comprehensively consider various financial ratios, appropriately control capital and retained earnings to ensure financial stability and long-term business operations.
☒ 1. Average rate of attending directors at board meetings reached 91.67% in 2023.	1. Average rate of attending directors at board meetings reaches 85% or above.	1. Average rate of attending directors at board meetings reaches 85% or above.
☒ 2. The internal performance evaluations of the Company's Board of Directors, individual directors, and functional committees in 2023 have been completed, and the evaluation results are all "meeting the standards".	2. Conduct internal/external performance evaluations of the Board of Directors and internal performance evaluations of all individual directors and functional committees.	2. Continue to conduct internal performance evaluations of individual directors and functional committees. 3. Continue to conduct internal performance evaluations of the Board of Directors every year. Conduct external performance evaluations of the Board of Directors every 3 years. In the case an external performance evaluation has been conducted, the internal performance evaluation may be exempted.
☒ 1. Disclose the diversity of the Company's board members on the HNFHC's website, Annual Report, and ESG Report.	1. Disclose the specific management objectives and implementation status of the board diversity policy on the HNFHC's website, Annual Report, or ESG Report.	1. Continue to disclose the board diversity policy on the HNFHC's website, Annual Report, or ESG Report.
☒ 2. As of the end of 2023, the Company had 5 female directors.	2. Consists of at least 1 female director.	2. Maintain at least 1 female director.
☒ The following items have been included in the 2023 performance evaluation indicators of subsidiaries: 1. The timeliness and accuracy of providing information related to the preparation of the ESG report. 2. The implementation status of strategic goals for sustainable development issues.	HNFHC will include the ESG implementation effectiveness of subsidiaries in their performance evaluation.	HNFHC will continue to include subsidiaries' effectiveness of ESG implementation in their performance evaluation.

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Sustainable Governance

Financial Services

Employee Development

Environmental Sustainability

Social Co-prosperity

Issue	Main Goals	Short-Term Goals - 2023
3. Integrity Management 	(7) Pursue External Ranking of Corporate	1. Efforts to rank among the top 5% of listed companies in TWSE's Corporate Governance Evaluation 2. Efforts to receive the TCSA Taiwan Corporate Sustainability Report Awards Silver Award
	(8) Establish Management and Evaluation Policies, Implement Employee Education and Training	1. The Integrity Management Committee convenes at least once a year and reports to the Board of Directors on the company's compliance with the Integrity Management Best Practice Principles at least annually. The operations and implementation status of the dedicated integrity management unit are disclosed on the company's website, annual report, or sustainability report. 2. Implement industrial education and training amongst employees at least once a year.
4. Legal Compliance  	(9) Implement the Execution of Whistleblowing Procedures	1. HNFHC reviews the effectiveness of the whistleblowing channels and subsidiaries' handling procedures every year. If a reported case is substantiated, the relevant unit shall review the related internal control system, and operating procedures will be implemented with follow-up improvement measures. 2. Report the handling results of whistleblowing cases to the Integrity Management Committee for review and the Board of Directors every year, explaining the operations and implementation status of the integrity management dedicated unit on HNFHC's website.
	(10) Implement Employee Education/Training and Legal Compliance Evaluation	1. Conduct financial holding company legal compliance education and training every six months, maintaining a 100% employee training rate. 2. Promote and deepen the legal compliance awareness and culture of the Group's supervisors and employees.
	(11) Enhance Compliance Governance and Effectiveness of Anti-Money Laundering/Combating the Financing of Terrorism	Regularly convene internal compliance meetings (Group Legal Compliance Symposium, Group Legal Compliance Committee), AML management meetings

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
☐ 1. Rank among the top 6%~20% of all listed companies. ☒ 2. The Company was awarded the highest-level "Platinum Award" by the 2023 TCSA Taiwan Corporate Sustainability Report Awards ☒ 1. In 2023, 2 Integrity Management Committee meetings were held and reported to the Board of Directors. The operations and implementation status of the Integrity Management Committee are also disclosed on the HNFHC's website and sustainability report.	1. Efforts to rank among the top 5% of listed companies in TWSE's Corporate Governance Evaluation 2. Efforts to receive the TCSA Taiwan Corporate Sustainability Report Awards Platinum Award 1. The Integrity Management Committee convenes at least once a year and reports to the Board of Directors on the company's compliance with the Integrity Management Best Practice Principles at least annually. The operations and implementation status of the dedicated integrity management unit are disclosed on the company's website, annual report, or sustainability report.	1. Continued efforts to rank among the top 5% of listed companies in TWSE's Corporate Governance Evaluation 2. Continued efforts to receive the TCSA Taiwan Corporate Sustainability Report Awards Platinum Award 1. Integrity Management Committee convenes at least once a year continuous and reports to the Board of Directors on the company's compliance with the Integrity Management Best Practice Principles at least annually. The operations and implementation status of the dedicated integrity management unit are disclosed on the company's website, annual report, or sustainability report.
☒ 2. Education and training have been conducted.	2. Implement industrial education and training amongst employees at least once a year.	2. Conduct at least 1 education and training session for employees every year.
☒ 1. The Legal Compliance Division reviews the implementation of the whistleblowing system of subsidiaries through compliance implementation effectiveness visits or compliance project visits. Each subsidiary have been notified of the most recent audit results on the implementation of the whistleblowing system.	1. HNFHC reviews the effectiveness of the whistleblowing channels and subsidiaries' handling procedures every year. If a reported case is confirmed, the relevant unit will assess the related internal control system and operational procedures and implement improvements. If appropriate, the investigative unit may notify its internal audit unit to monitor the improvement efforts.	1. HNFHC continues to review the effectiveness of the whistleblowing channels and handling procedures of subsidiaries every year. If a reported case is confirmed, the relevant unit will assess the related internal control system and operational procedures and implement improvements. If appropriate, the investigative unit may notify its internal audit unit to monitor the improvement efforts.
☒ 2. The Legal Compliance Division reports the operation of the whistleblowing system to the Integrity Management Committee every six months. The operation of the whistleblowing system in the second half of 2022 and the first half of 2023 has been presented to the Company's Integrity Management Committee for review and subsequently reported to the Board of Directors. The Company's official website also includes information on whistleblower channels and the system's deployment progress.	2. Regularly compile the handling results of whistleblowing cases every year, report to the Integrity Management Committee for review and then to the Board of Directors, and explain the operation and implementation status of the whistleblowing system on HNFHC's website.	2. Regularly compile the handling results of whistleblowing cases every year, report to the Integrity Management Committee for review and then to the Board of Directors, and explain the operation and implementation status of the whistleblowing system on HNFHC's website.
☒ 1. The Legal Compliance Division has conducted compliance education and training for all incumbent employees and new employees of the Company in the first and second half of 2023.	1. Conduct financial holding company legal compliance education and training every six months, maintaining a 100% employee training rate.	1. Continue to conduct financial holding company legal compliance education and training every six months, maintaining a 100% employee training rate.
☒ 2. Continuously strengthen the Company employees' compliance awareness through regular education and training.	2. Promote and deepen the Group's supervisors and employees' culture and legal compliance awareness	2. Continue to promote and deepen the Group's supervisors and employees' culture and legal compliance awareness
☒ 1. According to Article 4 of the Company's "Group Legal Compliance Committee Establishment Guidelines", the Group Legal Compliance Committee meeting is convened once a quarter. A total of four meetings were held in 2023.	1. Regularly convene internal legal compliance meetings (Group Legal Compliance Symposium, Group Legal Compliance Committee), AML management meetings.	1. Continue to regularly convene internal legal compliance meetings (Group Legal Compliance Symposium, Group Legal Compliance Committee), AML management meetings.
☒ 2. The Legal Compliance Division currently invites each subsidiary and sub-subsidiary to hold a Group Compliance Symposium every quarter. In 2023, a total of four meetings were held. In addition, according to the graded management mechanism for subsidiaries, monthly compliance and anti-money laundering and combating the financing of terrorism management meetings are held with subsidiaries.	2. Evaluate the introduction of external system tools to strengthen legal compliance resources and effectiveness of the Group, such as legal compliance reporting system and regulatory system optimization. 3. Subsidiaries continue to validate the efficacy of their AML system.	2. Continue to pay attention to Reg Tech development trends and analyze the deployment of AI technology as appropriate according to the business scale and regulatory intensity of subsidiaries to improve the effectiveness of legal compliance management. 3. Subsidiaries continue to validate the efficacy of their AML system.

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Issue	Main Goals	Short-Term Goals - 2023
5. Risk Management/ Climate Risk Management  	(12) Improve the Group's Risk Management System and Control Mechanism	1. Promote climate risk management inclusion in the Group's risk management policy 2. Establish a dedicated internal unit and organizational governance structure for climate risk at the financial holding company level, and routinely report on the risk management situation to the Risk Management Committee and the Board of Directors. 3. HNFHC sets limits for high climate risk industries.
	(13) Conduct Climate Risk Scenario Analysis	Adopt credible scenario analysis methods to assess the impact of physical and transition risks.
	(14) Implement Climate Change Risk Assessment and Disclosure	1. Disclose the physical and transition risks of investment and financing positions 2. Establish climate risk rating assessment and differentiated management for high-risk industries in investment and financing positions
6. Information Security 	(15) Obtain External Certification of Information Security	Units reaching certain scales (capacity of more than 30 people) regularly undergo inspections by third-party fair inspection organizations, so as to maintain the validity of ISO 27001 Information Security Management System certification.
	(16) Enhance Information Security Management Performance and Cultivate Relevant Talents	1. Units of a certain scale (more than 30 people) conduct social engineering drills to improve employees' vigilance against malicious emails, with a failure rate not exceeding 10%. 2. HNCB conduct information security awareness education and training to strengthen employees' information security awareness and implement information security practices from an individual level. 3. HNCB conducts competency training courses for information security personnel (including overseas branches) to strengthen the professional competence of domestic and overseas information security personnel.

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. The Board of Directors Meeting in January 2023 reviewed and approved the amendments to the "Group Risk Management Guidelines", "Group Risk Management Committee Establishment Guidelines", and the newly established "Group Climate Risk Management Policy", which include the Group's climate risk management organizational governance structure and main responsibilities.	1. Regularly report the risk management situation to HNFHC's Risk Management Committee and the Board of Directors.	1. Continue to regularly report the risk management situation to HNFHC's Risk Management Committee and the Board of Directors.
✓ 2. The climate risk assessment results and implementation status were reported to the Board of Directors in August 2023.	2. Review the appropriateness of the setting of risk limits.	2. HNFHC continues to review the appropriateness of the setting of high climate risk industry limits and review the completeness of the risk management mechanism in response to changes in internal and external situations.
✓ 3. The Group's 2023 high climate risk industry limits were reviewed and approved by the Board of Directors in March 2023.	3. Continue to review the completeness of the risk management mechanism in response to changes in internal and external situations.	3. Continue to review the completeness of the risk management mechanism in response to changes in internal and external situations.
✓ 1. Physical risk scenario analysis: Adopted the scenarios of the "National Science and Technology Center for Disaster Reduction" (NCDR) in Taiwan to simulate flood risks under the most severe climate change scenario. 2. Transition risk scenario analysis: Adopted the scenario analysis of the international organization "Network of Central Banks and Supervisors for Greening the Financial System" (NGFS) to assess the impact of transition risk factors on the investment and financing of high-carbon emission industries in the non-trading banking book in 2030, 2040, and 2050.	Integrated "(14) Implement Climate Change Risk Assessment and Disclosure" into the main objective	Integrated "(14) Implement Climate Change Risk Assessment and Disclosure" into the main objective
✓ 1. As of the end of June 2023, HNCB, HNSC, and SCIC disclosed the relevant content of the TCFD report on their official websites	1. Continue to disclose and monitor climate-related risk indicators of investment and financing portfolios.	1. Continue to strengthen the disclosure and monitoring of climate-related risk indicators of investment and financing portfolios.
✓ 2. To strengthen the climate risk management of investment and credit businesses, HNCB, HNSC, and SCIC formulated/revised relevant internal regulations in June 2023 to include climate risk assessment of invested companies and credit customers into account and differentiated management.	2. Continue to implement climate risk rating assessment and differentiated management for high-risk industries in investment and financing positions. 3. Continue to conduct climate risk scenario analysis and adjust the assessment method in a timely manner.	2. Continue to strengthen climate risk rating assessment and differentiated management for high-risk industries in investment and financing positions. 3. Continue to conduct climate risk scenario analysis and adjust the assessment method in a timely manner.
✓ Subsidiaries including HNCB, HNSC, SCIC, HNIT, and HNAMC have all completed the effectiveness verification.	Units reaching certain scales (capacity of more than 30 people) regularly undergo inspections by third-party fair inspection organizations, so as to maintain the validity of ISO 27001 Information Security Management System certification.	Units of a certain scale (more than 30 people) continue regularly undergo inspections by third-party fair inspection organizations to maintain the validity of ISO 27001 Information Security Management System certification.
✓ 1. Subsidiaries including HNCB, HNSC, SCIC, HNIT, and HNAMC have all completed social engineering drills, all with failure rates of less than 10%.	1. Units of a certain scale (more than 30 people) conduct social engineering drills to improve employees' vigilance against malicious emails, with a failure rate not exceeding 8%.	1. Units of a certain scale (more than 30 people) conduct social engineering drills to improve employees' vigilance against malicious emails, with a failure rate not exceeding 5%.
✓ 2. Information security education and training courses have been launched, with each unit is arranged to take classes in phases, completing the education and training for all units in December.	2. HNCB conduct information security awareness education and training to strengthen employees' information security awareness and implement information security practices from an individual level.	2. HNCB continue to conduct information security awareness education and training to strengthen employees' information security awareness and implement information security practices from an individual level.
✓ 3. 4 sessions of competency training courses for information security personnel (including overseas branches) have been completed.	3. HNCB conducts competency training courses for information security personnel (including overseas branches) to strengthen the professional competence of domestic and overseas information security personnel.	3. HNCB continue to conduct competency training courses for information security personnel (including overseas branches) to strengthen the professional competence of domestic and overseas information security personnel.

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Sustainable Governance	Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023		
7. Net Zero Strategy (including investment and financing, products and services)	(17) Complete the inventory of investment and financing portfolio emissions, evaluate the introduction of the Science Based Targets (SBT) method, and calculate the carbon emissions of Scope 3 investment and financing portfolios.	Conduct carbon emission inventory of investment and financing portfolios according to the PCAF methodology.		
	(18) Encourage Customers to Establish Low-Carbon Transition Plans	Conduct education and training for internal relevant business personnel on net zero transition trends.		
	(19) Increase Low-Carbon Investment and Financing	1. Collect and research the definitions of green energy industry and green financial products such as green bonds. 2. Investment planning (1) HNCB's investment in sustainable development bonds accounts for 5% of the NTD bond balance. (2) The green investment balance of SCIC and HNVC reaches NT\$500 million. (3) HNSC inventory and compile the investment amount and proportion of green financial products such as green energy industry and green bonds. 3. HNCB's investment balance in the constituent stocks of the "Taiwan Sustainability Index" jointly compiled by Taiwan Index Plus Corporation and FTSE International Limited reaches 60% or more. 4. The green credit balance reaches NT\$222.5 billion.		



Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ HNCB, HNSC, and SCIC have conducted the 2022 Scope 3 - investment and financing portfolio carbon emission inventory based on the PCAF methodology.	Conduct carbon emission inventory of investment and financing portfolios according to the PCAF methodology.	1. Continue to conduct carbon inventory of investment and financing portfolios based on the PCAF methodology. 2. Evaluate the introduction of the Science Based Targets (SBT) method and calculate the carbon emissions of Scope 3 investment and financing portfolios.
✓ 1. HNCB (1) To implement the empowerment promotion aspect of the "Green Finance Action Plan 3.0", as of the end of 2023, a total of 16 education and training sessions and external training selection courses have been held, totaling 81 hours and 174 participants. (2) To promote sustainable development policies and cultivate sustainable talents, as of the end of 2023, a 3-hour "Climate Risk Management (TCFD) Practical Sharing" course has been held, with a total of 53 trainees. (3) A 3-hour Green Finance 3.0 course on "ESG Net Zero Transition and Sustainable Finance 3.0 - Norms and Practices" has been held, with a total of 64 trainees, including personnel and supervisors from relevant business departments, as well as senior executives such as the Chairman, Vice Chairman, directors, supervisors, and President. ✓ 2. HNSC (1) Relevant colleagues have been arranged and invited to attend 7 industry carbon reduction courses and ESG seminars, totaling 42.5 hours with 33 participants. (2) To promote sustainable development policies, directors, supervisors, and senior executives at the vice president level and above attended 2 sustainable development seminars, totaling 6 hours with 6 participants. ✓ 3. SCIC Members of the company's corporate sustainability team, senior executives, and the board of directors have been arranged to attend 22 relevant courses organized by external institutions (Non-Life Insurance Association, Taiwan Independent Director Association, Institute for Information Industry, etc.), totaling 131 hours with 44 participants.	1. Conduct education and training for internal relevant business personnel on net zero transition trends. 2. Encourage customers to formulate net zero plans and hold seminars or forums on net zero transition or key technologies for corporate customers.	1. Continue to promote education and training on net zero transition for internal relevant business personnel, enabling employees to have up-to-date professional knowledge and capabilities. 2. Encourage customers to formulate net zero plans and hold seminars or forums on net zero transition or key technologies for corporate customers.
✓ 1. Subsidiaries including HNCB, HNSC and SCIC have made definitions based on external regulations, industry types, and industry codes. ✓ 2. Investment execution overview: (1) NT\$16.97 billion has been invested in sustainable development bonds, accounting for 7.26% of the NTD bond balance. (2) The investment balance of SCIC and HNVC reached NT\$573 million. (3) The investment department of the HNSC inventoried the investment in ESG products, with a total investment amount of NT\$1.127 billion, accounting for approximately 3.97% of the overall investment position. ✓ 3. HNCB has invested in 44 targets of the "Taiwan Sustainability Index", with an investment amount of approximately NT\$25.16 billion, accounting for about 88.95% of the total shareholding balance (short-term investment). ✓ 4. HNCB's credit balance for the "green power and renewable energy industry" was NT\$263.9 billion.	Conduct investment and financing related to sustainable development fields to promote the sustainable finance ecosystem.	Continue to track the green finance policy information announced by the competent authorities, guide funds to be invested in economic activities and industries that align with ESG concepts, and support entities that value sustainable development.

Issue	Main Goals	Short-Term Goals - 2023
	(20) Continue to Promote Financial Products and Services for Net Zero or Other Sustainable Transition	1. Plan financial products and services for net zero or other sustainable transition. 2. Continue to promote the issuance of PETG environmentally friendly credit cards, with an issuance volume growth of 5% compared to 2022.
8. Sustainable Finance  	(21) Monitor High-Risk Positions (22) Incorporate ESG Review and Supervision Principles into Product Review Processes	Collect and research the definitions of high-pollution and high-carbon emission industries. Discuss and plan the incorporation of ESG factors into investment, financing, and product review processes.
9. Fair Treatment of Customers  	(23) Implement the Principles for Fair Treatment of Customers (24) Continue to conduct relevant education and training courses or promotional activities for employees	1. Evaluate the inclusion of fair treatment of customers items into department or employee performance evaluation indicators. 2. Regularly review the implementation of the principles for fair treatment of customers through the "Financial Consumer Protection and Fair Treatment of Customers Principles Management Committee". 3. Subsidiaries (HNCB/ HNCS/ SCIC) conduct customer satisfaction surveys every year, with customer satisfaction reaching 85% or more. Continue to conduct relevant education and training courses or promotional activities for employees

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. Achieved. Execution overview of subsidiaries including HNCB and HNSC: (1) HNCB A. In March 2023, the "Green Financing Preferential Project Loan" and "Sustainable Performance Linked Credit Preferential Project" were launched. As of the end of 2023, the loan balance of the "Green Financing Preferential Project Loan" was NT\$21.1 billion, and the loan balance of the "Sustainable Performance Linked Credit Preferential Project" was NT\$50.3 billion. B. As of the end of 2023, the cumulative amount of green mortgage loans and green credit loans reached NT\$648 million. C. Green and sustainable time deposits have been open for application since November 1, 2023. As of the end of 2023, the cumulative amount of contracts was NT\$1.8 billion. (2) HNSC A total of 7 green bonds were underwritten, with a total underwriting amount of NT\$3.65 billion; in addition, a total of 2 cases were assisted for inclusion in the sustainable transition evaluation.	Continue to Promote Financial Products and Services for Net Zero or Other Sustainable Transition	Continue to Promote Financial Products and Services for Net Zero or Other Sustainable Transition
✓ 2. As of the end of 2023, a total of 51,458 PETG credit cards were issued, an increase of 110.61% compared to the end of 2022.		
✓ The Group's definition of high climate risk industries was approved by the Board of Directors in March 2023.	Review the appropriateness of the setting of high climate risk industry limits every year.	Continue to regularly review the appropriateness of the setting of high climate risk industry limits.
✓ 1. Subsidiaries including HNCB, HNSC and SCIC have all completed the incorporation of ESG factors into investment, financing, and product review processes. ✓ 2. The subsidiary HNIT has followed the established "ESG Investment Management Guidelines" to consider ESG ratings and carbon emission data in the investment process.	Review the incorporation of ESG factors into investment, financing, and product review processes every year.	Continue to review the incorporation of ESG factors into investment, financing, and product review processes.
✓ 1. Subsidiaries including HNCB, HNSC, SCIC, and HNIT have all included fair treatment of customers items into department or employee performance evaluation indicators. ✓ 2. Subsidiaries including HNCB, HNSC, SCIC, and HNIT regularly review the implementation of the principles for fair treatment of customers. ✓ 3. (1) HNCB: In 2023, HNCB introduced the Net Promoter Score (NPS) for customers. The 2023 survey results showed that the overall satisfaction rate, as well as the satisfaction rates for deposit and loan services and credit card services, were all above 97.6%. (2) HNSC: The satisfaction rate in 2023 was 88.07%. (3) SCIC: In 2023, the "Customer Service Inbound Satisfaction Survey" and "Counter Service Satisfaction Survey" were conducted, with satisfaction rates of 94.55% and 99.77% respectively.	1. Refine the implementation of the "Principles for Fair Treatment of Customers for Financial Service Providers". 2. HNCB conducts a Net Promoter Score survey at least once a year: NPS score improves compared to the previous period, or the proportion of critics with scores of 0~6 decreases. 3. Subsidiaries (HNSC/ SCIC) conduct customer satisfaction surveys on a regular basis every year, with customer satisfaction reaching 86% or more.	1. Continue to refine the implementation of the "Principles for Fair Treatment of Customers for Financial Service Providers", deepen the culture of fair treatment of customers, and ensure the quality of financial services. 2. HNCB conducts a Net Promoter Score survey at least once a year: NPS score improves compared to the previous period, or the proportion of critics with scores of 0~6 decreases. 3. Subsidiaries (HNSC/ SCIC) conduct customer satisfaction surveys on a regular basis every year, with customer satisfaction reaching 87% or more in 2025 and 89% or more after 2027.
✓ Education and training have been conducted. Detailed implementation is explained in Chapter 2, Financial Services, pages 107-108, "Fair Treatment of Customers Education and Training".	Continue to conduct relevant education and training courses or promotional activities for employees	Continue to conduct relevant education and training courses or promotional activities for employees

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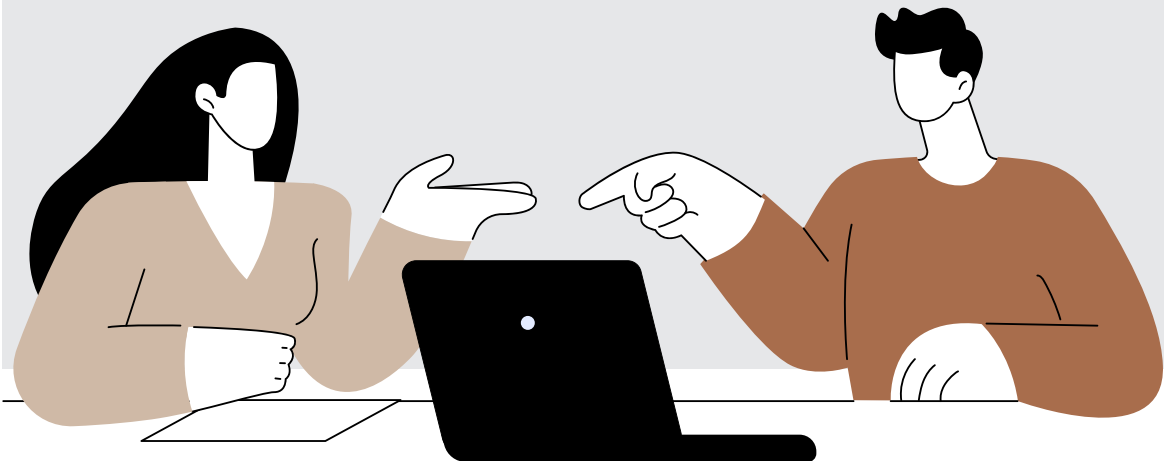
Sustainable Governance	Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023		
10. Financial Inclusion     	(25) Provide products and services for financially disadvantaged groups	[HNCB] 1. Developed the number of micro (small-scale) enterprise loan customers to a total of 10,990 2. Undertake 35 cases of urban renewal and hazardous old building trust business 3. Undertake 45 cases of hazardous old building reconstruction loans in the name of enterprises 4. Undertake 24 cases of hazardous old building reconstruction loans in the name of individuals 5. Undertake 125 cases of reverse mortgage loans 6. Undertake 30 cases of small-amount whole life insurance 7. The number of wellbeing heritage trust inheritance trust reached 24,000 8. Increased mobile banking customers by 210,000 9. Promote zero-contact digital wealth management and increased the online digital ratio to 80% 10. Promoted regular fixed-amount target-based plans and increased the digital self-service customer ratio from 10% to 12% 11. Increased the number of regular fixed-amount investors with limited funds from the recent three-year average of 60,830 to 62,500 12. Increase the ratio of the bank's visually impaired voice ATMs to 6% [HNSC] 1. Increase the number of regular fixed-amount investors with limited funds by 6% annually. 2. Improve the official website to reduce the digital divide for the elderly and people with disabilities. 3. Provide relevant aids and services for the elderly and people with disabilities at business locations. [SCIC] Micro-insurance premium income reaches NT\$1.45 million. [HNAMC] Urban renewal and hazardous old building reconstruction projects provide barrier-free facilities, with a cumulative achievement rate of 100%.		

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
[HNCB] ✓ 1. Developed the number of micro (small-scale) enterprise loan customers to a total of 12,197. ✓ 2. Undertake 38 cases of urban renewal and hazardous old building trust business. ✓ 3. Undertake 92 cases of hazardous old building reconstruction loans in the name of enterprises. ✓ 4. Undertook a total of 28 cases of hazardous old building reconstruction loans in the name of individuals. ✓ 5. Undertook a total of 193 cases of reverse mortgage loans. ✓ 6. Achieved and undertook 137 cases of small-amount whole life insurance. ✓ 7. The cumulative number of wellbeing heritage trust inheritance trust reached 27,303. ✓ 8. The cumulative number of customers were 1,748,292, with a net increase of 248,426. ✓ 9. The online digital ratio was 80%. ✓ 10. The digital self-service customer ratio of the AI intelligent platform Good Foundation Intelligent Wealth Management System was 12.1%. □ 11. As of the end of 2023, the number of regular fixed-amount deduction customers with limited funds was 54,933, with an achievement rate of 87.89%. (1) Reason for not achieving: Due to the impact of changes in the investment market environment in 2023, some customers temporarily suspended deductions, resulting in the number of regular fixed-amount investors with limited funds not reaching the original target. (2) Improvement plan: Will continue to promote digital fund annual activities and various marketing activities to develop new customers and activate old customers, thereby increasing the number of regular fixed-amount deduction customers with limited funds. ✓ 12. The number of visually impaired voice ATMs was 75, accounting for 11.19% of the bank's ATMs.	Implement financial inclusion policies and provide relevant micro products or barrier-free financial services	Continue to implement financial inclusion policies and provide relevant micro products or barrier-free financial services to improve the usage and accessibility of financial services
[HNSC] ✓ 1. Increased by 31.64% in 2023. ✓ 2. As of the end of 2023, the official website optimization has been completed. Currently, a fair treatment of customers section, senior citizen section, official website accessibility section, and friendly service items for service locations have been established for inquiry. ✓ 3. To serve the elderly or people with disabilities, all 40 business locations provide dedicated guidance services and reading glasses at the counter, and 21 of them have additional facilities such as safety handrails in the restrooms.		
[SCIC] ✓ In 2023, the micro-insurance premium income reached NT\$1.45 million.		
[HNAMC] ✓ The urban renewal project of a factory in the Tucheng Industrial Park, New Taipei City, constructed by HNAMC, met the barrier-free facility installation regulations after inspection, with a cumulative achievement rate of providing barrier-free facilities reaching 100%.		

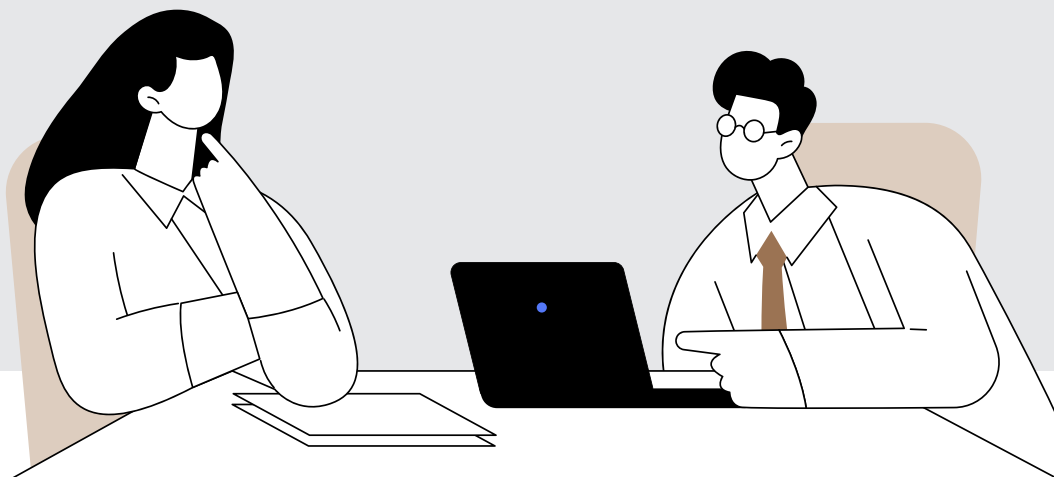
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- Environmental Sustainability
- Social Co-prosperity

Issue	Main Goals	Short-Term Goals - 2023
10. Financial Inclusion 1 NO POVERTY 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES	(26) Held relevant activities to enhance financial literacy	[HNCB] 1. Held 5 trust promotion activities or seminars at social welfare organizations, government agencies, care institutions, etc. 2. Held customer seminars or lectures in combination with relevant topics to promote correct concepts of retirement financial planning (1,000 participants).
		[HNSC] 1. Cooperate with competent authorities to hold financial expos every year. 2. Held at least 1 seminar related to enhancing financial literacy for unspecified audiences every year.
		[HNIT] Held 1 investment and wealth management education seminar for the elderly or retired groups.
		[HNAMC] Held at least 4 education lectures or symposiums suitable for the elderly, retired groups, or startups each year to promote financial literacy.



Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
[HNCB] ✓ 1. HNCB has held 8 trust promotion activities at social welfare organizations, government agencies, and care institutions. ✓ 2. HNCB held 6 physical investment market outlook and income tax case sharing seminars and 1 online seminar, with a total of 2,269 customers attending (1,985 physical + 284 online).	[HNCB] 1. Held at least 5 trust promotion activities or seminars at social welfare organizations, government agencies, care institutions, etc. 2. Held customer seminars or lectures to promote correct concepts of retirement financial planning, with 2,000 participants	[HNCB] 1. Held at least 5 trust promotion activities or seminars at social welfare organizations, government agencies, care institutions, etc. every year 2. Held customer seminars or lectures to promote correct concepts of retirement financial planning (2,000 participants in 2025; 4,000 participants every year from 2026 to 2028)
[HNSC] ✓ 1. Participated in the financial expo from November 24 to November 26. ✓ 2. HNSC has held 4 seminars related to enhancing financial literacy for unspecified audiences.	[HNSC] 1. Cooperate with competent authorities to hold financial expos every year 2. Hold at least 2 seminars related to enhancing financial literacy for unspecified audiences every year 3. Provide financial education promotion and services for students or disadvantaged groups	[HNSC] 1. Continue to cooperate with competent authorities to hold financial expos every year 2. Hold at least 2 seminars related to enhancing financial literacy for unspecified audiences in 2025, and at least 3 seminars every year from 2026 to 2028 3. Continue to provide financial education promotion and services for students or disadvantaged groups
[HNIT] ✓ HNIT has held 2 investment and wealth management customer seminars for the elderly or retired groups in 2023.	[HNIT] Held 3 investment and wealth management education seminar for the elderly or retired groups.	[HNIT] Investment Trust will hold 3 investment and wealth management education seminars for the elderly or retired groups in 2025, and 6 each year from 2026-2028.
[HNAMC] ✓ 4 education lectures were held	[HNAMC] Hold at least 4 education lectures or symposiums suitable for the elderly, retired groups, or startups each year to promote financial literacy.	[HNAMC] Hold at least 6 education lectures or symposiums suitable for the elderly, retired groups, or startups each year to promote financial literacy.



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Sustainable Governance		Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023			
11. Human Rights and Workplace Equality   	(27) Create a gender-equal workplace	1. The ratio of either gender in decision-making or management positions (excluding the Board of Directors) in the Group reaches one-third or more 2. Each company implements at least 1 measure or action to promote gender equality diversity every year			
	(28) Establish a human rights policy and conduct human rights due diligence	1. Refer to international human rights conventions to formulate the Group's human rights policy and specific management plans, establish due diligence procedures, identify and assess human rights risks, and disclose them on the company's website, annual report, or sustainability report 2. Each company conducts at least 1 human rights protection education and training session every year, with a completion rate of 100%			

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. The ratio of males in the Group's decision-making or management positions was 49%, and the ratio of females was 51%. ✓ 2. (1) HNFHC: Human rights education and training (including gender equality diversity) was conducted in December 2023. (2) HNCB: The following measures to promote gender equality diversity have been promoted or planned: A. The course "No Dirty Hands - Rejecting Workplace Sexual Harassment" has been held since February 2023. B. Medical personnel continue to provide maternal care for pregnant female employees. In 2023, a total of 224 people filled out the maternal self-assessment form, and 197 people received prenatal and postpartum care. (3) HNSC: Actively care for pregnant colleagues and encourage colleagues with family care needs to apply for parental leave or family care leave. (4) SCIC: Medical personnel continue to provide maternal care for pregnant female employees. In 2023, a total of 18 people filled out the maternal self-assessment form, and 18 people received prenatal and postpartum care. (5) HNIT: Send internal emails quarterly to advocate gender equality. (6) HNVC: Conducted education and training on the Act of Gender Equality in Employment and the Sexual Harassment Prevention Act, with a completion rate of 100%. (7) HNAMC: Conducted relevant education and training such as "Workplace Illegal Infringement" response and prevention in March 2023, with a completion rate of 100%.	1. The ratio of either gender in decision-making or management positions (excluding the Board of Directors) in the Group reaches one-third or more 2. Each company implements at least 1 measure or action to promote gender equality diversity	1. The ratio of either gender in decision-making or management positions (excluding the Board of Directors) in the Group reaches one-third or more, gradually increasing the proportion of female managers 2. Each company implements at least 1 measure or action to promote gender equality diversity every year, gradually increasing the number of activities or measures promoted for diversity and equality in the Group
✓ 1. HNFHC has formulated the "Group Human Rights Policy" and disclosed the specific implementation status on HNFHC's website and sustainability report. In December 2023, human rights due diligence was conducted through a questionnaire. ✓ 2. (1) HNFHC: Human rights education and training was conducted in December 2023. (2) HNCB: The course "No Dirty Hands - Rejecting Workplace Sexual Harassment" has been held in classes since February 2023, with a completion rate of 100%. (3) HNSC: Conducted human rights-related and workplace sexual harassment prevention courses in July 2023, with a completion rate of 100%. (4) SCIC: Conducted the online course "Creating a Gender-Friendly Workplace", with a completion rate of 100%. (5) HNIT: Held human rights protection education and training in September 2023, with a completion rate of 100%. (6) HNVC: Conducted education and training on the Act of Gender Equality in Employment and the Sexual Harassment Prevention Act in 2023, with a completion rate of 100%. (7) HNAMC: Conducted education and training on "Personal Information Protection Awareness and Promotion" (including privacy rights), with a completion rate of 100%.	1. Refer to international human rights conventions to formulate the Group's human rights policy and specific management plans, establish due diligence procedures, identify and assess human rights risks, and disclose them on the company's website, annual report, or sustainability report 2. Each company conducts at least 1 human rights protection education and training session, with a completion rate of 100%	1. Regularly conduct human rights due diligence, review relevant management policies and risk mitigation measures 2. Each company continues to conduct at least 1 human rights protection education and training session every year, maintaining a 100% employee training rate

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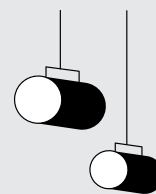
Sustainable Governance		Financial Services		Employee Development		Environmental Sustainability		Social Co-prosperity	
Issue		Main Goals		Short-Term Goals - 2023					
12. Talent Development and Retention 		(29) Promote employee education and training		The Group's average education and training hours per person reach 50 hours every year					
				1. Formulate policies to appropriately reflect operating performance or results in employee compensation and disclose them on the company's website, annual report, or sustainability report					
				2. The retention rate of new employees in the Group reaches 70%, and the retention rate of key talents reaches 85%					
		(30) Plan a fair performance appraisal system and implement labor-management harmony		3. HNSC and SCIC provide internship opportunities for 70 and 5 people respectively through industry-academia cooperation programs every year					
13. Occupational Health and Safety    				1. Disclose employee personal safety and work environment protection measures and their implementation status on the company's website and annual report					
				2. HNFHC and HNCB obtain ISO 45001 Occupational Health and Safety Management System certification					
				3. Except for HNVC, each company formulates workplace sexual harassment or workplace bullying prevention policies and publicly discloses them to employees					
		(31) Implement occupational safety management							
				4. 100 domestic business units of HNCB obtain the Health Promotion Mark					

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ The Group's average education and training hours per person reach 53.4 hours.	The Group's average education and training hours per person reach 52 hours.	The Group's average education and training hours per person reach 55 hours every year
✓ 1. HNFHC's website, annual report, and sustainability report have disclosed relevant information.	1. Formulate policies to appropriately reflect operating performance or results in employee compensation and disclose them on the company's website, annual report, or sustainability report	1. Continue to improve the performance appraisal system and strengthen the link between compensation and performance
✓ 2. The retention rate of new employees in the Group reached 83.92%, and the retention rate of key talents reached 98.55%.	2. The retention rate of new employees in the Group reaches 72%, and the retention rate of key talents reaches 87%	2. The retention rate of new employees in the Group reaches 75%, and the retention rate of key talents reaches 90%
✓ 3. (1) HNSC: Completed two campus internship programs, providing a total of 79 internship opportunities. (2) SCIC: 8 internship opportunities.	3. HNSC and SCIC provide internship opportunities for 70 and 5 people respectively through industry-academia cooperation programs	3. HNSC and SCIC continue to provide internship opportunities through industry-academia cooperation programs
✓ 1. HNFHC's website, annual report, and sustainability report have disclosed relevant information.	1. Disclose employee personal safety and work environment protection measures and their implementation status on the company's website and annual report	1. Continue to disclose employee personal safety and work environment protection measures and their implementation status on the company's website and annual report
✓ 2. (1) HNFHC: The headquarters building's "ISO 45001 Occupational Health and Safety Management System" passed the annual review of BSI British Standards Institution in May 2023. (2) HNCB: The headquarters building's "ISO 45001 Occupational Health and Safety Management System" passed the annual review of BSI British Standards Institution in May 2023.	2. HNFHC and HNCB continue to conduct ISO 45001 Occupational Health and Safety Management System certification	2. HNSC and SCIC gradually introduce ISO 45001 Occupational Health and Safety Management System, with the Group's certification coverage rate reaching 50%, gradually increasing the acquisition rate of occupational health and safety management system-related certifications
✓ 3. (1) HNFHC: Formulated and announced relevant guidelines for workplace sexual harassment prevention. (2) HNCB: Formulated the "Sexual Harassment Prevention Measures and Complaint Handling Guidelines" and announced them in the "Official Website - Statutory Public Disclosure Items Section". (3) HNSC: Formulated and announced workplace sexual harassment prevention policies and workplace bullying prevention policies. (4) SCIC: Formulated and announced the "Prevention Plan for Illegal Infringement in the Performance of Duties". (5) HNIT: Formulated and announced relevant workplace sexual harassment prevention policies. (6) HNVC: Announced sexual harassment complaint channels and promotional materials on the company's bulletin board. (7) HNAMEC: Formulated and announced relevant guidelines for sexual harassment prevention policies.	3. Except for HNVC, each company conducts at least 1 sexual harassment or workplace bullying prevention education and training session, with a completion rate of 100%	3. Except for HNVC, each company conducts at least 1 sexual harassment or workplace bullying prevention education and training session every year, with a completion rate of 100%
✓ 4. 185 business units have obtained the Health Promotion Mark.	4. All business units of HNCB obtain the Health Promotion Mark	4. All business units of HNCB continue to obtain the Health Promotion Mark

			Sustainable Governance	Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023					
13. Occupational Health and Safety	(32) Formulate a diverse welfare system	1. Disclose various employee welfare measures, retirement systems, and their implementation status on the company's website or annual report					
3 GOOD HEALTH AND WELL-BEING		2. Discuss and formulate the number of maternity leave, prenatal checkup leave, paternity prenatal checkup leave, and paternity leave days superior to the Labor Standards Act					
5 GENDER EQUALITY		3. Business units with 100 or more employees (HNCB/ HNCS/ SCIC) formulate a maternal health protection plan					
8 DECENT WORK AND ECONOMIC GROWTH		4. The reinstatement rate after parental leave in the Group reaches 70%					
10 REDUCED INEQUALITIES							



Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. The financial holding company's annual report and sustainability report have disclosed relevant information.	1. Disclose various employee welfare measures, retirement systems, and their implementation status on the company's website or annual report	1. Continue to disclose various employee welfare measures, retirement systems, and their implementation status on the company's website or annual report
✓ 2. The research and discussion have been completed.	2. Formulate the number of maternity leave, prenatal checkup leave, paternity prenatal checkup leave, and paternity leave days superior to the Labor Standards Act	2. Continue to optimize employee welfare systems or mother-friendly care measures
✓ 3. (1) HNCB: The "Workplace Female Employee Maternal Health Protection Plan" was formulated in December 2020. Medical personnel continue to provide maternal care for pregnant female employees. In 2023, a total of 224 people filled out the maternal self-assessment form, and 197 people received prenatal and postpartum care. (2) HNSC: The maternal health protection plan has been implemented. (3) SCIC: The maternal health protection plan was announced and formulated in March 2023.	3. HNCB, HNSC, and SCIC implement the maternal health protection plan, with a care rate of 80% 4. The reinstatement rate after parental leave in the Group reaches 72%	3. HNCB, HNSC, and SCIC implement the maternal health protection plan, with a care rate of 85% 4. The reinstatement rate after parental leave in the Group reaches 75%
✓ 4. The reinstatement rate after parental leave in the Group was 92.4%.		



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Sustainable Governance		Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals	Short-Term Goals - 2023			
14. Net Zero Strategy (Own Operations)    	(33) Complete ISO 14064-1 greenhouse gas inventory (Scope 1 and 2) for all domestic and overseas locations, set short-, medium-, and long-term carbon reduction targets, and evaluate the introduction of the Science Based Targets (SBT) method	1. Complete ISO 14064-1 greenhouse gas inventory and assurance (Scope 1 and 2) for all locations of the Group 2. Increase the inventory and assurance of some content of other indirect emissions (Scope 3), including waste generated from operations, purchased goods or services, etc. 3. Scope 1 and 2 carbon emissions are reduced by 2% compared to the previous year			
	(34) Plan carbon reduction measures (such as energy-saving solutions, renewable energy use)	1. HNCB obtains green building labels for 3 office premises 2. HNCB installs solar power generation equipment in 3 self-owned office buildings 3. HNCB encourages each location to replace energy-consuming equipment to reduce carbon emissions, promotes the pricing of carbon emissions to implement carbon reduction responsibilities, and sets a target of reducing electricity consumption by 3% annually 4. Replace more than 80 fuel-powered official vehicles with hybrid official vehicles			
	(35) Establish internal carbon pricing rules	1. Understand the practices of financial industry peers and continue to pay attention to government policies 2. Request subsidiary banks, securities companies, and non-life insurance companies to evaluate and formulate energy-saving and carbon reduction incentive measures for their locations			

Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. The ISO 14064-1 Scope 1 and 2 greenhouse gas inventory and assurance for all locations of the Group have been completed since 2022, and will continue to be conducted in subsequent years. ✓ 2. The expansion of the inventory scope is also continuously being evaluated. Since 2022, the inventory of indirect emissions from transportation (including employee commuting and business travel except for HNCB) and product use (including HNCB's credit card issuance volume and office supplies procurement and per capita domestic waste except for HNCB) has been completed. ✓ 3. Carbon emissions in 2023 decreased by 3.53% compared to the previous year.	1. Complete ISO 14064-1 greenhouse gas inventory and assurance (Scope 1 and 2) for all locations of the Group 2. Continue to conduct inventory and assurance of some content of other indirect emissions (Scope 3), including waste generated from operations, purchased goods or services, etc. 3. Scope 1 and 2 carbon emissions are reduced by 2% compared to the previous year	1. Continue to conduct ISO 14064-1 greenhouse gas inventory and assurance (Scope 1 and 2) for all locations of the Group 2. Continue to manage carbon reduction targets on a rolling basis, with Scope 1 and 2 carbon emissions reduced by 2% compared to the previous year, to achieve the national voluntary carbon reduction commitment of net zero emissions by 2050 3. Evaluate the introduction of the Science Based Targets (SBT) method
□ 1. Obtained green building label for 1 office premises, and is expected to obtain green building labels for 2 buildings in April 2024. In the future, project progress management will be strengthened and reviews will be submitted as soon as possible to facilitate timely completion □ 2. Solar power generation equipment was installed in 1 self-owned office building, and is expected to be completed in another 2 buildings in June and July 2024. ✓ 3. Electricity consumption in 2023 was 32,713,238 kWh, an increase of 5,620,699 kWh or 20.75% compared to 27,092,539 kWh in 2022. This is mainly due to the addition of the Information Building (electricity consumption of 5,324,200 kWh in 2023) and the Information Backup Center (electricity consumption of 1,648,287 kWh in 2023) to the inventory scope in 2023 compared to 2022. If excluding the additional inventory scope in 2023, the electricity consumption would be 25,740,751 kWh, a decrease of 1,351,788 kWh or 4.99% compared to 2022. The target of "reducing electricity consumption by 3% compared to the previous year" has been achieved. ✓ 4. The entire Group has replaced 90 fuel-powered vehicles with hybrid vehicles in this year.	1. HNCB continues to increase the number of buildings with green building labels 2. HNCB continues to increase the number of buildings with solar power generation equipment installed 3. The Group sets a target of reducing electricity consumption by 2.5% annually 4. Continue to replace fuel-powered official vehicles with hybrid official vehicles	1. HNCB continues to increase the number of buildings with green building labels 2. HNCB continues to increase the number of buildings with solar power generation equipment installed 3. Set electricity-saving targets on a rolling basis 4. Continue to replace official vehicles and set the target of leasing hybrid official vehicles 5. HNCB evaluates the installation of solar power generation equipment on its own vacant land and provides green electricity every year 6. HNCB adjusts the amount of green electricity procurement on a rolling basis every year
✓ 1. Continue to understand the practices of financial industry peers and pay attention to government policies. ✓ 2. Evaluate and formulate energy-saving and carbon reduction incentive measures: (1) HNCB: Starting from 2024, it is planned to charge a "excess emission carbon fee" for electricity consumption exceeding the limit of each branch, and the amount collected will be reinvested in various energy-saving improvement investments or promotion work in the following year. (2) HNSC: Conduct evaluation on formulating energy-saving and carbon reduction incentive measures in accordance with the financial holding company's strategy. (3) SCIC: Will evaluate and formulate energy-saving and carbon reduction incentive measures.	1. HNCB introduces internal carbon pricing and announces internal carbon pricing-related rules 2. HNCB, securities companies, and non-life insurance companies implement energy-saving and carbon reduction incentive measures for their locations	1. HNCB continues to implement internal carbon pricing 2. HNCB, HNSC and SCIC continue to implement energy-saving and carbon reduction incentive measures for their locations

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Sustainable Governance	Financial Services	Employee Development	Environmental Sustainability	Social Co-prosperity
Issue	Main Goals		Short-Term Goals - 2023	
15. Energy and Resource Management  	(36) Set other energy and resource (waste, water) reduction targets and regularly track the achievement status		1. Complete the inventory of the total waste amount for all locations of the Group 2. The Group's water consumption density in 2023 is reduced by 1% compared to 2022	
16. Sustainable Supply Chain Management   	(37) Establish regular monitoring items for suppliers and quantify performance (38) Enhance suppliers' ESG awareness		1. Continue to implement green procurement, participate in the Environmental Protection Administration's "Green Procurement Plan for Private Enterprises and Organizations" reporting and disclose the procurement amount 2. Maintain the signing rate of supplier commitment letters by contract suppliers at 100% Held the "ESG Initiative Platform Joint Supplier Conference of Public Financial Institutions"	



Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
✓ 1. In 2023, the Group's total non-recyclable waste was 526.94 metric tons. ✓ 2. The Group's water consumption density in 2023 was 24.72 cubic meters/person, a decrease of 3.84 cubic meters/person or 13.45% compared to 28.56 cubic meters/person in 2022.	1. HNCB sets a target of reducing the total waste amount by 1% annually 2. The Group sets a target of reducing water consumption density by 0.5% annually 3. HNCB conducts recertification of "ISO 14001 Environmental Management System" and "ISO 50001 Energy Management System"	1. HNCB continues to set a target of reducing the total waste amount by 1% annually and adjusts it on a rolling basis 2. Set the Group's water consumption density target on a rolling basis 3. HNCB continues to conduct "ISO 14001 Environmental Management System" and "ISO 50001 Energy Management System" certification
✓ 1. HNCB compiled the 2023 green procurement amount of NT\$152,651,781, accounting for approximately 8.06% of the total procurement amount. The final amount will be based on the reported amount verified by the Environmental Protection Administration. ✓ 2. The signing rate of supplier commitment letters by contract suppliers of each company was 100%.	1. HNCB sets a target of green procurement accounting for 7% of the total procurement amount 2. HNCB continues to participate in the Environmental Protection Administration's "Green Procurement Plan for Private Enterprises and Organizations" reporting and disclose the procurement amount	1. HNCB sets a target of green procurement accounting for 8% of the total procurement amount 2. HNCB continues to participate in the Environmental Protection Administration's "Green Procurement Plan for Private Enterprises and Organizations" reporting and disclose the procurement amount
✓ It was held on September 20, 2023.	1. Continue to encourage subsidiaries and suppliers to participate in the "ESG Initiative Platform Joint Supplier Conference of Public Financial Institutions" 2. Maintain the signing rate of supplier commitment letters by the Group's contract suppliers at 100%	1. Continue to encourage subsidiaries and suppliers to participate in the "ESG Initiative Platform Joint Supplier Conference of Public Financial Institutions" 2. Maintain the signing rate of supplier commitment letters by the Group's contract suppliers at 100%



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Sustainable
GovernanceFinancial
ServicesEmployee
DevelopmentEnvironmental
SustainabilitySocial
Co-prosperity

Issue	Main Goals	Short-Term Goals - 2023
17. Social Welfare Engagement and Investment     	(39) Establish main axes of public welfare strategy	Take "public welfare engagement, knowledge promotion, arts and culture, sports development" as the main axes for promoting public welfare strategies, and disclose the specific targets and implementation status of the public welfare strategies on HNFHC's website, annual report, or sustainability report
	(40) Conduct relevant public welfare activities, including donations, assistance to disadvantaged groups, or assisting local community development with financial expertise, etc.	1. Hua Nan Financial Group cares for disadvantaged groups and conducts at least 37 public welfare activities 2. Hua Nan Financial Group assists in knowledge promotion and sponsors more than 16 forums, seminars, and symposiums 3. Hua Nan Financial Group supports high-quality domestic and international performances and cultural and creative projects, supporting more than 15 arts and cultural activities 4. Hua Nan Financial Group supports various sports activities, athletes, and equipment. Support more than 6 sports categories 5. SCIC supports at least 30 social welfare organizations and assists in planning micro-insurance protection 6. HNAMC promotes the reconstruction of hazardous old buildings and urban renewal, holding at least 7 briefings on urban renewal and reconstruction of hazardous old buildings



Implementation Results	Short-Term Goals - 2024	Mid- and Long- Term Goals - 2025-2028
☒ HNFHC's website, annual report, and sustainability report have disclosed relevant information.	Take "public welfare engagement, knowledge promotion, arts and culture, sports development" as the main axes for promoting public welfare strategies, and disclose the specific targets and implementation status of the public welfare strategies on HNFHC's website, annual report, or sustainability report	Continue to disclose the specific targets and implementation status of the public welfare strategies on HNFHC's website, annual report, or sustainability report
☒ 1. The Group conducted 63 charitable activities.	1. Hua Nan Financial Group cares for disadvantaged groups and conducts at least 47 public welfare activities	1. Hua Nan Financial Group cares for disadvantaged groups, enhances social well-being, conducts at least 48 charitable activities each year, and tracks the benefits for beneficiaries
☒ 2. The Group held 27 forums, seminars, and related symposiums.	2. Hua Nan Financial Group assists in knowledge promotion and sponsors more than 19 forums, seminars, and symposiums	2. Hua Nan Financial Group assists in knowledge promotion, sponsors at least 23 forums, seminars, and related symposiums each year, and tracks the benefits for beneficiaries
☒ 3. The Group supported 21 domestic and international high-quality performances and cultural and creative projects.	3. Hua Nan Financial Group supports high-quality domestic and international performances and cultural and creative projects, supporting more than 15 arts and cultural activities	3. Hua Nan Financial Group supports domestic and international high-quality performances and cultural and creative projects, supporting at least 15 arts and cultural activities each year, and tracks the benefits for beneficiaries
☒ 4. The Group supported 9 sports items, including baseball, soccer, golf, gymnastics, tug-of-war, basketball, skating, road running, and sumo.	4. Hua Nan Financial Group supports various sports activities, athletes, and equipment, supporting at least 6 sports items	4. Hua Nan Financial Group supports various sports activities, athletes, and equipment, supporting at least 6 sports items each year, and tracks the benefits for beneficiaries
☒ 5. SCIC has assisted in planning microinsurance coverage for 30 social welfare organizations.	5. SCIC supports at least 30 social welfare organizations and assists in planning micro-insurance protection	5. SCIC supports at least 30 social welfare organizations each year and assists in planning microinsurance coverage
☒ 6. HNAMC held 14 urban renewal and dangerous and old building seminars.	6. HNAMC promotes urban renewal and reconstruction of dangerous and old buildings, holding at least 9 urban renewal and dangerous building seminars	6. HNAMC promotes urban renewal and reconstruction of dangerous and old buildings, holding at least 11 urban renewal and dangerous building seminars each year



Significant ESG Achievements in 2023

Sustainable Governance

1. Selected as a constituent of the FTSE4Good Emerging Index.
2. Selected as a constituent of the Taiwan Sustainability Index (TWSI).
3. Selected as a constituent of the TWSE Corporate Governance 100 Index.
4. Selected as a constituent of the TWSE RAFI® Taiwan High Compensation 100 Index.
5. Selected as a constituent of the TWSE RA Taiwan Employment Creation 99 Index.
6. Received an MSCI ESG Rating of AA (AAA-CCC, AAA being the best) and a Sustainalytics ESG Risk Rating score of 24.67 (0-100, 0 being the best).
7. The Group has been responding to the CDP since 2020, obtaining a B rating each year, the same as the international financial industry average in 2023.
8. Completed the TCFD report and passed the audit of the British Standards Institution (BSI), obtaining the highest level "Level-5+: Excellence" certificate.
9. According to the credit rating reports issued by Taiwan Ratings, Moody's, S&P, and A.M. Best, the Group has a robust corporate health in the financial market.
10. Continues to maintain ISO 27001 Information Security Management System certification.
11. Continues to maintain ISO 20000 Information Technology Service Management System certification.
12. Continues to maintain BS 10012 Personal Information Management System certification.
13. After-tax net profit of NT\$21.618 billion.
14. Return on equity (ROE) of 11.01%.
15. Total assets of NT\$3.8692 trillion.

Financial Services

1. HNCB invested NT\$1.8 billion in social responsibility bonds and NT\$1.2 billion in sustainability bonds.
2. HNCB was awarded the "Trust Award" and "Best Trust Award" by the FSC's 2nd Trust 2.0 Project Evaluation.
3. HNCB received the "Special Contribution Award - Sustainable Finance" for outstanding institutions and personnel from the Joint Credit Information Center.
4. HNSC won six awards at the 20th National Brand Yushan Award, including "Outstanding Enterprise Award", "Best Product - US Stock Trend Scan", "Best Product - Ex-Right/Ex-Dividend Area", "Best Product - Digital Account Opening", "Most Popular Brand - HNSC Accuracy", and "Most Popular Brand - Fair Customer Treatment".
5. SCIC won three awards at the Taiwan Insurance Excellence Award organized by the Taiwan Insurance Institute, including the silver award for "Excellence in Public Welfare and Care", the silver award for "Excellence in Risk Management", and the silver award for "Excellence in Talent Training Project Planning".
6. HNSC ranked among the top 25% securities firms in the FSC's "Fair Customer Treatment Principle Evaluation" in 2023.
7. HNIT won the ESG Fund Award at the Smart Wealth Taiwan Fund Awards.

Employee Development

1. Salary increases for 14 consecutive years since 2010, with a median salary of NT\$1.178 million.
2. Emphasizes workplace gender equality development. The Group has 60.48% female employees and 51.56% female managers.
3. HNFHC and HNCB provide marriage subsidies of NT\$30,000 and childbirth subsidies of NT\$100,000 per child.
4. Obtained the ISO 45001 Occupational Health and Safety Management System certification.

Environmental Sustainability

1. Continues to maintain ISO 14001 Energy Management System certification.
2. Continues to obtain ISO 14064-1 Greenhouse Gas Inventory certification.
3. Continues to maintain ISO 50001 Environmental Management System certification.
4. Continues to maintain ISO 46001 Water Efficiency Management System certification.
5. HNCB invested NT\$13.97 billion in green bonds to support the development of green industries.
6. HNCB received the bronze award at the 5th National Enterprise Environmental Protection Award.
7. The standardized renovation project of HNCB's Nansongshan Branch achieved energy savings of over 30% and was awarded the Excellence Award in the Industrial and Commercial Group A category at the 2023 Taipei City Net Zero Benchmarking Awards.

Social Co-prosperity

1. Total investment in public welfare sponsorship amounted to NT\$73,458,835.
2. Received the Sports Activist Award from the Ministry of Education for 12 consecutive years, and has simultaneously won the Gold Award in the Sponsorship category, the Long-term Sponsorship Award, and the Bronze Award in the Promotion category for 7 consecutive years.
3. Has held the "Hua Nan Cares, Forever Young" event to care for disadvantaged elderly living alone for 12 consecutive years.
4. Has sponsored the "Face-to-face Forum between President Tsai Ing-wen and High School Students" for 8 consecutive years to enhance communication and exchange with the new generation.
5. Has donated to the Chinese Culture and Arts Foundation for 7 consecutive years to support the development of the domestic cultural and creative industry and promote local culture.

Corporate Sustainability Development Planning

Corporate Sustainability Operating Principle

Hua Nan Financial Group's main operating core is its subsidiary, Hua Nan Commercial Bank, which was established in 1919. The principle of corporate sustainable development is based on the interests of shareholders. The support of shareholders is essential for the existence of the enterprise.

However, sustainability issues are changing rapidly, and the scope has expanded from shareholder interests to stakeholder rights and interests. Considering the mutually beneficial relationship between the enterprise and various stakeholders, actively communicating with customers, employees, suppliers, and other parties reflects the trend of sustainability information disclosure expanding from financial performance to non-financial aspects, and further managing and responding to issues of concern to different stakeholders.

To strengthening corporate governance (G, Governance) and giving back to shareholders through profitability, Hua Nan Financial Group also has plans for environmental (E, Environmental) issues such as climate change risks and net zero, as well as social (S, Social) aspects like enhancing financial services and employee development, which are of concern to stakeholders.

We were aware that although environmental and social issues are non-financial information, they have a significant impact on financial performance. For example, climate change leads to changes in regulations and international trade rules, which will impact our own operations and various industries, thus affecting the Group's profitability. In terms of social aspects, if we fail to respond early to customers' needs for digitalized services or the impact of the low birth rate trend on corporate talent recruitment, it will bring a heavier operating cost to "corporate sustainable development".

Furthermore, according to the corporate governance principles proposed by the international organization OECD (Organisation for Economic Cooperation and Development) in 2023, the following three points were raised:

- 1. The sustainability information disclosed by enterprises should have a certain level of quality and comparability.**
- 2. The board of directors must identify sustainability-related risks and opportunities and take responsibility.**
- 3. Enterprises should maintain a dialogue with various stakeholders on sustainability issues.**

Under the premise that shareholders are the foundation of the enterprise, strengthening corporate governance is to protect shareholders' rights and interests and is also the primary goal of corporate sustainable development. In the future, HNFHC's sustainable development strategy will focus on strengthening its own operating quality and pursuing continuous profit growth, so that shareholders can obtain stable returns. It will also pay attention to changes in ESG issues, expand its business vision to future opportunities and risks, and lay a solid foundation for sustainable development.

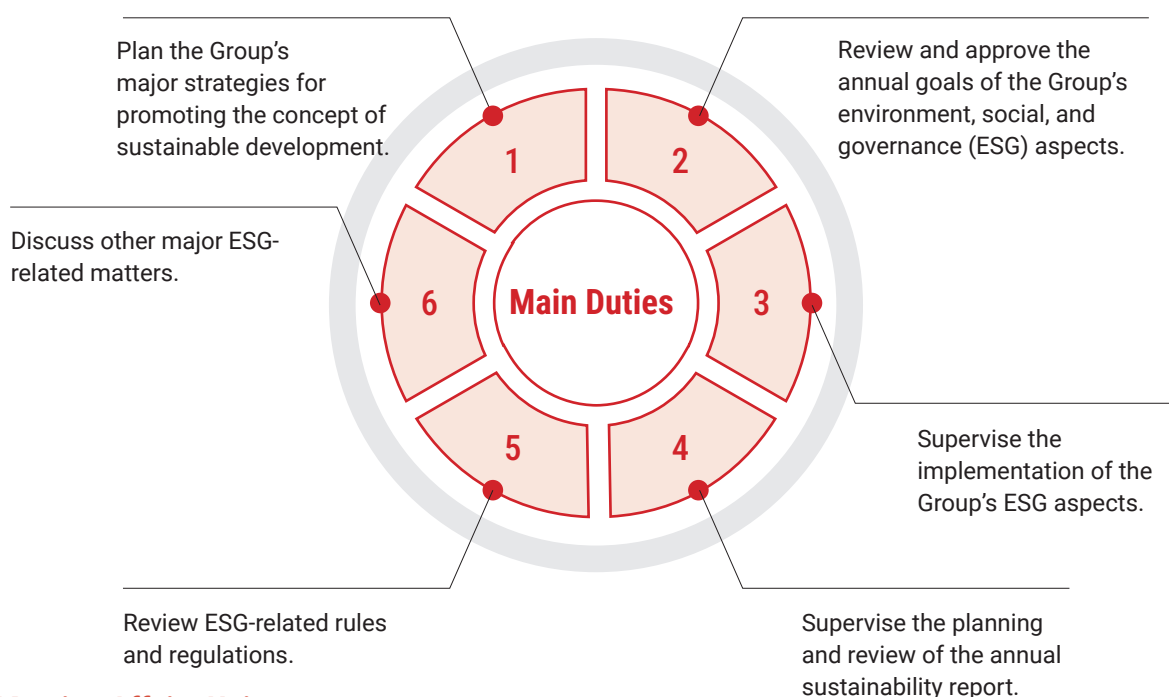
The Group's Sustainable Development Committee

Since 2014, Hua Nan Financial Group has established the "Group Corporate Social Responsibility Committee" to coordinate the promotion of corporate sustainable development. However, as "sustainable development" issues have gradually expanded and cover a wide range of

topics, to more effectively promote sustainability issues, the Company adjusted the “Group Corporate Social Responsibility Committee” to the “Group Sustainable Development Committee” in April 2022. The Chairman of the HNFHC serves as the convener, the Vice Chairman as the deputy convener, and the President of the HNFHC and the Chairman and Vice Chairman of each subsidiary (previously the President of each subsidiary) serve as committee members.

Responsibilities of the Committee

The HNFHC’s Administration Management Division serves as the secretariat unit of the Sustainable Development Committee, and the HNFHC’s ESG team tracks the ESG promotion status of each subsidiary. The committee convenes twice a year to report on the Group’s ESG-related issues, effectively managing the planning and execution of the Group’s sustainable development initiatives. The minutes of each committee meeting are submitted to the HNFHC’s Board of Directors for reporting. The main duties are listed as follows:



Meeting Affairs Unit

Within the committee, the HNFHC’s Administration Management Division serves as the secretariat unit and is responsible for the following duties:

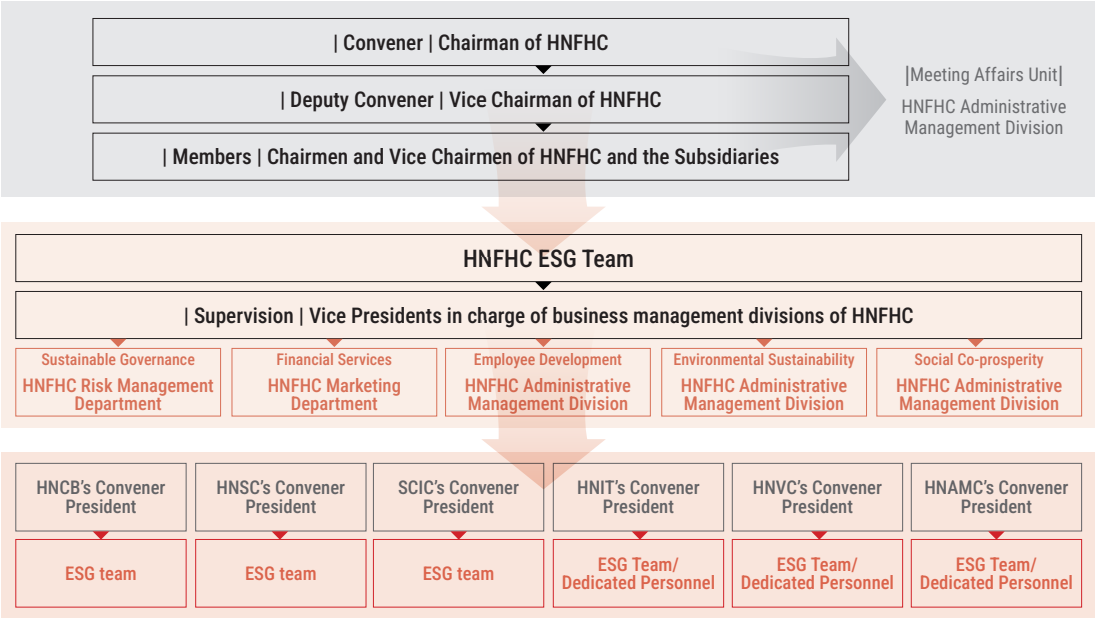


Description of the Committee’s Promotion Organization

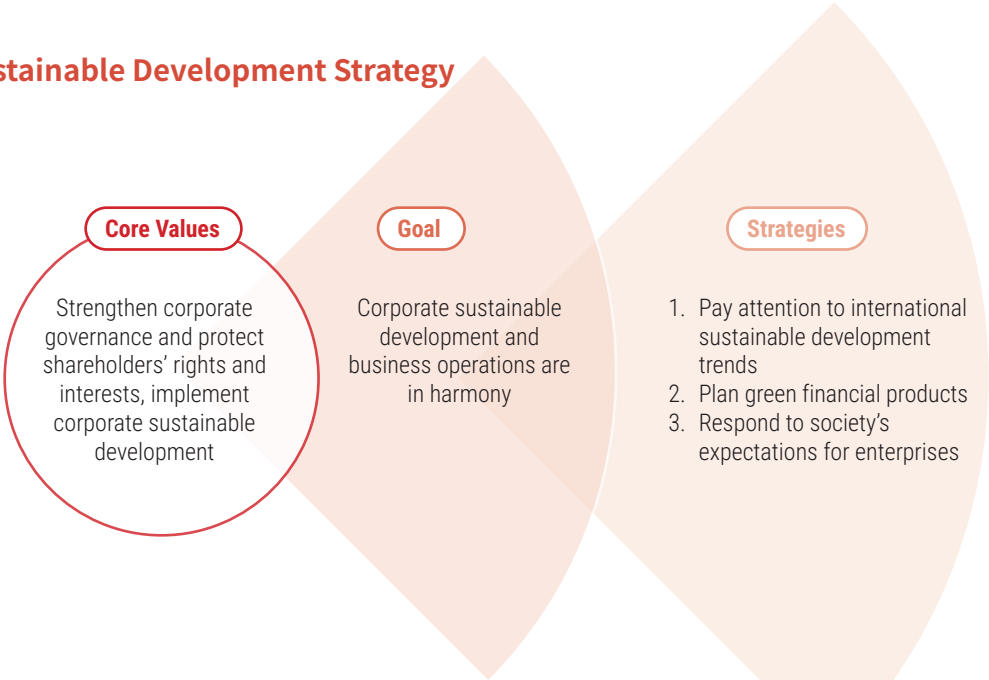
The Sustainable Development Committee has established a framework for promoting sustainable development within the HNFHC and each subsidiary, which is described as follows:

- 1. To strengthen the responsibilities of the HNFHC’s ESG team in promoting sustainability issues, it is divided into five working groups: “Sustainable Governance”, “Financial Services”, “Employee Development”, “Environmental Sustainability”, and “Social Co-prosperity”, referring to the structure of the report. Each group has a person in charge and a secretary general to promote related matters.
- 2. Each subsidiary has also established an ESG team/dedicated personnel, with its President serving as the convener.
- 3. Through the sustainable development promotion strategy of the HNFHC’s ESG team and the ESG promotion goals combined with the core business of each subsidiary, they are reviewed, deliberated, and approved by the Sustainable Development Committee on a rolling basis each year and then implemented accordingly. This model gradually demonstrates the performance of each subsidiary of the Group in promoting ESG in their professional fields.

The structure of the Company’s Group Sustainable Development Committee is as follows:



Sustainable Development Strategy



The Process of Implementing Sustainable Development

- Established the Corporate Social Responsibility (CSR) Committee
- Formulated the "Corporate Social Responsibility Best Practice Principles"

2014

- Included all six subsidiaries in the scope of the corporate social responsibility report
- Formulated the "Integrity Management Best Practice Principles"

2015

- Established the Integrity Management Committee and set up an integrity reporting page on the official website
- Formulated the Group's "Supplier Commitment Letter"
- Formulated the "Environmental Management Policy" and introduced the ISO 14001 Environmental Management System
- Introduced the ISO 14064-1 Greenhouse Gas Inventory at HNCB's head office building
- Conducted internal performance evaluation of the Board of Directors

2016

- Introduced the spirit of the Equator Principles project
- Employees signed the "Integrity Management Commitment Letter"
- Introduced the ISO 14064-1 Greenhouse Gas Inventory at the headquarters of the HNFHC and each subsidiary

2017

- Established the Group Legal Compliance Committee
- HNCB, HNSC, SCIC, and HNIT completed the internal norms for institutional investor due diligence and signed the compliance declaration for the principles
- HNCB issued NT\$1 billion green bonds
- Introduced the ISO 50001 Energy Management System at HNCB's head office building
- Conducted external performance evaluation of the Board of Directors

2018

- HNFHC, HNCB, HNSC, and SCIC completed the establishment of corporate governance officers
- Expanded the scope of ISO 14064-1 Greenhouse Gas Inventory to 30 domestic branches of HNCB
- Formulated the "Sustainable Lending Principles and Precautions"

2019

2020

- Responded to the CDP for the first time and obtained a B rating
- Began to apply the Task Force on Climate-related Financial Disclosures (TCFD) to assess the opportunities and risks brought by climate change
- Expanded the scope of ISO 14064-1 Greenhouse Gas Inventory to all 186 domestic branches of HNCB

- Set the Group's sustainable development goals to strengthen the promotion of sustainability issues
- Completed the TCFD report and passed the audit of the British Standards Institution (BSI), obtaining the highest level "Level-5+: Excellence" certificate
- Held the third joint supplier conference for public financial institutions on the theme of "Implementing Sustainable Transformation and Moving Towards Net Zero Goals"

2021

- Planned to introduce TCFD and Sustainability Accounting Standards Board (SASB) standards and regulations
- HNCB issued NT\$1 billion green bonds again
- HNSC appointed an Executive Vice President as the Information Security Officer
- Adjusted the structure of the Corporate Social Responsibility Committee

2022

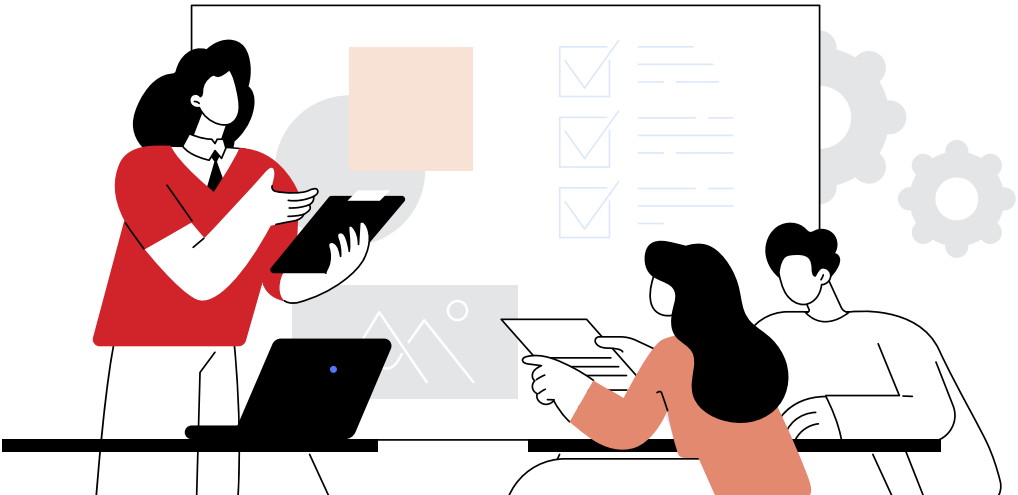
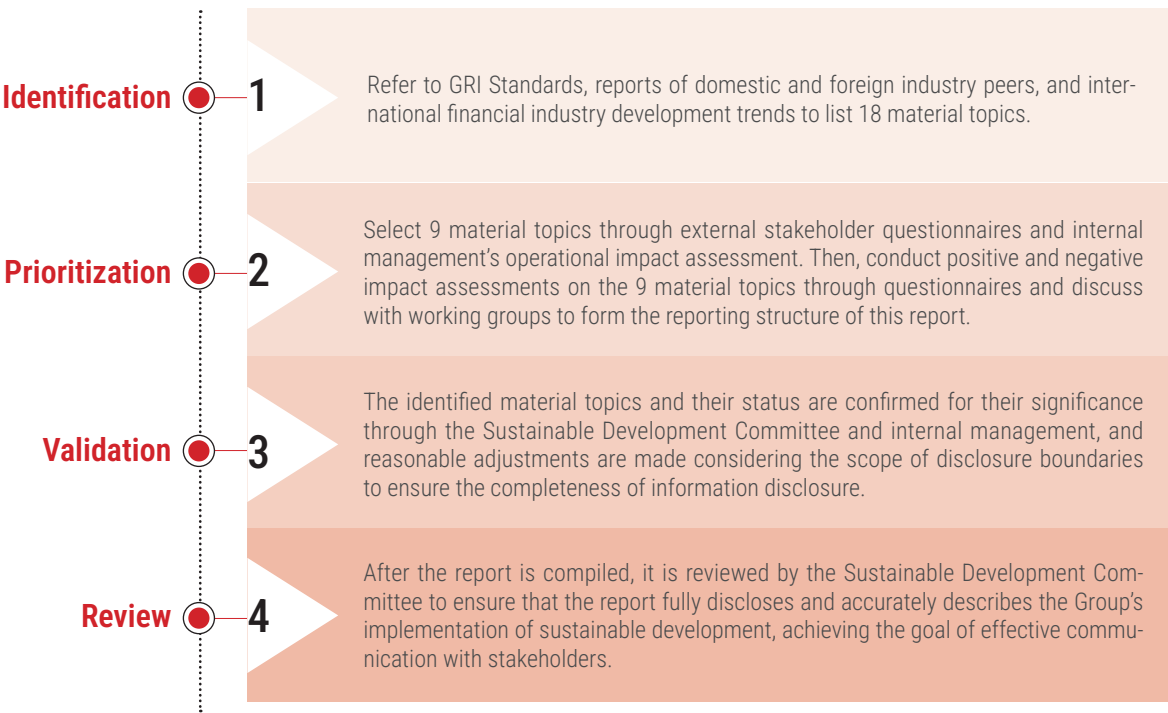
- Adjusted the Corporate Social Responsibility (CSR) Committee to the Corporate Sustainable Development (ESG) Committee
- Elevated the level of the committee, with the Chairman serving as the convener, the Vice Chairman as the deputy convener, and the President of the HNFHC and the Chairman and Vice Chairman of each subsidiary as committee members
- The President of each subsidiary serves as the convener of the ESG team to promote related matters
- Completed the ISO 14064-1 Greenhouse Gas Inventory and verification for all domestic locations of the Group
- Disclosed ESG performance in accordance with SASB's "Commercial Banks" standards
- Signed and introduced the TCFD framework
- HNCB appointed an Executive Vice President as the Information Security Officer
- HNCB signed the Equator Principles

2023

Material Topics

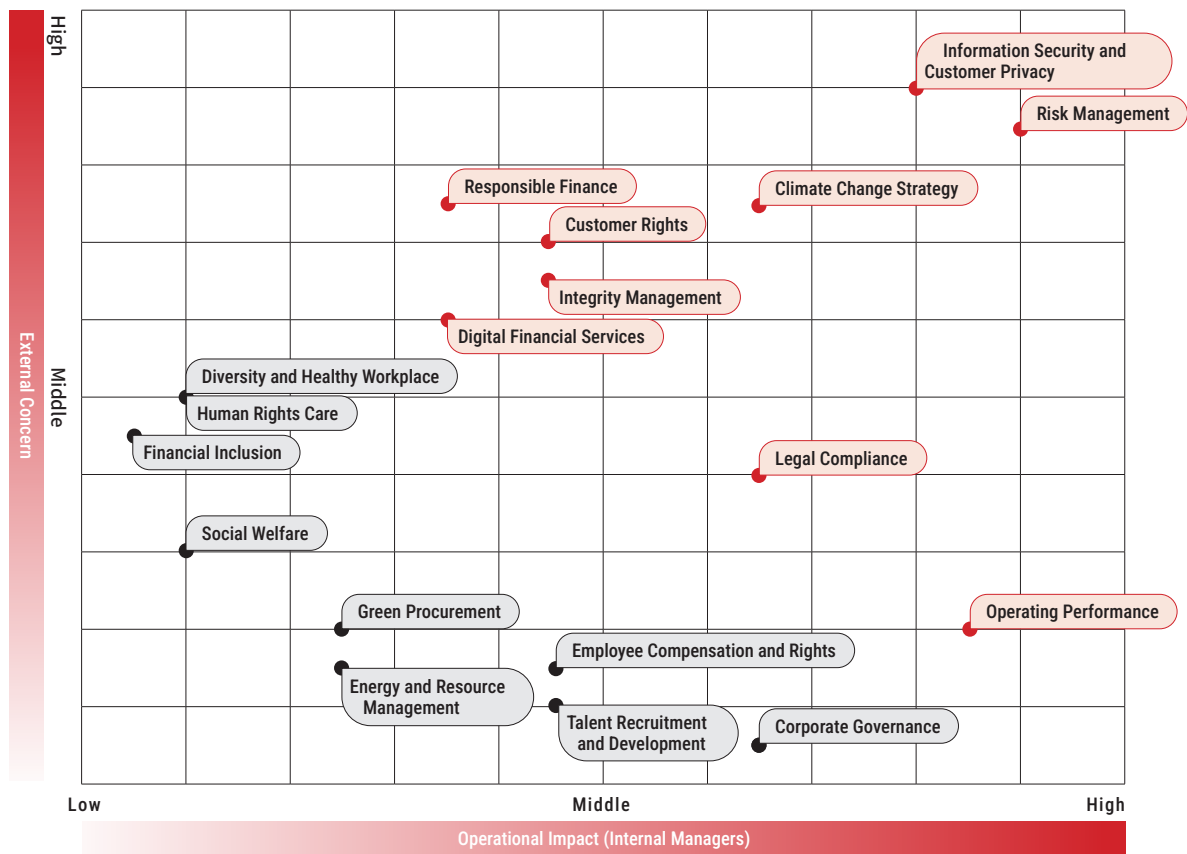
In 2023, as the Company prepares its 10th sustainability report (formerly the corporate social responsibility report), we follow industry experience and GRI Standards to identify 18 material topics. Through an open questionnaire on the official website, we collect the level of concern of external stakeholders on the 18 material topics. In 2023, a total of 395 questionnaires were obtained. In addition, through internal management questionnaires and discussions, an assessment of the operational impact of the 18 material topics is obtained. Based on the above two sets of data, a matrix diagram is created, and 9 material topics are selected (in 2022, 10 topics were selected; considering the focus on explaining material topics, it was changed to 9). Besides, the 9 material topics are assessed for positive and negative impacts through questionnaires by the convener, deputy convener, and committee members of the Company's Sustainable Development Committee, as well as the conveners of the ESG teams of the parent and subsidiary companies. The results serve as the basis for the information disclosure framework of this report.

Description of Material Topic Identification



List of Material Topics

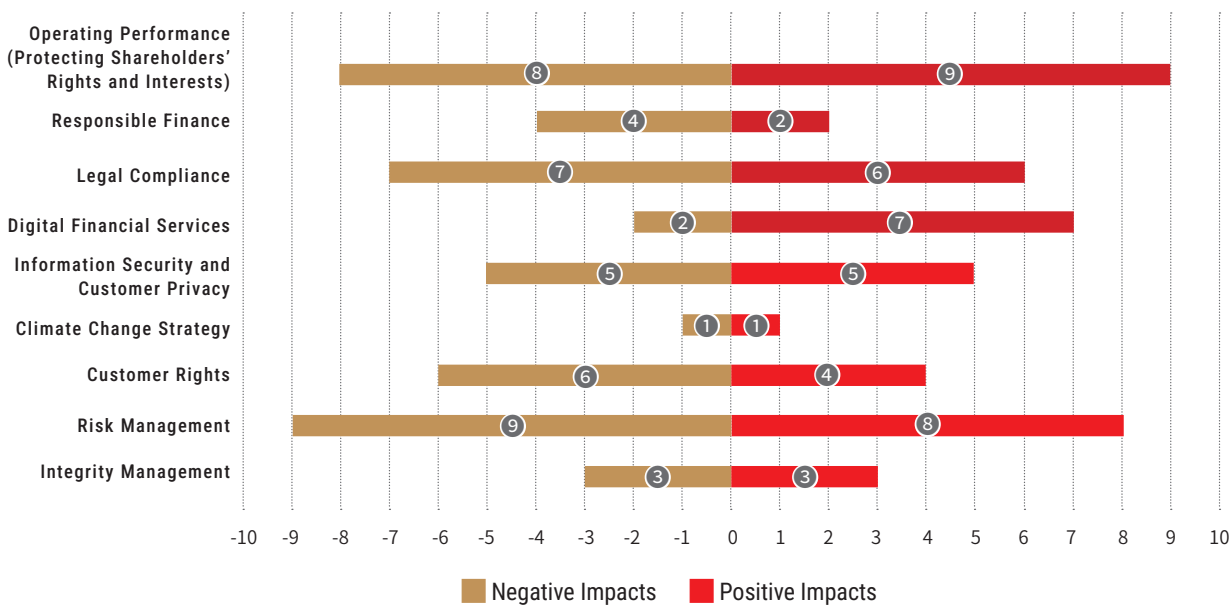
Material Topics and Description		Materiality Ranking	
		2023	2022
Risk Management	Various risk control frameworks and mechanisms	1 -	1
Information Security and Customer Privacy	Safeguarding the security of information systems and customer privacy	2 -	2
Climate Change Strategy	Identify risks, opportunities, and financial impacts arising from climate change, and develop corresponding management strategies and products	3 ↑	15
Customer Rights	Customer feedback mechanisms and management, customer satisfaction with related products and services	4 ↑	9
Integrity Management	Company's integrity management and anti-corruption policies, etc.	5 ↑	6
Responsible Finance	Development of green financial products, policy formulation and process implementation of incorporating ESG into investment and financing	6 ↑	7
Legal Compliance	Company's compliance with relevant laws and regulations and control mechanisms	7 ↓	3
Digital Financial Services	Achievements and momentum of financial service digitalization and innovative services	8 -	8
Operating Performance (Protecting Shareholders' Rights and Interests)	Company's operating and profitability status and other financial performance	9 ↓	4
Employee Compensation and Rights	Competitive salary and benefits, legally flexible working hours, employee performance evaluation, and establishing unobstructed labor-management communication platforms through employee feedback	10 -	10
Diversity and Healthy Workplace	Workplace design that maintains employee physical and mental health, protects human rights, and embraces diversity	11 ↑	16
Human Rights Care	Pay attention to human rights protection and review whether investment and financing projects and other businesses violate major international human rights laws and regulations	12 ↑	18
Green Procurement	To achieve environmental protection and reduce carbon emissions, procure energy-saving or environmentally friendly products	13 -	13
Talent Recruitment and Development	Create a work environment that fosters employee cohesion, enhances employee technical capabilities, and is suitable for talent development	14 ↓	12
Energy and Resource Management	Consumption and management of energy resources required for operations, internal promotion of energy conservation and carbon reduction	15 ↓	11
Corporate Governance	Corporate governance structure, responsibilities and operating mechanisms of the Board of Directors	16 ↓	5
Social Welfare	Various charitable activities, including donations to disadvantaged groups, cultivation, assisting local community development, etc.	17 ↓	14
Financial Inclusion	Whether financial products and services reach customers with different conditions, allowing financially disadvantaged groups to also use various financial services	18 ↓	17



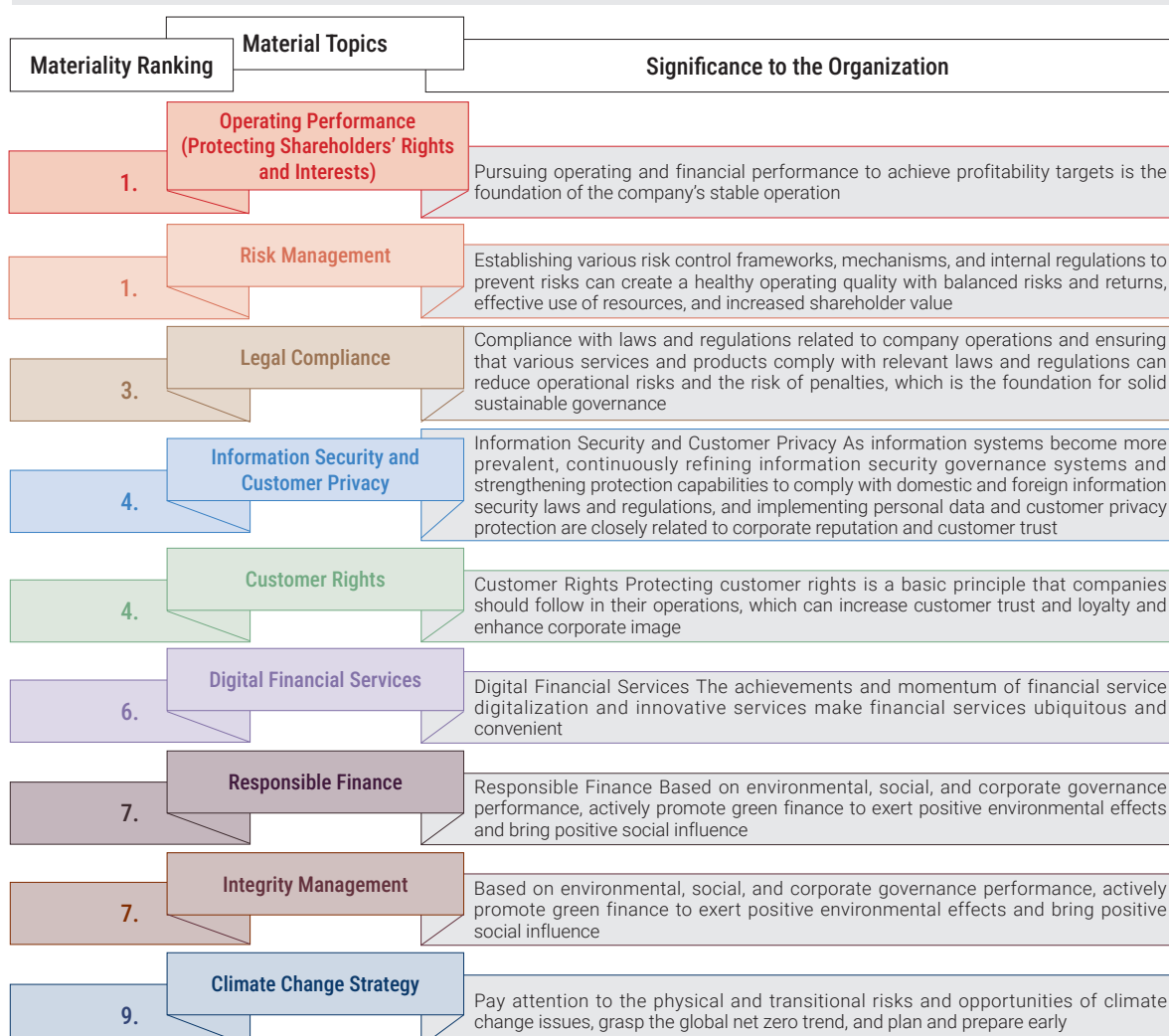
Assessment of Positive and Negative Impacts of Material Topics

Following GRI Standards, the 9 material topics are assessed for positive and negative impacts through questionnaires, serving as the basis for the information disclosure framework of this report.

From the analysis of the results, it can be found that “Operating Performance (Protecting Shareholders’ Rights and Interests)”, “Legal Compliance”, and “Risk Management” all received more than half (the sum of the absolute values of positive and negative impacts exceeds 10) of the impact ratings, so the report will focus on explaining these as key disclosures.



Material Topics	Corresponding GRI		Impact Scope		Corresponding Chapter	Page Number	Positive and Negative Impacts of Material Topics Ranking	
	Number	Topics	Internal	External			2023	2022
Operating Performance (Protecting Shareholders' Rights and Interests)	201	Economic Performance	V	V	1.1 About HNFHC 1.4 Internal Control System - Three Lines of Defense	P.58 P.82	1 ↑	7
Risk Management	2 201	General Disclosures	V		1.4 Internal Control System - Three Lines of Defense	P.82	1 ↑	2
Legal Compliance	2	Economic Performance	V	V	1.4 Internal Control System - Three Lines of Defense	P.82	3 ↑	4
Information Security and Customer Privacy	418	General Disclosures	V	V	1.5 Information Security and Customer Privacy	P.97	4 ↓	1
Customer Rights	418	Customer Privacy		V	1.5 Information Security and Customer Privacy	P.97	4 ↑	5
Digital Financial Services	-	Customer Privacy		V	2.3 Digital Finance	P.114	6 ↑	9
Responsible Finance	-	-		V	2.5 Sustainable Finance	P.123	7 ↑	10
Integrity Management	205	-	V	V	1.3 Integrity Management	P.77	7 ↓	3
Climate Change Strategy	-	Anti-corruption	V	V	1.4 Internal Control System - Three Lines of Defense	P.82	9	-



Stakeholder Engagement

Stakeholder Identification

The Company identifies six major categories of stakeholders through discussions by the Sustainable Development Committee working groups:

Shareholders/Investors, Customers, Employees, Suppliers/Contractors, Government/Competent Authorities, and Society. The significance of each stakeholder to the Group and the communication status are described below.

Stakeholder Engagement

Based on the attributes and needs of each stakeholder, corresponding and unobstructed communication channels and platforms are established to understand their needs and expectations for HNFHC, while also disclosing the communication status and frequency with each stakeholder.

Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 	The support of shareholders and investors is a major driving force for HNFHC's growth. We value the trust of every shareholder and the opinions of every investor, and use this to continuously move forward and develop sustainably together with shareholders and investors.				
Issues of Concern 	• Corporate Governance • Integrity Management • Legal Compliance • Risk Management • Operating Performance				
Communication Channels and Frequency 	1. Annual shareholders' meeting 2. Quarterly investor conferences 3. Regularly announce business overview, financial information, and company news in the Investor Relations section of HNFHC's official Chinese and English websites 4. Regularly/irregularly disclose matters to be announced on the Market Observation Post System 5. The Corporate Social Responsibility section of the HNFHC's official website has a stakeholder feedback form				
Corresponding Chapter 	1.1 About HNFHC 1.2 Corporate Governance 1.3 Integrity Management 1.4 Internal Control System - Three Lines of Defense 1.6 Protecting Shareholders' Rights and Interests				
Communication Highlights and Effectiveness 	• An internal performance evaluation of the Board of Directors is conducted annually, and an external performance evaluation is conducted every three years. The results are disclosed on HNFHC's official website • According to the credit rating reports issued by Taiwan Ratings, Moody's, S&P, and A.M. Best, the Group has a robust corporate health in the financial market • Selected as a constituent of the Taiwan Sustainability Index (TWSI) in 2023 • Selected as a constituent of the TWSE Corporate Governance 100 Index in 2023				

Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 		Hua Nan adheres to the service philosophy of “customer-centric and emphasizing excellent customer experience”, and is committed to providing higher quality financial products and services to create a win-win situation with customers.			
Issues of Concern 		• Customer Rights • Information Security and Customer Privacy • Corporate Governance			
Communication Channels and Frequency 		1. Build Corporate website 2. Build Official Facebook, e-mail, Line 3. Build Customer service hotline 4. Irregular visits to corporate customers 5. Irregular customer satisfaction surveys 6. Strengthen employee education and training			
Corresponding Chapter 		1.2 Corporate Governance 1.5 Information Security and Customer Privacy 2.1 Protecting Customer Rights			
Communication Highlights and Effectiveness 		• HNFHC was ranked in the top 6%~20% in the 9th Corporate Governance Evaluation in 2023 • HNSC was among the top 25% securities firms in the FSC's “Fair Customer Treatment Principle Evaluation” in 2023 • SCIC won three awards at the 10th Taiwan Insurance Excellence Awards organized by the Taiwan Insurance Institute in 2023 - the silver award for “Excellence in Public Welfare and Care”, the silver award for “Excellence in Risk Management”, and the silver award for “Excellence in Talent Training Project Planning” • HNCB held education and training for entry-level deposit/remittance staff, advanced deposit/remittance staff, and deposit/remittance supervisors to strengthen the interaction and response between frontline staff and customers through actual cases. • HNSC conducted a 3-hour “Fair Customer Treatment Principles” education and training course for sales staff with a completion rate of 100% • SCIC offered a 3-hour online course on “Fair Customer Treatment Principles - Analysis of the Financial Consumer Protection Act” for colleagues to learn anytime, anywhere, and required all company employees to attend and complete this education and training every year. The completion rate was 100% • HNIT has incorporated the fair customer treatment principles, policies, strategies, internal compliance regulations, and codes of conduct into its education and training courses, regularly conducting educational promotions and personnel training (at least 3 hours per year). • HNAMC offered a “Fair Customer Treatment Principles” education and training on October 18 and October 24, 2023, targeting all company employees			

Preface

Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 		Employees are HNFHC's most important business partners, and talent is the key factor influencing corporate core competitiveness and the cornerstone of corporate sustainability.			
Issues of Concern 		• Talent Recruitment and Development • Employee Compensation and Rights • Diversity and Healthy Workplace • Human Rights Care			
Communication Channels and Frequency 		1. Quarterly labor-management meetings 2. Annual HNCB employee satisfaction survey 3. Quarterly employee welfare committee meetings 4. Review/revise the "Collective Agreement" every three years 5. Three internal executive meetings per year 6. Employee complaint/reporting mailbox 7. Establish sexual harassment prevention complaint channels for employees			
Corresponding Chapter 		3. Employee Development			
Communication Highlights and Effectiveness 		• The Group's marriage and childbirth subsidies reached NT\$27,900,400 in 2023 • HNCB's average employee satisfaction rate was 92% in 2023 • Continuing to subsidize financial-related certification fees • Continuing to provide employee health checkups • Selected as a constituent of the TWSE RAFI® Taiwan High Compensation 100 Index in 2023 • Selected as a constituent of the TWSE RA Taiwan Employment Creation 99 Index			



Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 					
Issues of Concern 					
Communication Channels and Frequency 					
Corresponding Chapter 					
Communication Highlights and Effectiveness 					

Suppliers are HNFHC's important partners for sustainable operations. We ensure establishing responsible cooperative relationships with suppliers to jointly achieve the goals of ethics and integrity, labor and human rights, health and safety, and environmental sustainability.

- Integrity Management
- Green Procurement

1. Sign supplier commitment letters
2. Irregular business visits
3. Irregular contact by phone and e-mail

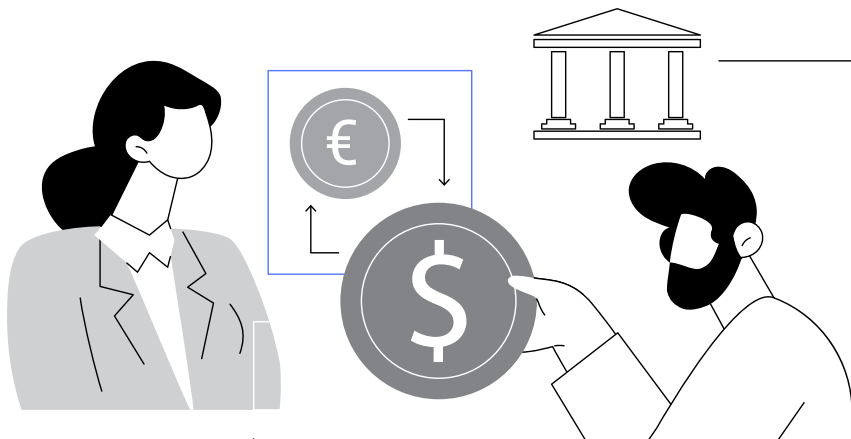
- 1.3 Integrity Management
4.4 Green Procurement and Supply Chain Management

- 100% signing rate of the Group's supplier commitment letters
- HNCB was recognized as a benchmark unit in the "Green Procurement Program for Private Enterprises and Organizations" by the Environmental Protection Administration in 2023
- Hosted the third joint supplier conference for public financial institutions in 2023

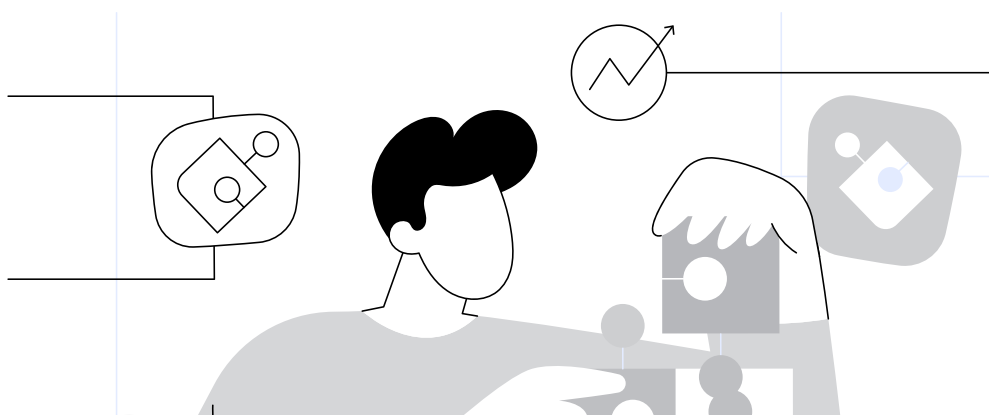


Preface

Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 		Compliance with policies and industry norms are the goals of HNFHC's sustainable operations. Through good interactions with competent authorities, a foundation for the sound development of the financial industry is established.			
Issues of Concern 		• Integrity Management • Corporate Governance • Legal Compliance • Risk Management • Responsible Finance • Climate Change Strategy • Social Welfare			
Communication Channels and Frequency 		1. Irregular participation in seminars/symposiums held by competent authorities 2. Irregular proactive visits 3. Irregular official document exchanges 4. Irregular audits 5. Irregular support and participation in advocacy activities			
Corresponding Chapter 		1.3 Integrity Management 1.2 Corporate Governance 1.4 Internal Control System - Three Lines of Defense 2.5 Sustainable Finance 5. Social Co-prosperity			
Communication Highlights and Effectiveness 		• HNFHC was ranked in the top 6%~20% in the 9th Corporate Governance Evaluation in 2023 • Selected as a constituent of the Taiwan Sustainability Index (TWSI) in 2023 • Selected as a constituent of the TWSE Corporate Governance 100 Index in 2023 • In 2023, the Group invested a total of NT\$73,458,835 in public welfare activities through charitable donations, commercial donations, and community participation • In 2023, referring to the climate risk and opportunity framework of the Task Force on Climate-related Financial Disclosures (TCFD), transition risks, physical risks, and climate opportunities were identified. The TCFD report was compiled and passed the audit of the British Standards Institution (BSI), obtaining the highest level "Level-5+: Excellence" certificate			



Shareholders/ Investors	Customer	Employee	Suppliers/ Contractors	Government/ Competent Authorities	Society
Significance to the Group 					
Issues of Concern 					
Communication Channels and Frequency 					
Corresponding Chapter 					
Communication Highlights and Effectiveness 					
HNFHC is committed to assisting in the stable development of society and fulfilling corporate social responsibility. Communities and public welfare organizations are important partners for HNFHC in creating positive social impact.					
• Responsible Finance • Financial Inclusion • Social Welfare • Human Rights Care					
1. Regularly hold charitable activities for the disadvantaged 2. Hold financial knowledge-related lectures, etc. 3. Long-term sponsorship of domestic little league and junior baseball activities, and hold baseball dream camps and other activities to cultivate the development of grassroots baseball in Taiwan 4. Hold or sponsor academic and cultural-related activities					
5. Social Co-prosperity					
1. In 2023, the Group invested a total of NT\$73,458,835 in public welfare activities through charitable donations, commercial donations, and community participation 2. In 2023, the number of volunteers participating in public welfare activities was 368, with 2,316 hours of participation, 3,411 beneficiaries, 429 kilograms of garbage cleaned up, and 1,547 bags of blood donated 3. In 2023, 14 seminars on urban renewal and reconstruction of dangerous and old buildings were held to assist owners in understanding the relevant operating procedures, cooperation plans, case drawings, and answering related questions 4. Since 2007, HNFHC has collaborated with the Chinese Taipei Baseball Association to launch the "One Ball, One Dream" grassroots baseball cultivation program. During this period, multiple grassroots baseball training camps have been held, donating funds and equipment to grassroots baseball teams across Taiwan, and title-sponsoring national little league and junior baseball championships and other sports events					





Highlights and Awards 1

The Group has participated in the Carbon Disclosure Project (CDP) questionnaire since 2020 and has consistently received a “B” rating, which is on par with the international financial industry average in 2023.

Highlights and Awards 2

According to credit rating reports issued by Taiwan Ratings, Moody's, S&P, A.M. Best and other credit rating agencies, the Group possesses a solid corporate foundation in the financial market.

1

Sustainable Governance





1.1 About HNFHC

Hua Nan Financial Holdings Co., Ltd. (hereinafter referred to as the “Company”) was the first financial holding company established in Taiwan.

On December 19, 2001, the Company was established through a share swap between HNCB and HNSC. The head office is located in Taipei City, and services cover banking, securities, insurance, investment trust, venture capital, and asset management. By expanding the Group’s business operations and enhancing overall performance, the Company aims to move forward towards the vision of becoming an international first-class financial institution in the Asia-Pacific region.

HNFHC Address

23F., No. 123, Songren Rd., Xinyi Dist., Taipei City 110415 , Taiwan (R.O.C.)

Reference Date: December 31, 2023

Paid-in Capital
NT\$136.4 billion

Total Assets
NT\$3.8692 trillion

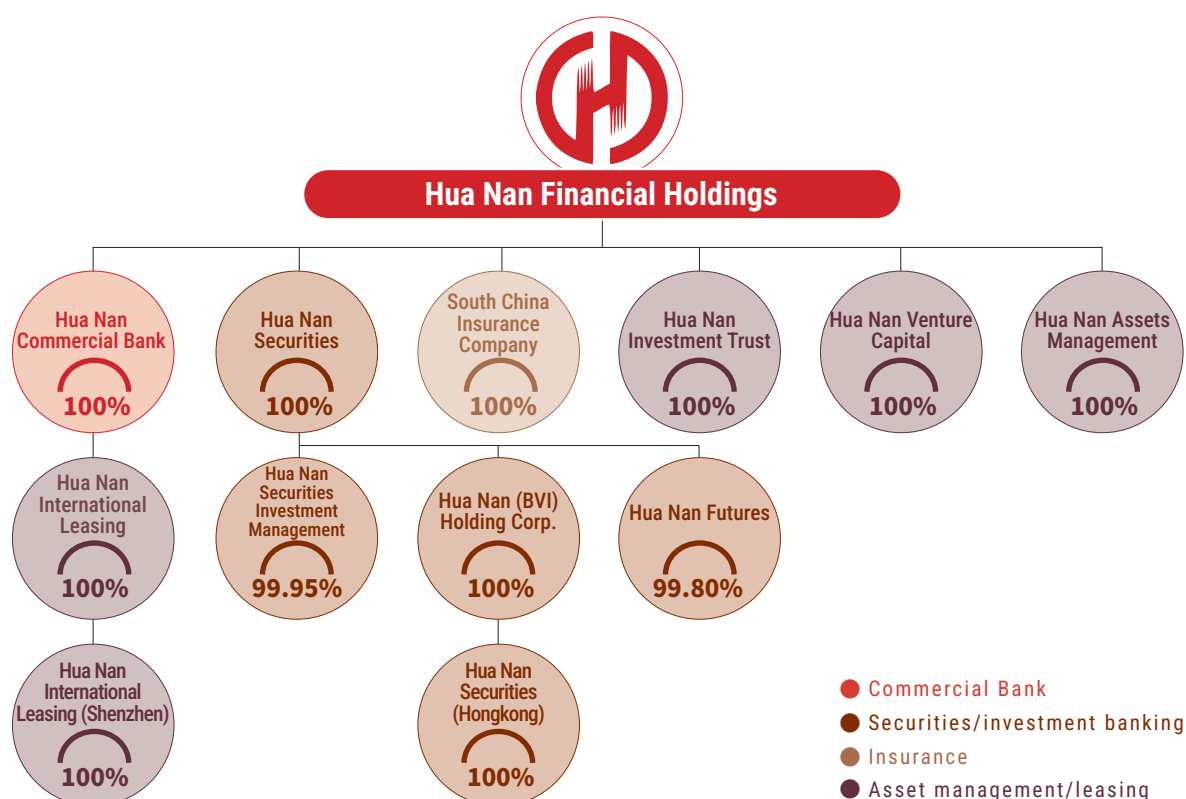
Number of Group Employees
11,136

Industry
Financial Services

Stock Code
2880



Hua Nan Financial Group's Organizational Structure



Overview of Hua Nan Financial Group's Subsidiaries

Subsidiary	Main Products/Services
Hua Nan Commercial Bank (HNCB) www.hncb.com.tw	Main business scope covers personal finance, corporate finance, foreign exchange, trust, and wealth management.
Hua Nan Securities (HNSC) www.entrust.com.tw	Main business includes brokerage, proprietary trading, underwriting, bonds, overseas commodities, wealth management, stock transfer agency, and actively expanding new financial businesses such as offshore securities units (OSU).
South China Insurance Company (SCIC) www.south-china.com.tw	Main services cover fire insurance, marine insurance, automobile insurance, accident insurance, health and injury insurance.
Hua Nan Investment Trust (HNIT) www.hnitc.com.tw	Main business covers securities investment trust, discretionary investment, and other business approved by the Financial Supervisory Commission.
Hua Nan Venture Capital (HNVC) (No official website)	Invests in domestic and foreign enterprises, covering six core strategic industries, successfully nurturing the growth of startups.
Hua Nan Assets Management (HNAMC) www.hnamc.com.tw	Urban renewal, old and dangerous building redevelopment cooperation, real estate leasing and sales, auction agency, and non-performing loan disposal.

1
Sustainable
Governance

2

3

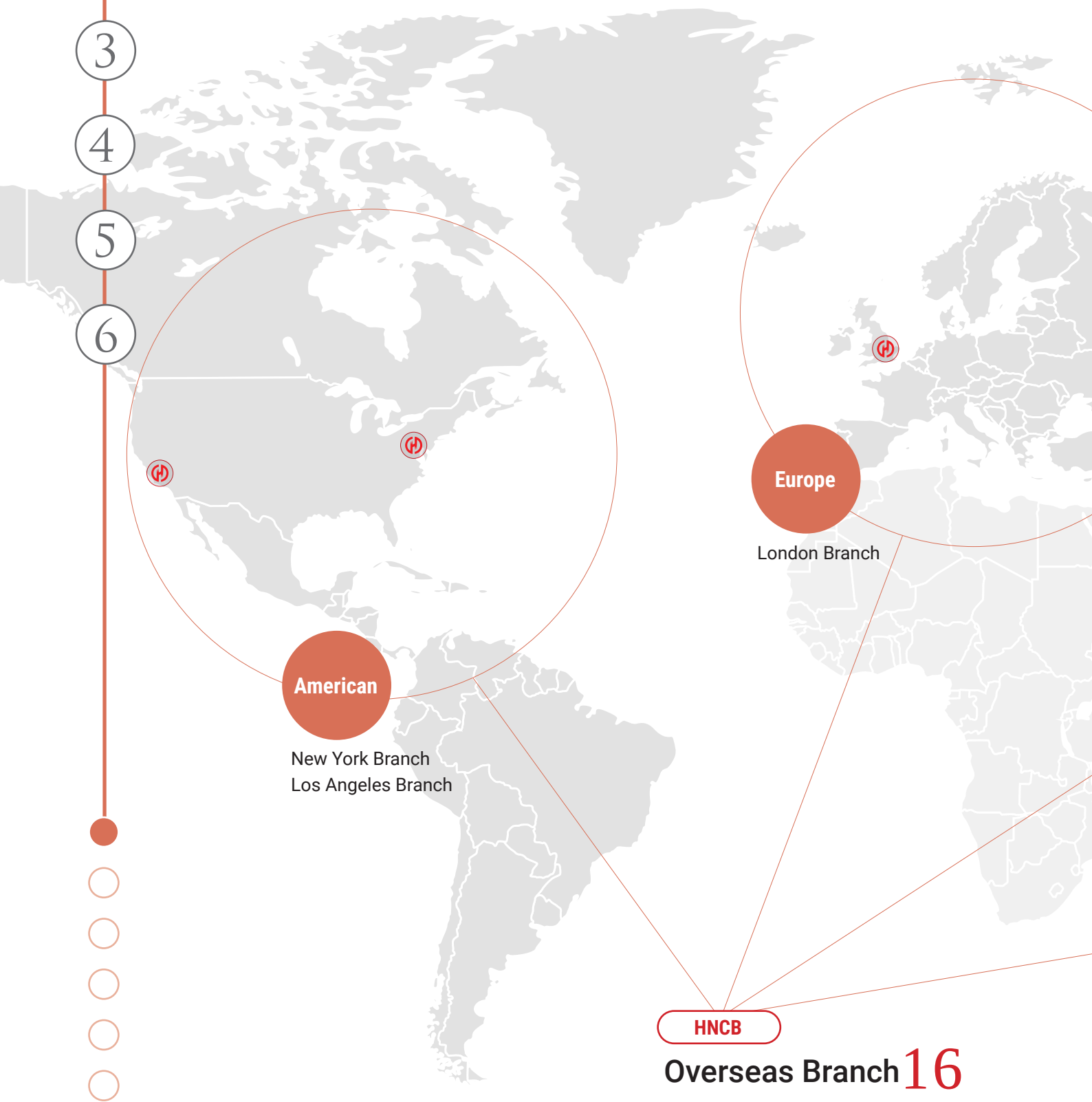
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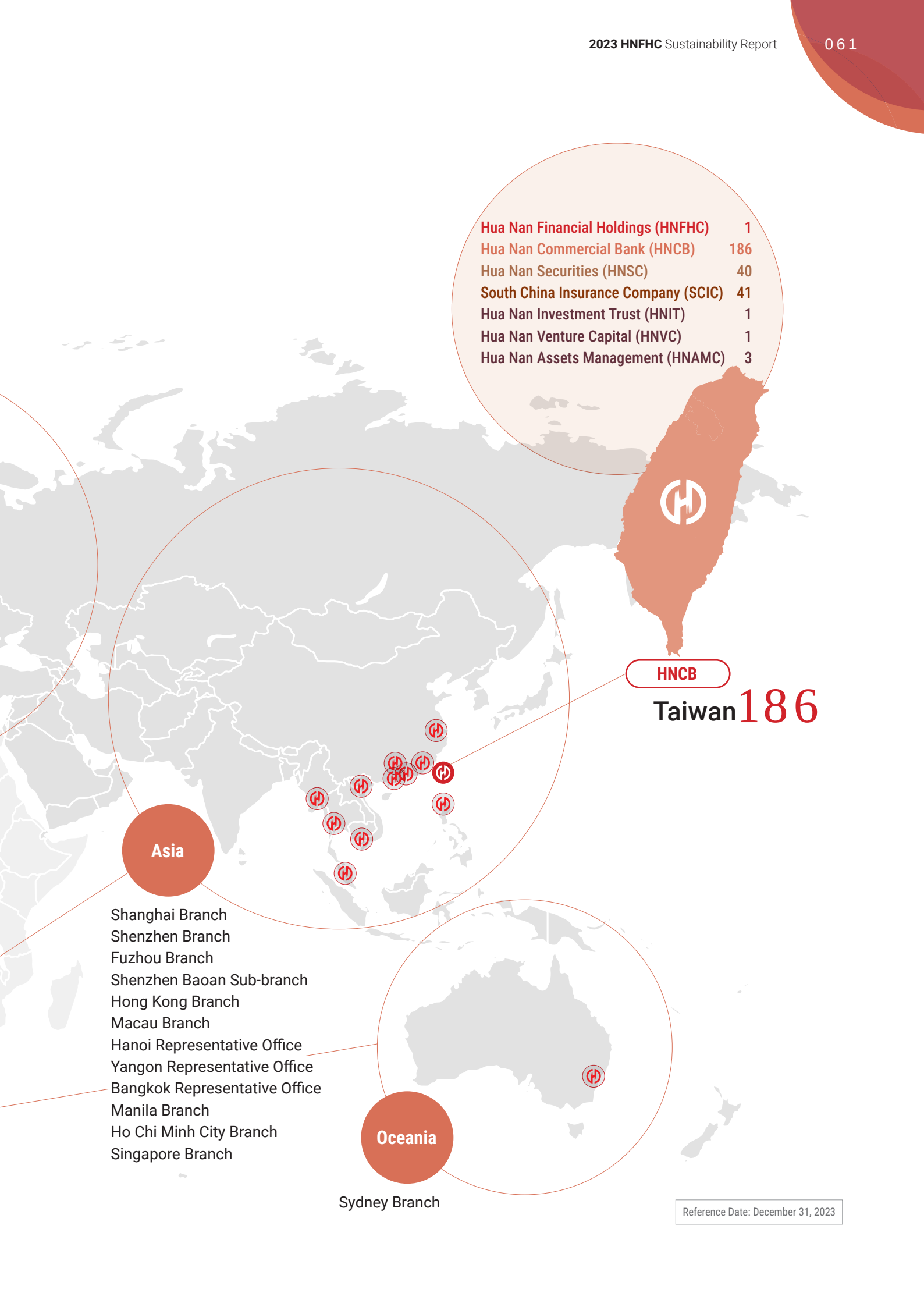
5

6

Operating Locations

Hua Nan Financial Group’s operating locations span across the Americas, Asia, Europe, and Oceania. Among them, HNCB, a subsidiary, has 16 overseas operating locations. Expanding the operating scale through global presence and driving overseas profit growth. In addition, HNCB has 186 operating locations throughout Taiwan, providing convenient financial services to the public.





Hua Nan Financial Holdings (HNFHC)	1
Hua Nan Commercial Bank (HNCB)	186
Hua Nan Securities (HNSC)	40
South China Insurance Company (SCIC)	41
Hua Nan Investment Trust (HNIT)	1
Hua Nan Venture Capital (HNVC)	1
Hua Nan Assets Management (HNAMC)	3

HNCB

Taiwan186

Asia

- Shanghai Branch
- Shenzhen Branch
- Fuzhou Branch
- Shenzhen Baoan Sub-branch
- Hong Kong Branch
- Macao Branch
- Hanoi Representative Office
- Yangon Representative Office
- Bangkok Representative Office
- Manila Branch
- Ho Chi Minh City Branch
- Singapore Branch

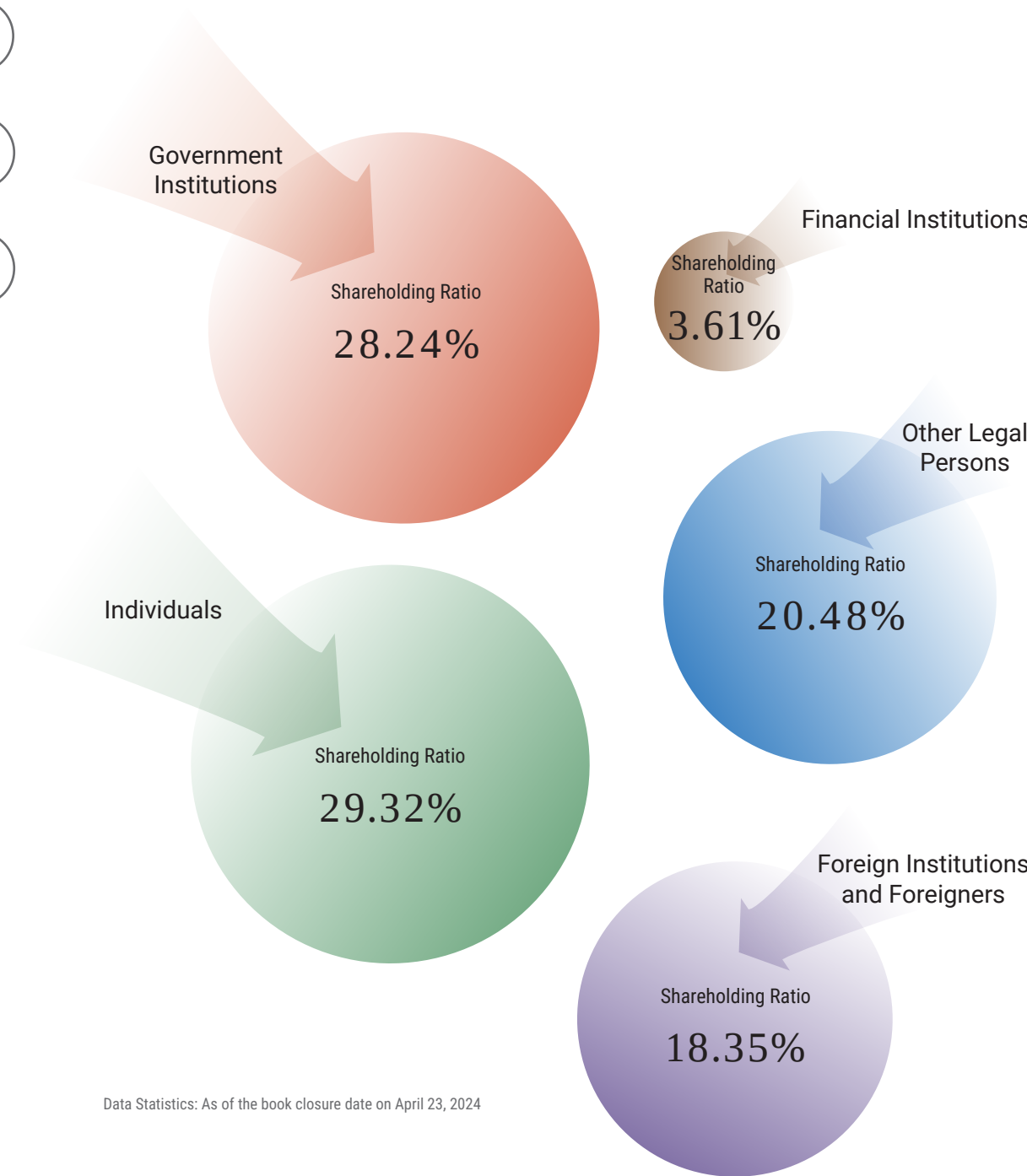
Oceania

Sydney Branch

Shareholder Structure

The Company is a financial holding company established in accordance with the Financial Holding Company Act, the Company Act, and other relevant laws and regulations. All corporate governance and operational management matters are handled in accordance with legal regulations and the company's articles of association.

The Company's largest shareholder is Bank of Taiwan (holding 21.23%), and other major shareholders include Bank Taiwan Life Insurance, First Commercial Bank, The Memorial Scholarship Foundation to Lin Hsiung Chen, the Ministry of Finance and other domestic and foreign enterprises and institutional legal persons. The shareholder structure is stable. The Company holds annual general shareholders' meetings to report on the company's business overview and discuss matters such as financial statements, earnings distribution, and amendments to regulations.



Data Statistics: As of the book closure date on April 23, 2024

Operating Performance and Profitability

Material Topic: GRI 201: Economic Performance

Through cross-industry integration and joint marketing within the Group, the Company leverages financial management and service synergies to achieve stable growth in operating performance. In 2023, the Company's consolidated after-tax profit was NT\$21.618 billion, with an after-tax earnings per share of NT\$1.58, a consolidated return on assets of 0.58%, and a consolidated return on equity of 11.01%. The operating performance of the Group's subsidiaries is quite stable. HNCB, the main profit engine, had a consolidated after-tax profit of NT\$20.051 billion and earnings per share of NT\$2.05 in 2023, continuing to create maximum operating value for shareholders, employees, and customers.

HNFHCs' Operating Performance and Profitability					Unit: NT\$ thousand
Catagory	Item	2023	2022	2021	2020
Operating Overview	Total Assets	3,869,201,779	3,630,161,728	3,460,953,918	3,101,082,238
	Total Liabilities	3,661,389,443	3,445,334,622	3,260,247,111	2,911,678,073
	Total Equity	207,812,336	184,827,106	200,706,807	189,404,165
	Net Worth per Share (NT\$)	15.23	13.55	15.21	14.73
	After-tax Profit	21,618,420	17,308,471	17,206,321	8,653,483
	Average Employee Revenue	5,357	4,942	4,737	3,716
	Average Employee Profit	1,948	1,594	1,596	805
	Employee Benefits Expenses	19,275,795	18,012,364	18,443,265	16,493,790
Profitability	Consolidated Return on Assets (After-tax)	0.58%	0.49%	0.52%	0.30%
	Consolidated Return on Equity (After-tax)	11.01%	8.98%	8.82%	4.58%
	Net Profit Margin (After-tax)	36.35%	32.25%	33.69%	21.65%
	Earnings per Share (NT\$)	1.58	1.27	1.30	0.67
	Industry EPS Ranking	9/15	10/15	14/16	16/16
Dividend Payment/Taxes Paid/Donations	Cash Dividend per Share (NT\$)	1.2	0.59	0.78	0.265
	Stock Dividend per Share (NT\$)	0.1	0	0.34	0.264
	Income Tax Paid	5,781,787	3,599,219	2,776,745	1,463,790
	Donations	73,458	79,987	62,764	66,005

Note: In 2020 and 2021, the industry ranking included all 16 listed financial holding companies and Taiwan Financial Holding Company. In 2022 and 2023, the industry ranking included all 15 listed financial holding companies and Taiwan Financial Holding Company.

Credit Ratings of HNFHC and Subsidiaries

According to credit rating reports issued by Taiwan Ratings, Moody's, S&P, A.M. Best, and other credit rating agencies, the Group possesses a solid corporate foundation in the financial market. The long-term and short-term credit ratings and outlook results are as follows:

HNFHCs' Operating Performance and Profitability

Company Name	Rating Agency	Date	Long-term Credit Rating	Short-term Credit Rating	Future Rating Outlook
Hua Nan Financial Holdings (HNFHC)	Taiwan Ratings	2024-05	twAA-	twA-1+	Stable
	Taiwan Ratings	2024-05	twAA+	twA-1+	Stable
Hua Nan Commercial Bank (HNCB)	Moody's Ratings	2024-04	A2	P-1	Stable
	Standard & Poor's Ratings	2024-05	A	A-1	Stable
Hua Nan Securities (HNSC)	Taiwan Ratings	2023-06	twAA-	twA-1+	Stable
South China Insurance Company (SCIC)	Taiwan Ratings	2024-01	twAA	-	Stable
	Taiwan Ratings	2024-01	A	a	Stable
Hua Nan Assets Management (HNAMEC)	Taiwan Ratings	2024-06	twA+	twA-1	Stable

Note: Credit rating definitions can be found on the websites of Taiwan Ratings (www.taiwanratings.com), S&P (www.standardandpoors.com), Moody's (www.moody's.com), and A.M. Best (www.ambest.com).

External Initiatives and Exchanges

Data statistics as of
December 31, 2023

The Group actively participates in external associations and organizations to continuously absorb and grasp the business development directions and trends of the financial industry. It also provides suggestions, communicates, and cooperates on relevant issues to promote industry development, enhance corporate governance, and foster innovative growth, jointly creating a sound market environment for the financial industry.

Number of Associations Participated by the Group

1. The Bankers Association of the Republic of China
2. The Bankers Association of Taipei
3. Trust Association of Republic of China
4. Financial Planning Association of Taiwan, FPAT
5. Certified Commercial Investment Member
6. Taiwan Securities Association
7. Chinese National Futures Association
8. The Non-Life Insurance Association of The Republic of China
9. The Non-Life Underwrites Society of the Republic of China
10. Insurance Society of the The Republic of China
11. Chinese Insurance Service Association
12. Engineering Insurance Association
13. Securities Investment Trust & Consulting Association of the R.O.C
14. Taiwan Venture Capital Association
15. Taipei Association of Real Estate Brokers
16. The Real Estate Development Union of New Taipei City

Number of Associations Participated by the Group

Company Name	Number of Associations Participated
HNFHC	16
HNCB	45
HNSC	14
SCIC	14
HNIT	2
HNVC	1
HNAMEC	4

1.2 Corporate Governance

Management Approach

1. Rules Governing the Implementation of Internal Control and Audit System for Financial Holding Companies and Banks
2. Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets
3. Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises
4. HNFHC Corporate Governance Best Practice Principles

Policy



Establish a solid operating foundation with a comprehensive corporate governance system and take integrity as the core of the corporate governance culture to realize the long-term interests of the Group, shareholders, and other stakeholders.

Commitment



Follow external regulations and strengthen subsidiary governance. Review and revise important internal regulations quarterly to clarify the Group's important management regulations and improve management efficiency.

Goal



Corporate Governance Officer, 3 Functional Committees, and 7 Strategic Committees.

Responsible Unit



Whistleblowing regulations are established. Whistleblowing email and dedicated phone line are announced on internal and external websites and managed by the Integrity Management Committee under the Board of Directors.

Communication System



1. Convene Board of Directors meetings and Shareholders' meetings
2. Review and amend corporate governance rules in a timely manner
3. Strengthen Directors' functions and training

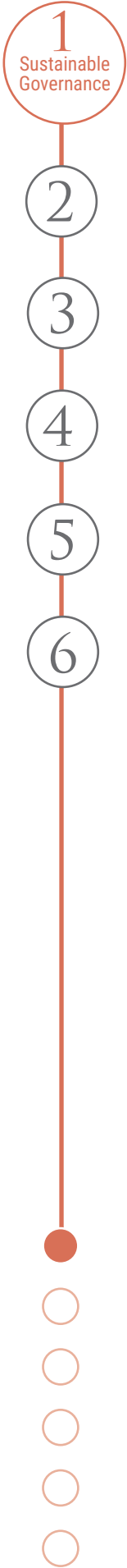
Concrete Actions



1. Corporate Governance Evaluation indicators by Taiwan Stock Exchange and Securities & Futures Institute
2. Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies
3. HNFHC Rules for Performance Evaluation of Board of Directors

Self-Evaluation System





Corporate Governance Unit

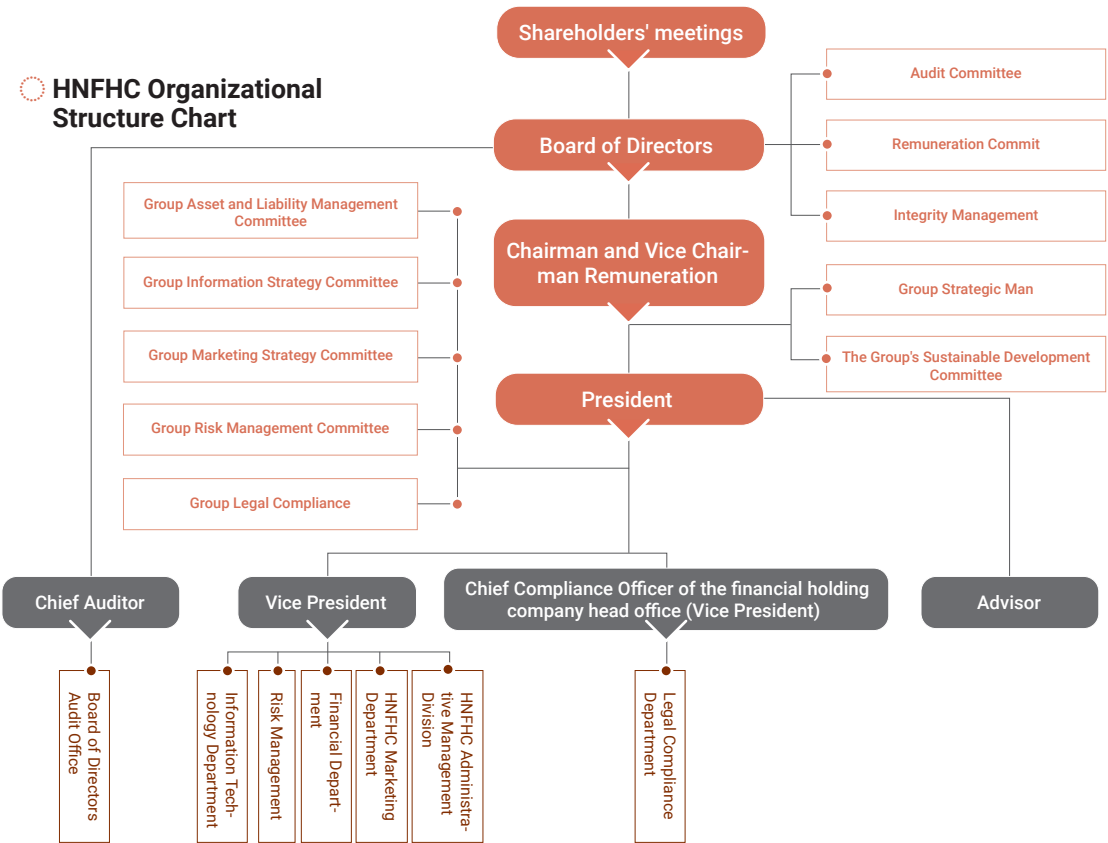
To improve the governance structure, HNFHC, HNCB, HNSC, and SCIC completed the establishment of Corporate Governance Officers in 2019. The main responsibilities include:

1. Handling matters related to Board of Directors meetings and Shareholders' meetings.
2. Producing minutes of Board of Directors meetings and Shareholders' meetings.
3. Assisting Directors with onboarding and continuing education.
4. Providing information required by Directors to perform their duties.
5. Assisting Directors in complying with laws and regulations.
6. Reporting to the Board of Directors the review results of the qualifications of Independent Directors during nomination, election, and tenure in accordance with relevant laws and regulations.
7. Handling matters related to changes in Directors.
8. Other matters stipulated in the Company's articles of incorporation or contracts.

In addition, HNCB, HNSC, SCIC, and HNIT have all completed the update of their compliance declaration with the "Stewardship Principles for Institutional Investors" in 2020 and regularly publish it every year.

HNFHC Organizational Structure

The HNFHC Board of Directors consists of 19 Directors and has 3 functional committees, including the Audit Committee, Remuneration Committee, and Integrity Management Committee. To further strengthen the Group's corporate governance and management effectiveness, 7 strategic committees have been established. The governance organizational structure is as follows:



Board of Directors

The Company's Board of Directors shall consist of 19 Directors (including 4 Independent Directors).

Powers and Duties

Approve business plans, financial reports, important internal regulations, raising, issuance or private placement of securities with equity nature, important appointments and dismissals, matters related to Shareholders' meetings, and other matters.

The Company values the diversity of industry experience among Board members, with the basic goal of having at least one Director with work experience in the banking, securities, and insurance industries. The Company's Board members have diverse industry experience, including financial holding, banking, securities, insurance, asset management, investment, education, venture capital, real estate development, e-commerce, legal services, public service, and healthcare (public health). In addition, the Company's Directors have a diverse age distribution, with 5 Directors aged 41-50, 6 Directors aged 51-60, and 7 Directors aged 61 and above. Furthermore, the Company also values gender equality in the composition of the Board of Directors, with 5 female Directors, accounting for 27.8%.

Data statistics as of December 31, 2023

Title and Name		Basic Composition					External Independence *	Industry Experience **
Title	Name	Nationality	Gender	Age				
				<50	50-60	>60		
Chairman	Yun-Peng Chang	R.O.C.	Male			○	○	Finance
Vice Chairman	Ming-Cheng Lin	R.O.C.	Male			○		Finance
Director and President	Yao-Ching Li	R.O.C.	Male		○			Finance
Director	Shih-Ching Jeng	R.O.C.	Female		○		○	
Director	Chou-Wen Wang	R.O.C.	Male	○			○	
Director	Yu-Chen Wang	R.O.C.	Female		○		○	Finance
Director	An-Pang Wang	R.O.C.	Male	○			○	
Director	T. Lin	R.O.C.	Male		○			Finance
Director	Chih-Yu Lin	R.O.C.	Male	○				Finance
Director	Chih-Yang Lin	R.O.C.	Male		○		○	Finance
Director	An-Lan Hsu Chen	R.O.C.	Female			○	○	Finance



Title and Name		Basic Composition					External Independence *	Industry Experience **
Title	Name	Nationality	Gender	Age				
				<50	50-60	>60		
Director	Yuan-Ling Hsu	R.O.C.	Female	○			○	Finance
Director	Vivien, Chia-Ying Shen	R.O.C.	Female		○		○	Finance
Director	Chen-Yuan Tu	R.O.C.	Male			○	○	Finance
Director	Vacancy						N/A	N/A
Independent Director	Kuo-Chuan Lin	R.O.C.	Male			○	○	
Independent Director	Jui-Chia Lin	R.O.C.	Male	○			○	Consumer Staples
Independent Director	Min-Hsien Yang	R.O.C.	Male			○	○	Finance
Independent Director	Sung-Tung Chen	R.O.C.	Male			○	○	Finance

* To meet the criteria for external independence assessment, an independent director must be a non-executive director and meet at least 4 of the following 9 indicators, of which the first 3 must be met by at least 2:

1. The Director has not served as a senior executive of the Company in the past year.

2. In the most recent year, the Director and their family members have not received more than US\$60,000 in remuneration from the Company and its subsidiaries.

3. The Director's family members must not be senior management members of the Company and its subsidiaries.

4. Must not serve as a consultant to the Company, not be a related party of the Company's consulting firm, and not be a member of the Company's senior management.

5. Must not be a related party of the Company's important customers or suppliers.

6. Must not have personal service contracts with the Company or the Company's senior management.

7. Must not be a related party of a non-profit organization that receives significant donations from the Company.

8. Must not be the Company's auditor or accountant.

9. Must not have other matters that the Board itself considers to be conflicts of interest.

** Classified according to the Global Industry Classification Standard (GICS) Level 1.

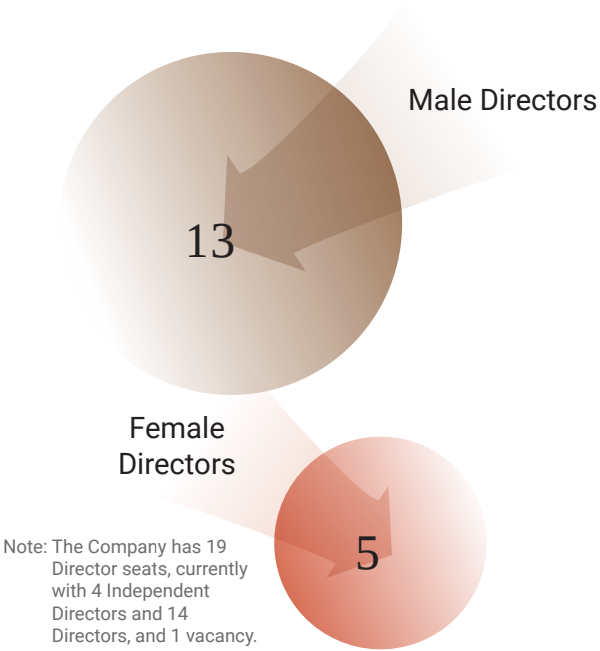
Diversity of the Board of Directors

The industry experience and gender ratio of the Company's Directors are summarized in the following table (for detailed industry experience of each Director, please refer to the Company's 2023 Annual Report "III. II. (I) 3. Implementation of Board Diversity"):

Data statistics as of December 31, 2023

Industry Experience	Male	Female
Financial Industry*	10	5
Asset Management	8	0
Investment	9	2
Education	3	1
Venture Capital	4	0
Real Estate Development	2	0
E-commerce	1	0
Legal Services	1	0
Public Service	1	0
Healthcare (Public Health)	1	1

* Financial Industry: Refers to financial holding, banking, securities, and insurance industries.



Directors' Training

To continuously strengthen the functions of the Board of Directors, the Company arranges training and education for each Director in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and other regulations. Directors participate in financial-related courses, seminars, and briefings organized by external units such as Taiwan Academy of Banking and Finance and Securities & Futures Institute, or by the Company itself. Through competency enhancement and experience sharing, the Company aims to improve the professional knowledge and literacy of Directors and enhance the effectiveness of corporate governance. In 2023, the total training hours of all Directors of the Company reached 272 hours, covering topics such as corporate governance, sustainable finance, ESG, climate change issues, net zero emission policies, financial technology, anti-money laundering, information security, risk management, and financial friendliness. The training courses and hours attended by each Director can also be found on the Market Observation Post System of the Taiwan Stock Exchange.



Market
Observation Post
System (MOPS)

Board Performance Evaluation

To implement corporate governance, strengthen the functions of Board performance evaluation, expand the application of evaluation results, and improve the effectiveness of Board operations, the Company has established the "Rules for Performance Evaluation of Board of Directors." Internal performance evaluation shall be conducted annually, but at least once every three years, an external professional independent institution or an external team of experts and scholars shall conduct the evaluation. The Company has commissioned KPMG Advisory Services Co., Ltd. (hereinafter referred to as KPMG) to conduct an external performance evaluation of the Board of Directors in 2021. In 2023, in accordance with the regulations, only an internal performance evaluation of the Board of Directors was conducted.

Board Performance - Internal Evaluation

Evaluation Basis: HNFHC "Rules for Performance Evaluation of Board of Directors"

Evaluation Scope: Board of Directors (including individual Directors) and each functional committee

Evaluation Frequency: At the end of each year

Evaluation Procedure:

1. Members of the HNFHC Board of Directors (hereinafter referred to as the Board) and the Board Secretariat conduct an annual performance evaluation of the Board, individual Directors, and functional committees based on five major aspects.
2. The annual performance evaluation results shall be reported to the Board within 3 months after the end of each year.
3. Based on the five major aspects, each aspect is divided into "qualitative measurement indicators" and "quantitative measurement indicators"
 - (1) Board performance evaluation: 18 qualitative indicators / 11 quantitative indicators.
 - (2) Individual Director performance evaluation: 17 qualitative indicators / 3 quantitative indicators.
 - (3) Functional committee performance evaluation: Audit Committee 14 qualitative indicators / 4 quantitative indicators; Remuneration Committee and Integrity Management Committee 11 qualitative indicators / 3 quantitative indicators.
4. When the achievement rate of all measurement indicators (i.e., "qualitative measurement indicators" plus "quantitative measurement indicators") reaches 80% or above, the performance evaluation result is deemed as "meeting the standard."

In 2023, the performance evaluation results of the Board of Directors, individual Directors, Audit Committee, Remuneration Committee, and Integrity Management Committee all "met the standard."

1 Sustainable Governance

Board Performance - External Evaluation

Evaluation Basis: HNFHC "Rules for Performance Evaluation of Board of Directors"

Evaluation Scope: Board of Directors

Evaluation Frequency: At least once every 3 years

Evaluation Procedure:

1. Performance evaluation is conducted by an external professional independent institution or a team of external experts and scholars.
2. The performance evaluation results for that year shall be reported to the Board within 3 months after the end of that year.
3. Document review based on six major dimensions and relevant documents, supplemented by on-site interviews.

In 2021, KPMG was commissioned to conduct an external performance evaluation of the Board of Directors. The results showed that the HNFHC Board of Directors has established relevant policies and processes in accordance with relevant laws and domestic corporate governance indicators. The Board is composed of Directors with relevant professional capabilities and appropriately assigned work based on their experience to effectively operate the functions of the Board and functional committees. The overall evaluation results ranged from good to excellent.* The Board's external performance evaluation is scheduled to be conducted again in 2024.

* The evaluation report's rating scale is divided into five levels from low to high: needs significant improvement, needs improvement, average, good, and excellent. "Good" indicates compliance with better domestic governance practices, while "excellent" indicates compliance with better international governance practices.



1. Grasp of the company's goals and tasks and degree of participation in operations
2. Enhancement of the quality of the Board's decision making
3. Composition and structure of the Board
4. Election and continuing education of the Directors
5. Internal control

Measurement Indicators for Board Performance Evaluation

Measurement Indicators for Individual Director Performance Evaluation

1. Grasp of the company's goals and tasks and degree of participation in operations
2. Awareness of Director's duties
3. Internal relationship management and communication
4. Director's professionalism and continuing education
5. Internal control



1. Degree of participation in the operation of the functional committee
2. Awareness of the duties of the functional committee
3. Improvement of the quality of decisions made by the functional committee
4. Composition and member selection of the functional committee
5. Internal control

Measurement Indicators for Functional Committee Performance Evaluation

Remuneration Policy

Director Remuneration

According to Article 23 of the Company's Articles of Incorporation, the remuneration of Directors is authorized by the Board of Directors. Regardless of profit or loss, remuneration may be paid based on their degree of participation and contribution to the Company's operations and the general level of the industry.

Directors' Monthly Remuneration

1. Directors receive a fixed monthly transportation allowance.
2. Independent Directors receive a fixed monthly remuneration.

Directors' Remuneration

1. According to Article 36 of the Company's Articles of Incorporation, if the Company has profits for the year, it shall allocate no more than 1% of the profits as Directors' remuneration and 0.02% to 0.15% as employee remuneration based on the profits before tax and before deducting Directors' and employee remuneration. The Board of Directors is authorized to decide annually within that range, but if there are accumulated losses, the amount shall be deducted in advance.
2. The actual allocation ratio and amount each year are proposed by the Remuneration Committee and submitted to the Board of Directors for approval.
3. For Directors who are representatives of legal persons, the remuneration belongs to the legal person shareholders; Independent Directors do not receive Directors' remuneration.

Chairman and Vice Chairman Remuneration

The Company has established the "Chairman and Vice Chairman Remuneration Standards." The main contents are as follows:

1. Remuneration range and approval process: The remuneration of the Chairman and Vice Chairman is proposed by the Remuneration Committee within the remuneration range specified in the "Chairman and Vice Chairman Remuneration Standards" and submitted to the Board of Directors for approval.
2. Year-end bonus: Handled in accordance with the Company's "Employee Bonus Management Guidelines."
3. Performance bonus: The number of duty bonus months allocated each year and the actual individual payment amount are calculated based on the Company's benchmarked market total remuneration for that year and the performance indicators specified in the Company's "Employee Bonus Management Guidelines." In addition, adjustments are made based on factors such as operating performance, risk management, internal audit, and legal compliance, as proposed by the Remuneration Committee and submitted to the Board of Directors for approval.

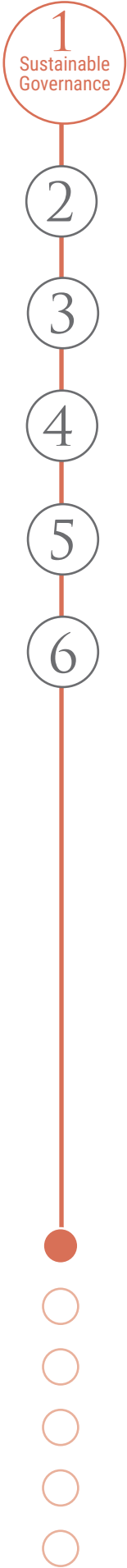
Managerial Officer Remuneration

The overall remuneration system design of the Company is based on individual position responsibilities, performance, and ability to determine salary, and is linked to external benchmarked markets. Through a fair and rigorous performance evaluation system, the Company implements a differentiated overall remuneration mechanism to attract and motivate outstanding talents and strengthen the Company's competitiveness.

Managerial Officer Remuneration

To implement a responsibility and performance-oriented remuneration system linked to external market salaries and effectively motivate managerial officers to contribute to performance, the Company has established the "Managerial Officer Remuneration Standards." The main contents are as follows:

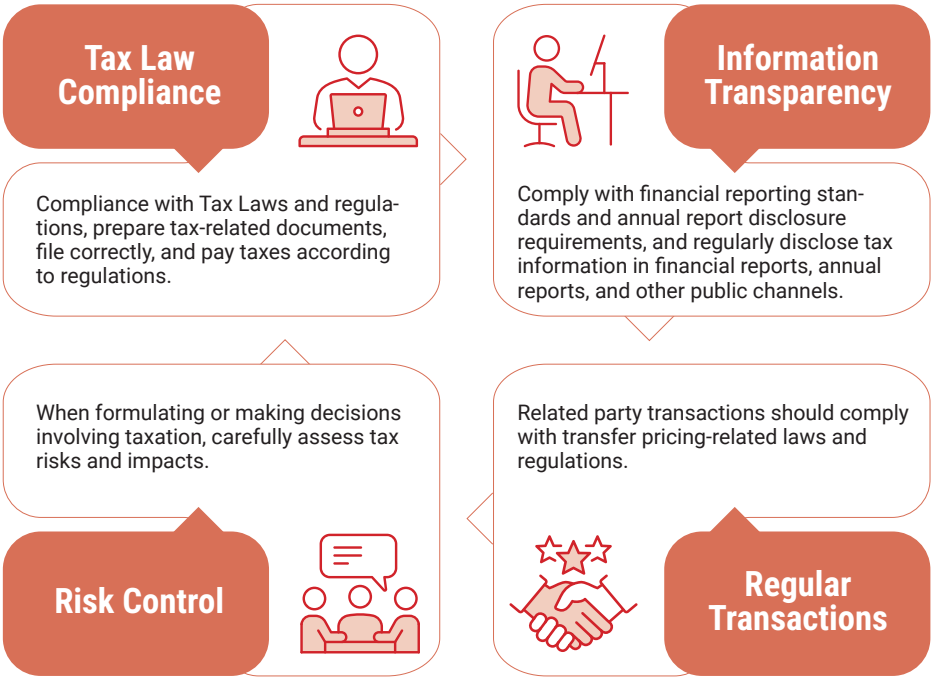
1. Remuneration range and approval process: The remuneration of managerial officers is proposed by the Remuneration Committee within the remuneration range specified in the "Managerial Officer Remuneration Standards" based on the position held by each managerial officer, their annual performance, and future tasks assigned, and submitted to the Board of Directors for approval.
2. Managerial officers' bonuses:
 - (1) Year-end bonus: Handled in accordance with the Company's "Employee Bonus Management Guidelines."
 - (2) Performance bonus: The number of duty bonus months allocated each year and the actual individual payment amount are calculated based on the Company's benchmarked market total remuneration for that year and the performance indicators specified in the Company's "Employee Bonus Management Guidelines." In addition, adjustments are made based on factors such as individual performance evaluation, risk management, internal audit, and legal compliance with laws and regulations, as proposed by the Remuneration Committee and submitted to the Board of Directors for approval.
3. Managerial officers' employee remuneration: Handled in accordance with the Company's "Employee Remuneration Distribution Guidelines."



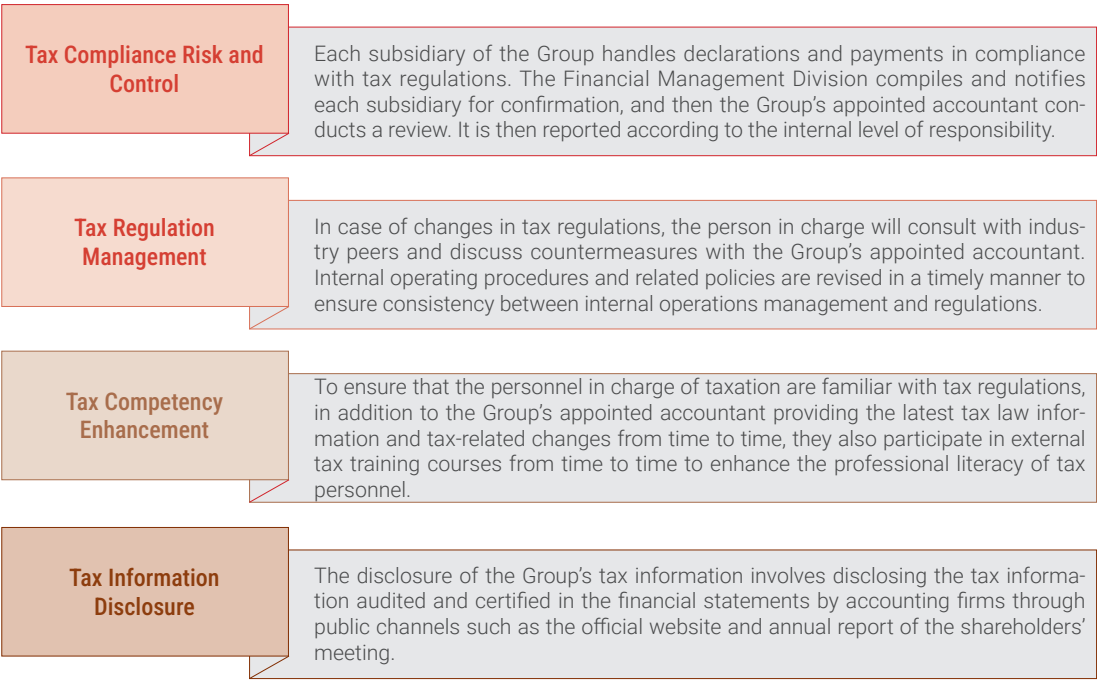
Tax Governance

1. Tax Governance Aspects

The Company, in response to the international trend of tax governance and to enhance tax information transparency, declares and pays profit-seeking enterprise income tax audited and certified by accountants on an annual basis. The Company's tax governance policy can be broadly divided into four major aspects:



2. Tax Risk Management

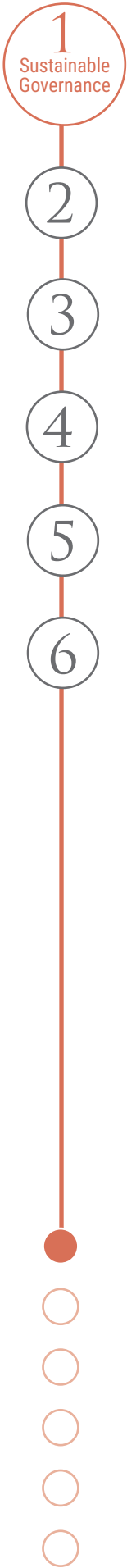


3. Country-by-Country Tax Information

Unit: NT\$ 100 million

○ Hua Nan Financial Group's 2023 Taxation by Country

Tax Jurisdiction	Main Business	Average Number of Employees	Net Revenue	Pre-tax Profit	Current Income Tax	Income Tax Paid
(TW) 	Banking, securities, and insurance, etc	10,758	527.22	215.33	35.58	46.20
(CN) 	Banking	97	8.54	5.61	1.35	1.53
(HK) 	Banking and securities	55	24.69	22.97	3.79	2.78
(US) 	Banking	46	9.68	3.56	2.07	2.50
(VN) 	Banking	43	4.35	3.35	0.67	0.63
(PH) 	Banking	25	0.86	0.13	0.20	0.20
(SG) 	Banking	23	6.98	6.15	0.93	0.76
(GB) 	Banking	18	5.91	0.23	-	0.14
(AU) 	Banking	18	4.93	3.89	1.18	3.08
(O)Other	Banking and securities	17	1.51	0.73	-	-

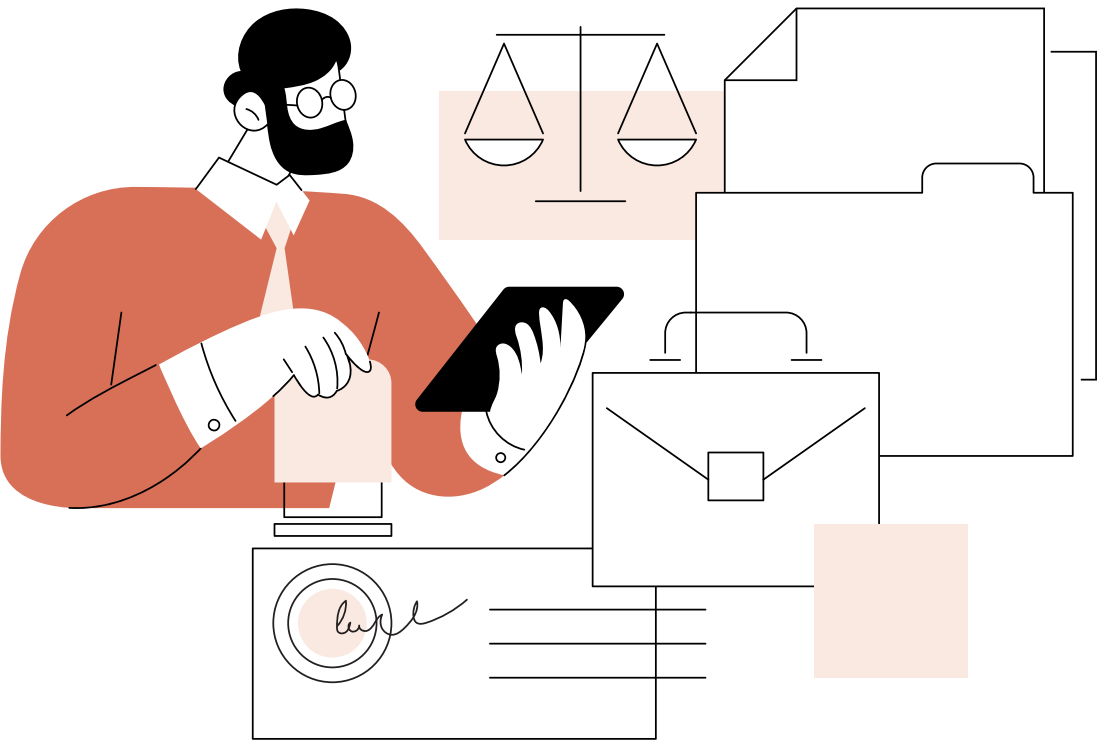


4. Tax Rate Information and Analysis

Hua Nan Financial Group's 2023 and 2022 Effective Tax Rate and Cash Tax Rate Information			Unit: NT\$ thousand
Item/Year	2023	2022	
Pre-tax Profit	26,195,305	20,992,991	
Income Tax Expense	4,576,885	3,684,520	
Effective Tax Rate (%)	17.47%	17.55%	
Income Tax Paid	5,781,787	3,599,219	
Cash Tax Rate (%)	22.07%	17.14%	
Data Source: HNFHC 2023 Consolidated Financial Report.			
Note 1: Effective Tax Rate = Income Tax Expense / Pre-tax Net Profit * 100%.			
Note 2: Cash Tax Rate = Income Tax Paid / Pre-tax Net Profit * 100%.			
Note 3: The cash tax rate in 2023 was higher than in 2022 because profit-seeking enterprise income tax declarations and payments occur in the following year. As the profits in 2022 increased compared to 2021, the income tax paid in 2023 increased compared to 2022.			

5. Operating Locations and Main Operating Activities

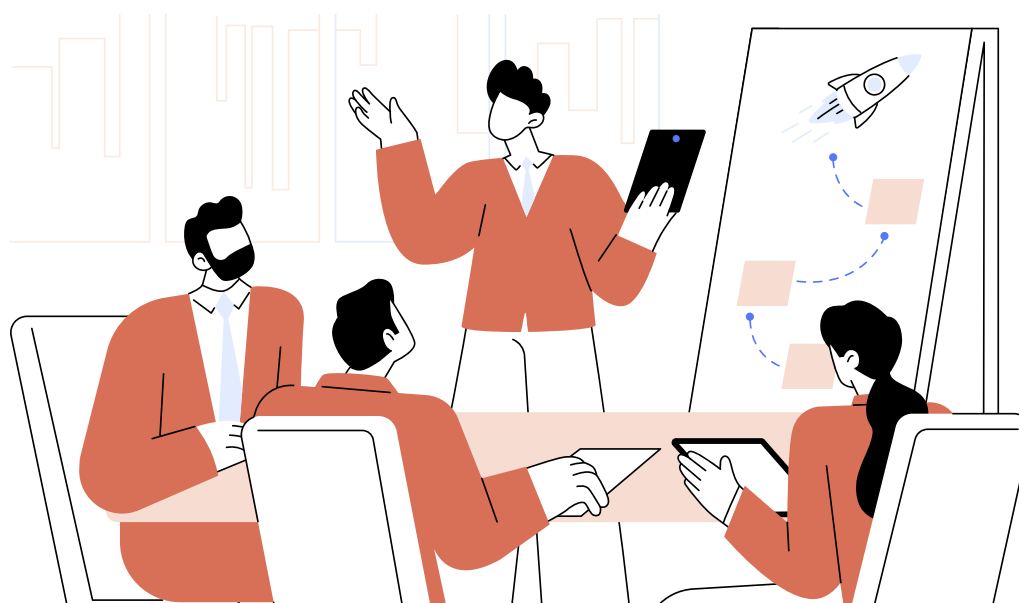
For the main operating activities of each company, please refer to the "Overview of Hua Nan Financial Group's Subsidiaries" section on page 59 of Chapter 1 About HNFHC.



Functional Committee

The Company has established three functional committees under the Board of Directors: the Audit Committee, Remuneration Committee, and Integrity Management Committee to enhance the functions and independence of the Board. The operation of each functional committee in 2023 is as follows:

Functional Committee	Main Duties	Operation
Audit Committee	Review amendments to the internal control system, financial reports (annual and semi-annual), and other important matters prescribed by the Company or competent authorities.	1. Composed of 4 Independent Directors with accounting or financial expertise 2. Meetings are held at least once a quarter. A total of 12 meetings were held in 2023. 3. Average attendance rate: 95.8% (100% including attendance by proxy)
Remuneration Committee	1. Establish and regularly review the policies, systems, standards, and structures for the performance evaluation and remuneration of Directors and managerial officers. 2. Regularly evaluate and determine the remuneration of Directors and managerial officers.	1. Composed of 4 Independent Directors 2. At least 2 meetings shall be held annually. A total of 9 meetings were held in 2023. 3. Average attendance rate: 97.2% (100% including attendance by proxy)
Integrity Management Committee	In accordance with laws and regulations, establish relevant preventive measures to ensure integrity management, and incorporate the values of integrity and ethics into the Company's business strategies. Review the performance evaluation and reward/punishment of relevant personnel within each company of the Group, the number of cases received through the whistleblowing channels, and the handling of cases.	1. Composed of 4 Independent Directors 2. At least 1 meeting shall be held annually. A total of 2 meetings were held in 2023. 3. Average attendance rate: 88% (100% including attendance by proxy)





Strategic Committee

Under the Chairman, the Company has established the Group Strategic Management Committee and the Group Sustainable Development Committee. Under the President, there are seven strategic committees: the Group Legal Compliance Committee, the Group Asset and Liability Management Committee, the Group Marketing Strategy Committee, the Group Risk Management Committee, and the Group Information Strategy Committee. The operation of each strategic committee in 2023 is as follows:

Strategic Committee	Main Duties	Operation
Group Strategic Management Committee	Discuss the medium and long-term development strategies, major investments, capital raising, medium and long-term fund raising, annual budget, and annual subsidiary performance evaluation of Hua Nan Financial Group.	- At least 1 meeting is held annually, but meetings can be held at any time as needed. A total of 3 meetings were held in 2023. - Average attendance rate: 97% (97% including attendance by proxy)
Group Sustainable Development Committee	Promote matters related to the sustainable development of Hua Nan Financial Group.	- Meetings are held semiannually, but can be held at any time as needed. A total of 1 meetings were held in 2023. - Average attendance rate: 88% (88% including attendance by proxy)
Group Legal Compliance Committee	Discuss and review the legal compliance system, anti-money laundering and counter-terrorism financing plans, major compliance incidents, and the implementation of important compliance projects of Hua Nan Financial Group.	- Meetings are held quarterly, but can be held at any time as needed. A total of 4 meetings were held in 2023. - Average attendance rate: 92.5% (95% including attendance by proxy)
Group Asset and Liability Management Committee	Discuss the asset and liability management regulations, related limits, adjustment and management of non-trading book asset and liability exposures, interest rate risk, liquidity risk, and exchange rate risk of Hua Nan Financial Group.	- At least 1 meeting is held quarterly, but meetings can be held at any time as needed. A total of 6 meetings were held in 2023. - Average attendance rate: 96.5% (100% including attendance by proxy)
Group Marketing Strategy Committee	Discuss joint marketing management, wealth management product review, channel development management, customer relationship management, or other marketing-related matters of Hua Nan Financial Group.	- Meetings are held semiannually, but can be held at any time as needed. A total of 2 meetings were held in 2023. - Average attendance rate: 100% (100% including attendance by proxy)
Group Risk Management Committee	Discuss credit risk, market risk, operational risk, climate risk management regulations, credit risk, market risk, climate risk-related limits, new financial product or product proposals of Hua Nan Financial Group.	- At least 1 meeting is held quarterly, but meetings can be held at any time as needed. A total of 7 meetings were held in 2023. - Average attendance rate: 93.4% (100% including attendance by proxy)
Group Information Strategy Committee	Discuss short, medium, and long-term information strategies and important information development issues of Hua Nan Financial Group.	- Meetings are held semiannually, but can be held at any time as needed. A total of 3 meetings were held in 2023. - Average attendance rate: 92.5% (100% including attendance by proxy)

*The meeting for the second half of 2023 was postponed to February 2024.

1.3 Integrity Management

Management Approach

The Company has established the "HNFHC Integrity Management Best Practice Principles" to establish a corporate culture of integrity management for the Company and its subsidiaries and guide the conduct of the Company's Directors, managerial officers, and employees to meet ethical standards.

Policy



Deeply embed a transparent corporate culture of integrity and implement it in all aspects of the Company's operations, prioritizing integrity as the primary principle for customers, employees, and even society and the environment.

Commitment



Integrity Management is an important foundation for sustainable management. To continuously realize the long-term interests of the Group and shareholders, the Company actively uses diverse methods to solidify this foundation.

Goal



The Administration Division serves as the meeting unit of the Integrity Management Committee and conducts management.

Dedicated Unit



Whistleblowing regulations are established. Whistleblowing email and dedicated phone line are announced on internal and external websites and managed by the Integrity Management Committee under the Board of Directors.

Communication System



1. Convene Integrity Management Committee
2. Establish the "Integrity Management Best Practice Principles Commitment Letter" and integrity management-related internal regulations of each company
3. Strengthen integrity management education and training

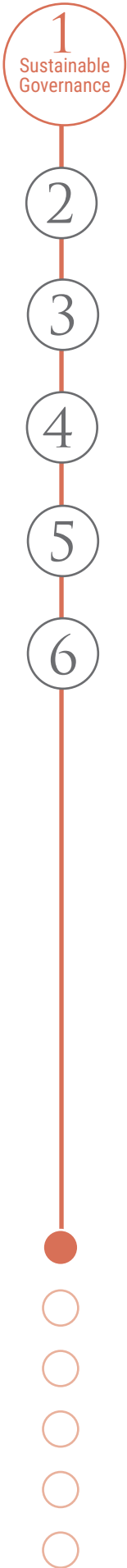
Concrete Actions



1. Regularly review the performance evaluation and reward/punishment of relevant personnel in each subsidiary
2. Regularly review the handling of cases received through whistleblowing channels and non-whistleblowing channels

Self-Evaluation System





Responsibilities

To establish a sound management structure for integrity management, HNFHC established the "HNFHC Integrity Management Committee Organizational Regulations" in 2016 and formed the Integrity Management Committee. The committee members consist of all Independent Directors and are responsible for formulating and supervising the implementation of HNFHC's integrity management policies and preventive measures. Meetings are held at least once a year, and the meeting minutes are submitted to the Board of Directors and included in the Company's important files.

Organizational Structure

According to the "Integrity Management Committee Organizational Regulations" of the Company, the Integrity Management Committee is composed of all Independent Directors, with no less than 3 members, one of whom serves as the convener and the chairman of the meeting. Based on the Company's current organizational structure, the Integrity Management Committee has 4 members, including 1 convener. Additionally, the Administration Division of the Company serves as the meeting unit of the Integrity Management Committee, responsible for assisting with agenda planning, convening notices, meeting procedures, meeting minutes, and other related matters.

Education and Training and Culture

To incorporate the integrity management culture into the Group's culture, in addition to strengthening the promotion of integrity culture through elevator TV walls, regular publications, emails, and other channels, the Company also regularly plans education and training every year to ensure the implementation of the integrity management culture. The education and training conducted in 2023 are described as follows:

Course Content	Target	Number of Participants	Hours
On-the-job education and Training for Legal Compliance personnel	Group Legal Compliance supervisors and personnel	317	15
Pre-employment education and Training for Legal Compliance personnel	Newly appointed Group Legal Compliance supervisors and personnel	115	30
Anti-money laundering and counter-terrorism financing education and training	Group Directors, Supervisors, and senior executives	113	3
Regular Legal Compliance education and training	New and current employees of the Company	189	2
Integrity management education and training	Directors and current employees (including managerial officers) of the Company	120	2

Implementation

SASB FN-CB-510a.1: Financial losses incurred due to legal proceedings related to fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other financial industry laws or regulations

HNFHC has established the "HNFHC Integrity Management Best Practice Principles" as the Group's policy, explicitly prohibiting dishonest conduct such as corruption and bribery, monopolistic and unfair competitive behavior, and insider trading. If any personnel of the Group violate these principles, there are subsequent actions that need to be taken (such as reporting to judicial authorities) based on the nature of the conduct according to the principles. The principles also include confidentiality provisions, whistleblowing, and disciplinary measures as preventive measures. In 2023, the Company did not incur any financial losses due to legal proceedings related to fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other financial industry laws or regulations.

Incorporating the code of conduct into employee performance evaluations

Each company in the Hua Nan Financial Group has established relevant regulations based on its business characteristics. All subsidiaries of the Group have included the code of conduct as an item in employee performance evaluations to implement the principles of integrity management.

Hua Nan Financial Holdings (HNFHC)	"Hua Nan Financial Holdings Employee Work Rules"
Hua Nan Commercial Bank (HNCB)	"Hua Nan Commercial Bank Employee Work Rules"
Hua Nan Securities (HNSC)	Hua Nan Securities Employee Code of Conduct
South China Insurance Company (SCIC)	"South China Insurance Code of Ethical Conduct"
Hua Nan Investment Trust (HNIT)	"Hua Nan Investment Trust Work Rules"
Hua Nan Venture Capital (HNVC)	"Hua Nan Venture Capital Personnel Management Guidelines"
Hua Nan Assets Management (HNAMC)	"Hua Nan Assets Management Work Rules"

Implementation of dishonest conduct

Implementation of violations of Article 6 "Prohibition of Dishonest Conduct" of the Company's Integrity Management Best Practice Principles by the Group in the past 4 years.

2020	Investigation and disciplinary actions have been completed
2021	Investigation and disciplinary actions have been completed
2022	Investigation and disciplinary actions have been completed
2023	Investigation and disciplinary actions have been completed

* In 2023, the Group had no employee corruption incidents, and no employees were dismissed or disciplined or legally sanctioned due to corruption incidents.

** In 2023, the Company had no incidents of terminating contracts or not renewing contracts with suppliers due to corruption violations.

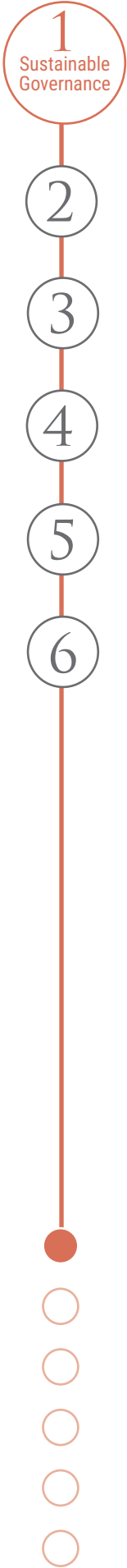
Integrity Management Best Practice Principles Commitment Letter

Starting from 2018, the Group has been promoting the "Integrity Management Best Practice Principles Commitment Letter" internally. It pledges that in addition to complying with relevant laws and regulations of commercial conduct, employees of the Group shall not engage in any dishonest conduct during the process of commercial activities and shall exercise the due care of a good administrator to urge the Company to avoid dishonest conduct, ensuring the implementation of the integrity management culture.

Dissemination of the Integrity Management Best Practice Principles Commitment Letter

100% of colleagues (including new employees) in each company of the Group have been signed of the contents of the "Integrity Management Best Practice Principles Commitment Letter."





External Promotion

To fulfill the Hua Nan Financial Group's commitment and responsibility to supplier management and comply with the "HNFHC Integrity Management Best Practice Principles," we have established the "Supplier Code of Conduct" and started requiring new suppliers to sign the "Supplier Commitment Letter" since 2017. As of the end of 2023, 100% of suppliers required to sign the commitment letter according to the regulations of each subsidiary have signed it.

 Supplier Review Points

1. Whether the country of operation is a high-risk country for corruption
2. Whether the remittance recipient and the transaction counterparty are consistent
3. Whether an integrity management policy or similar regulations have been established
4. Whether the enterprise and its representatives have been involved in public records of dishonest conduct such as bribery or illegal political donations in the past year

Implementation of Insider Trading Prohibition

According to internal regulations such as the "Hua Nan Financial Holdings Co., Ltd. Procedures for Handling Material Information Disclosure" and the "Hua Nan Financial Holdings Co., Ltd. Integrity Management Best Practice Principles," there are relevant provisions regarding the confidentiality of material information and the prohibition of insider trading. The Company notifies insiders (Directors, managerial officers, and major shareholders) of the types of violations in equity transfers by the Taiwan Stock Exchange every quarter, and provides relevant laws and regulations and equity transaction promotional manuals to Directors and managerial officers upon their appointment. The courses taken by Board members related to this topic in 2023 are listed as follows:

Organizer	Course	Hours
Taiwan Independent Director Association	Cooperation between the Police and Banks to Prevent Fraud and Digital Technology Financial Fraud Prevention	3
Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Practical Case Analysis of Criminal Liability of Directors and Supervisors	3
Taiwan Independent Director Association	How Can Directors (Independent Directors) Prevent Risks? Identifying Financial and Business Warnings from Cases of Misrepresented Financial Statements	3
Taiwan Corporate Governance Association	Disclosure of Material Information of the Company and Responsibilities of Directors and Supervisors	3
Taiwan Independent Director Association	Integrity Management and Corporate Governance: Focusing on Director Responsibilities	3
Ministry of Finance	2023 Corporate Governance Special Lecture	3
Securities & Futures Institute	How Should Directors and Supervisors Supervise Enterprise Risk Management and Crisis Handling	3
Taipei Foundation Of Finance	Corporate Governance - Digital Fraud Detection and Prevention of Digital Financial Crimes	3

Whistleblowing System

The Group has established a consistent whistleblowing system based on the opinions of competent authorities and the practices of most industry peers. The establishment of the HNFHC whistleblowing system was submitted to the Group Legal Compliance Committee, the Audit Committee, and the Board of Directors for approval, and subsidiaries are required to establish their own whistleblowing systems accordingly and submit them to their respective Boards of Directors.

In addition to the companies required by the Financial Supervisory Commission to establish whistleblowing systems, HNVC, HNAMC, and HNILC, which are subsidiaries of the Group, have also completed the establishment of their own whistleblowing system regulations according to the same standards.

Whistleblowing Channels

The methods and announcement of whistleblowing channels and the procedures for handling whistleblowing cases have consistent regulations within the Group to ensure that each company within the Group has clear group standards and specific handling procedures when dealing with whistleblowing cases. Subsidiaries of the Group regularly report the number of whistleblowing cases received and their handling status to the financial holding company on a monthly basis.

The whistleblowing channels of each subsidiary and sub-subsidiary within the Group are announced through official websites, bulletins, letters, and other methods in accordance with regulations. The following are the whistleblowing channels of HNFHC:

Whistleblowing Channels

Whistleblowing Mailbox: P.O. Box 143, Taipei Xinyi Post Office
Dedicated Phone Line: (02)2723-2098
Fax Number: (02)2723-2099
Email: whistle@hnfhc.com.tw

In 2023, there were a total of 25 whistleblowing cases that met the provisions of the "Whistleblowing System Operation Guidelines" in the Hua Nan Financial Group. 18 cases at HNCB, 3 cases at HNSC, and 4 cases at HNFC. All cases have been investigated, and the handling results have been reported to the whistleblowers. For cases that were verified to be true, disciplinary actions were taken against the personnel involved.

Information Disclosure

To protect the rights and interests of shareholders and stakeholders in obtaining the Company's information, in addition to continuously strengthening the timeliness and transparency of financial and non-financial information disclosure, information is also published through websites and events. The Company regularly updates relevant information on corporate governance, financial and business information, and material information in both Chinese and English. Important news is also simultaneously released on the Market Observation Post System.

Information Type	Communication Channels	Information Release
Financial	1. Annual Shareholders' Meeting 2. Investor Conference 3. Market Observation Post System and Official Website	1. Quarterly Financial Reports 2. Chinese and English versions of "Shareholders' Meeting Handbook," "Annual Report," and "Annual Financial Report"
Non-financial	1. "Investor Relations" section on the official website 2. "Corporate Sustainability" section on the official website 2. "Annual Report" 3. "Stakeholder Survey" on the official website 4. Self-evaluation through corporate governance evaluation	1. "Sustainability Report" 2. "Annual Report"
Other	1. Press Releases 2. Spokesperson System 3. Employee Opinion Box	Latest News on the Official Website

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1.4 Internal Control System - Three Lines of Defense

The Company has established the "HNFHC Internal Control System" to build a three-line defense mechanism in accordance with the Regulations Governing the Implementation of Internal Control and Audit System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission. The first line of defense is to effectively implement self-inspection, the second line of defense is to enhance legal compliance and risk management, and the third line of defense is independent internal audit.

First Line of Defense Self-Inspection

- Each business unit of the Group identifies, assesses, controls, and mitigates risks arising from its functions and activities, and establishes relevant internal control and risk management procedures.
- Each business unit regularly conducts self-inspections. If operating procedures or control measures are insufficient, improvement plans should be proposed immediately.

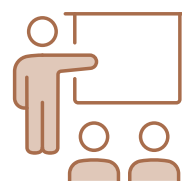


- The Group's legal compliance unit communicates changes in regulations and reviews the compliance of internal management regulations through pre-training and promotion; and takes appropriate measures with reference to the deficiencies and improvement suggestions proposed by the internal audit unit during post-audit.
- The risk management unit formulates overall risk management policies for the main risk categories of each business unit, and supervises the overall risk-bearing capacity and risk exposure.
- The legal compliance unit and risk management unit separately report to senior management on compliance and risk control.

Second Line of Defense Legal Compliance and Risk Management

Third Line of Defense Internal Audit

- The Group performs audit work with an independent and impartial spirit, and internal audit units are all affiliated with the Board of Directors.
- Establish and implement the Group's internal audit system, audit and evaluate the effectiveness of internal control, and regularly report to the Audit Committee and the Board of Directors.



Legal Compliance

Management Approach

The Company has established the "HNFHC Legal Compliance System Implementation Guidelines" to establish a clear and smooth channel for legal consultation, coordination, and communication, strengthen the promotion and education of financial laws and regulations, identify legal compliance weaknesses, ensure legal compliance effectiveness, and build group-wide consistent compliance standards and norms to enhance the Group's legal compliance benefits.

Policy



The Legal Compliance Division serves as the secretariat unit of the Group Legal Compliance Committee and manages it.

Dedicated Unit



Hold quarterly Group Regulatory Compliance Symposiums and Group Legal Compliance Committee meetings, and regularly report compliance-related issues to the Audit Committee and the Board of Directors.

Communication System



Through management meetings, legal compliance visits, education and training and other means, continue to shape and solidify the Group's legal compliance culture, to enhance the legal compliance awareness of all employees, and internalize the legal compliance culture into the Group's corporate culture and organizational language.

Commitment



1. Study and discuss the Group's legal compliance system
2. Review the implementation results of the Group's legal compliance system
3. Review the results of the Group's legal compliance effectiveness visits
4. Study and discuss amendments to the Group's anti-money laundering and countering the financing of terrorism plan
5. Review the Group's annual implementation plan and results of anti-money laundering and countering the financing of terrorism
6. Review repeated deficiencies found in internal and external audits of the Group's companies
7. Study and discuss the implementation of personal data protection related matters within the Group
8. Report on the implementation of important Group legal compliance projects

Concrete Actions



Hua Nan Financial Group takes "Honesty" as its core value, and through the promotion of financial laws and regulations, continues to strengthen employees' compliance awareness and accumulate sustainable development energy

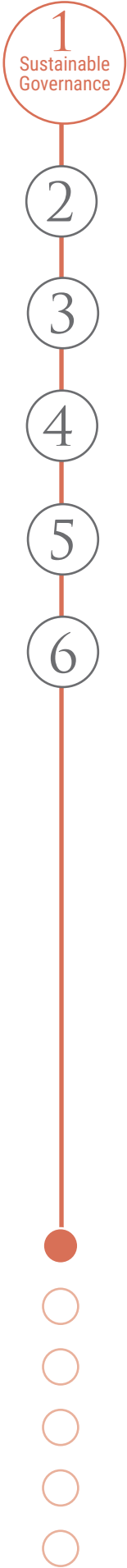
Goal



1. Each unit of the Company conducts self-assessment of legal compliance at least semi-annually
2. Review the implementation of the Group's legal compliance system at least semi-annually
3. Conduct Group legal compliance effectiveness visits/compliance project visits annually

Self-Evaluation System

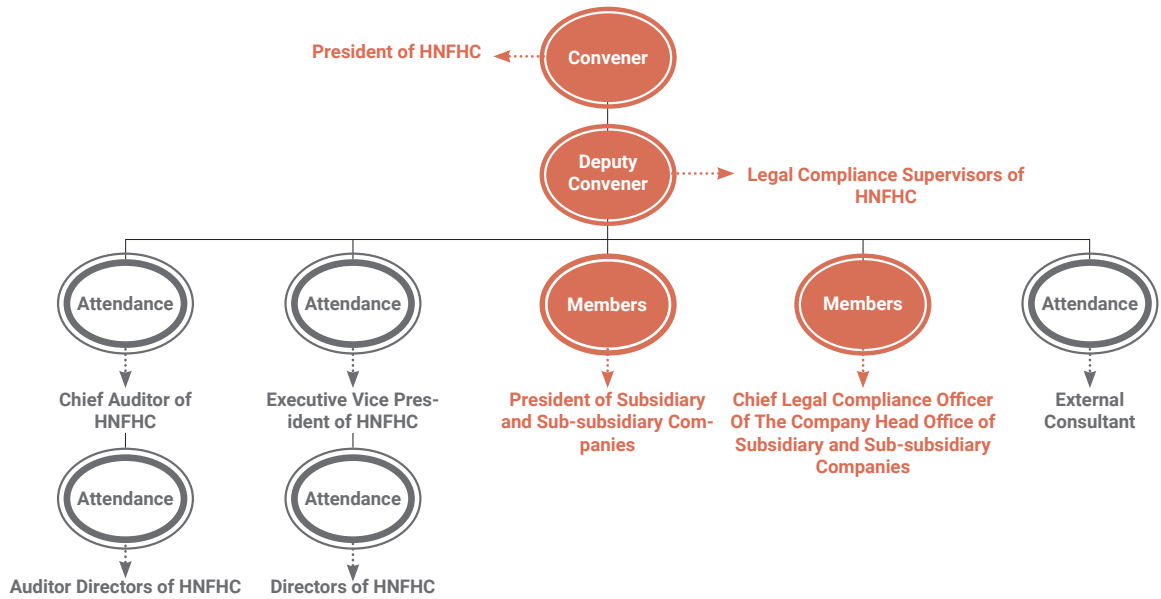




Risk Management Structure Diagram

In order to strengthen the responsibilities of Hua Nan Financial Group's legal compliance department in managing the Group's compliance affairs, the Group Legal Compliance Committee was established. The convener is the President of the financial holding company, the deputy convener is the Chief Compliance Officer of the financial holding company head office, and other members include the Presidents and Chief Compliance Officers of subsidiaries and sub-subsidiaries. HNFHC's Executive Vice President, Chief Auditor, Division Heads, and external consultants may also be invited to attend meetings.

Group Legal Compliance Committee



Management and Implementation

1. In accordance with the "Implementation Rules of Internal Control and Audit Systems of Financial Holding Companies and Banking Industries" and "Hua Nan Financial Holdings Co., Ltd. Legal Compliance System Implementation Guidelines", the Legal Compliance Division has established communication channels such as telephone and e-mail. The Compliance Division is responsible for coordinating legal dissemination, consultation, coordination, and communication matters, and according to the "Hua Nan Financial Holdings Co., Ltd. Group Legal Compliance Committee Organizational Rules", invites the Presidents and Chief Compliance Officers of subsidiaries and sub-subsidiaries to hold Group Legal Compliance Committee meetings quarterly.
2. In 2.2023, a total of 4 Group Legal Compliance Committee meetings were held to discuss matters such as the implementation results of the Group's legal compliance and anti-money laundering system, self-review of peer penalty cases, strengthening measures for the Group's legal compliance self-assessment work, results of legal compliance visits, planning of the Group's regulatory system, Group money laundering and terrorist financing risk assessment results, and review of personal data protection control mechanisms, to ensure that the Group's legal compliance work can be effectively communicated and implemented.
3. To implement practical exchange among Chief Legal Compliance Officers of each company, 4 Group Regulatory Compliance Symposiums were held in 2023. The meeting content included recent major legal amendments affecting each company's business or common to the Group, advocacy and communication matters of HNFHC on the Group's legal compliance work, and suggestions from subsidiaries and sub-subsidiaries on the Group's legal compliance system. The two-way communication strengthens the effectiveness of the Group's legal compliance operations.

Other Legal Compliance Strengthening Measures

Performance Evaluation of Hua Nan Financial Group's Subsidiaries

To strengthen the management and effectiveness of the implementation of the legal compliance system of the Group's subsidiaries, items such as whether the subsidiary has been penalized or disciplined by the competent authority, whether it has conducted legal compliance self-assessment and training as required, and whether it has reported violations as required and made improvements are included in the scoring criteria.

Legal Compliance System Implementation Effectiveness (Project) Visits of Hua Nan Financial Group's Subsidiaries and Sub-subsidiaries

1. In 2023, each of the 9 subsidiaries and sub-subsidiaries was subject to 1 project visit and 1 annual implementation effectiveness visit. The project visit items included reporting of accounts under the Foreign Account Tax Compliance Act (FATCA), compliance with the Common Reporting Standard (CRS), financial consumer protection and fair customer treatment principles, internal regulation control, etc. The implementation effectiveness visit items included the implementation of compliance self-assessment work, legal compliance implementation, handling of external regulatory amendments by each unit, improvement of cases penalized or disciplined by the competent authority, self-review results of peer penalty or disciplinary cases announced by the competent authority, improvement of internal and external audit deficiencies related to Legal compliance matters, etc.
2. The Company makes suggestions or reminders to subsidiaries and sub-subsidiaries on the implementation of the above-mentioned visit items, and continues to track the improvement progress of each company through management meetings.

Establishing a Graded Management System for Subsidiary Legal Compliance

1. The Group's subsidiaries include HNCB, HNSC, and SCIC, HNIT, and HNAMC. Considering that the regulatory intensity of the competent authorities and the business scale of each subsidiary are different, a risk-based management mechanism is implemented to conduct graded management of subsidiaries, and differentiated management measures are implemented according to the grading results.
2. Each subsidiary shall participate in the management meetings convened by the Company and cooperate with relevant visit work according to its rating results. In 2023, a total of 12 legal compliance, anti-money laundering, and counter-terrorism financing graded management meetings were held to understand the handling status of each company on legal compliance and anti-money laundering related issues, and make timely suggestions.

Implementing Management of Violations and Downgrade Cases, Tracking Improvement Progress

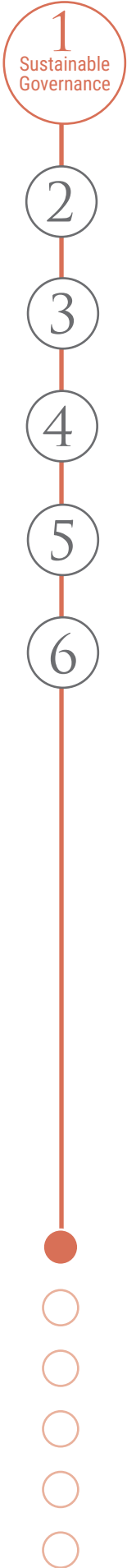
1. Hua Nan Financial Group had no cases of major penalties imposed by the competent authority in 2023.
2. The Company provides the handling situation of financial industry peers to the penalized subsidiaries and sub-subsidiaries for reference in a timely manner. In addition to tracking their improvement progress, similar cases are also sampled during visits to review the effectiveness of relevant improvement measures.

Supervising the Implementation of Personal Data Protection Management

1. In line with the amendment of the "Personal Data Protection Act", the Group's companies are required to inventory current control measures and report the review results to the Group Legal Compliance Committee.
2. Conduct annual review and revision of the "Personal Data Management Standards" and "Personal Data File Inventory", conduct annual personal data risk assessments accordingly, and compile a report on the Group's personal data protection implementation.

Supervising the Optimization of Important Group Regulatory Compliance Projects

1. Added explanations and operating procedures for whistleblowing case investigation execution, investigation report writing, and other compliance matters to optimize the quality of the Group's whistleblowing case investigations.
2. Added legal complaint protection principles and corresponding compliance procedures to the compliance self-assessment checklist to enhance the emphasis on fair customer treatment principles by subsidiaries and sub-subsidiaries subject to the "Financial Consumer Protection Act".
3. Required subsidiaries and sub-subsidiaries that have established an anti-money laundering (AML) system to conduct system effectiveness verification to ensure that the AML system can perform its designed functions and achieve the expected goals.
4. Typified the suspected money laundering cases reported by subsidiaries in the first and second half of 2023, and provided them as educational training and advocacy content for the Group's subsidiaries and sub-subsidiaries to enhance the Group's employees' awareness of anti-money laundering and counter-terrorism financing.
5. Optimized the Group's legal compliance reporting system and anti-money laundering and counter-terrorism financing information sharing operation system, and planned to establish a Group laws and regulations management system to strengthen the handling of legal compliance data reporting and information sharing operations, and the query and management of external regulations and internal regulations by each company.



● **Education and Training**

Through the Group's legal compliance mailbox, regularly compile and deliver the amendments and drafts of regulations by the competent authorities, important announcements and press releases, peer penalty cases, etc. to the Group's companies for response and compliance. Regular compilation of major legal compliance incidents, internal and external audit deficiencies, industry penalty cases, etc., and posting them on the group's employee website for all colleagues to read at any time.

The Company regularly compiles major compliance incidents, internal and external audit deficiencies, peer penalty cases, etc. and places them on the Group's employee website for employees to read at any time. In 2023, the company collected nearly 304 external regulations and 110 industry penalty cases, which were forwarded to all departments and subsidiaries for their information. This allows relevant units to review and respond accordingly, ensuring that all operational activities comply with legal requirements.

● **Anti-Money Laundering and Countering the Financing of Terrorism**

Anti-Money Laundering and Countering the Financing of Terrorism Management Structure

The Group has established a Group Anti-Money Laundering and Countering the Financing of Terrorism Plan to effectively govern the Group's anti-money laundering and counter-terrorism financing affairs, implement the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, etc. Through inventorying each industry's regulations and conducting difference analysis to integrate control mechanisms, it helps to grasp and control the Group's overall money laundering risks and ensure consistency in the Group's relevant norms, policies, and management procedures.

Dedicated Unit

The Company's Board of Directors serves as the highest guidance and supervision unit, and has passed the Group Anti-Money Laundering and Countering the Financing of Terrorism Plan to establish and effectively maintain an anti-money laundering and counter-terrorism financing structure. The Chief Legal Compliance Officer of the head office is responsible for execution and reports to the Audit Committee and the Board of Directors every six months on the Group's anti-money laundering and counter-terrorism financing compliance.

To manage the Group's anti-money laundering and counter-terrorism financing affairs, the Company has a Legal Compliance Section under the Legal Compliance Division that regularly convenes meetings and symposiums with subsidiaries to discuss the implementation of risk assessment, anti-money laundering system operation, case review, information sharing, and other matters.

The Group Anti-Money Laundering and Countering the Financing of Terrorism Plan was established with the approval of the Board of Directors, and the regulated items include:

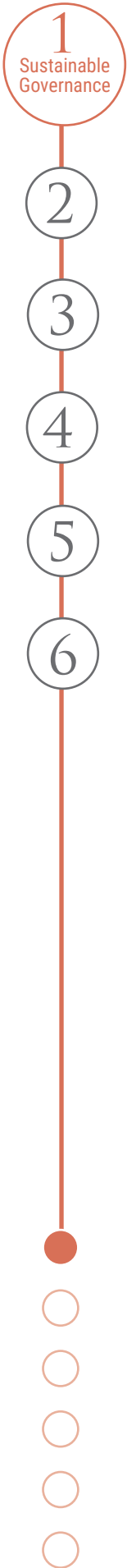
-  Establishment of a dedicated anti-money laundering unit and supervisor
-  Risk Assessment
-  Due diligence
-  Reporting and record keeping
-  Information Sharing
-  Ongoing review and monitoring
-  Internal Audit
-  Education and Training

The Group's subsidiaries and sub-subsidiaries that are subject to the Money Laundering Control Act have also established formal policies and procedures, including anti-money laundering and counter-terrorism financing policies, precautions, business compilations, operating procedures, and other internal regulations to meet the practical needs of various financial businesses and implement personal data protection and management.

Important Group Management Mechanisms

Consistent Norms	The Group has established anti-money laundering and countering the financing of terrorism precautions, anti-money laundering and counter-terrorism financing risk assessment operation precautions, and anti-money laundering and counter-terrorism financing information sharing operation precautions for subsidiaries subject to the Money Laundering Control Act to follow.
Annual Risk Assessment	Conduct Group-level money laundering, terrorist financing, and proliferation financing risk assessment operations at least once a year, and compile the Group's risk assessment report results, internal and external inspection opinions, and improvement plan schedules, and report to the Group Legal Compliance Committee, Audit Committee, and Board of Directors.
Regular Visits	Regularly conduct anti-money laundering compliance project visits to subsidiaries subject to the Money Laundering Control Act to understand the handling of various anti-money laundering businesses and exchange practical approaches from different industries with subsidiaries.
Regular Reporting	Require subsidiaries to report anti-money laundering and counter-terrorism financing key tasks, deficiency improvement, and anti-money laundering data monthly to assess subsidiaries' risk management and provide timely reminders for subsidiaries to take strengthening measures.
Education and Training	Require the Group's companies to comply with external regulations to conduct internal and external education and training to enhance employees' compliance awareness.
Information Sharing	1. Continue to optimize the functions of the Group's information sharing platform so that subsidiaries can improve the effectiveness of various anti-money laundering investigation operations through the sharing mechanism. 2. Formulate anti-money laundering and counter-terrorism financing information sharing operation precautions in accordance with the "Reference Practices for Financial Holding Group Anti-Money Laundering and Counter-Terrorism Information Sharing", and continue to study and discuss measures to simplify operational procedures and improve sharing efficiency.





Risk Management

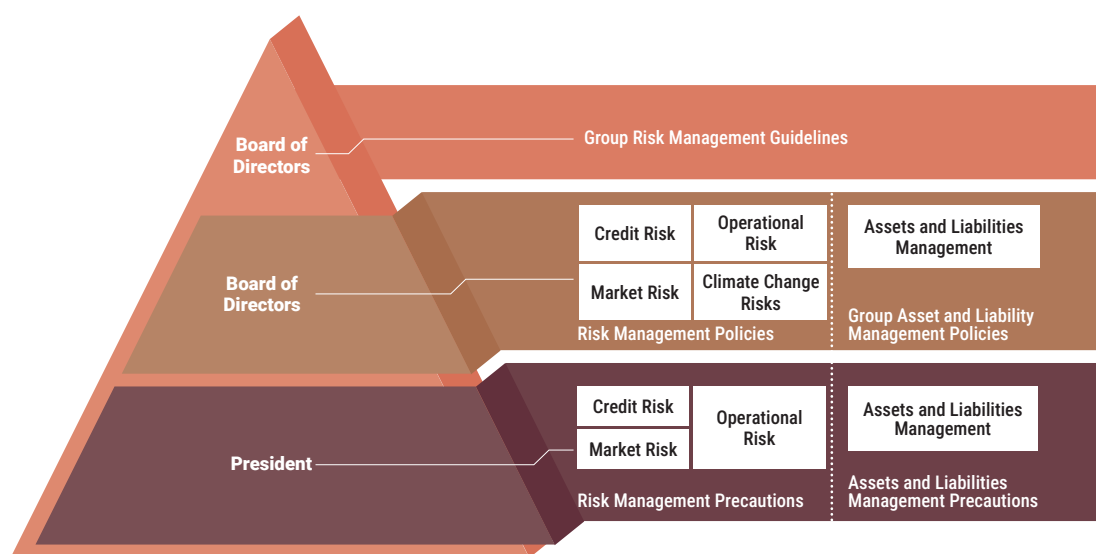
Management Approach

The Company has established the "Hua Nan Financial Group Risk Management Guidelines" for all employees of the Group to identify, measure, control, undertake, and manage risks based on consistent guidelines in daily operations.	Establish standards applicable to all members of the Group to identify, measure, control, undertake, and manage risks, reflect the Group's business objectives and corporate values, and achieve the goal of maximizing shareholder value.
Policy 	Commitment 
	Effectively control risk issues, control the possibility of operational losses, identify emerging risks, establish management mechanisms, and strengthen risk management.
	Goal 
The Risk Management Division serves as the secretariat unit of the Group Risk Management Committee and the Group Assets and Liabilities Management Committee and manages them.	Conduct internal risk management information exchange and review within the Group by holding Group Risk Management Committee meetings and Group Assets and Liabilities Management Committee meetings.
Dedicated Unit	Communication System 
1. Discuss Hua Nan Financial Group's credit risk, market risk, operational risk, and climate risk management related regulations, credit risk, market risk, and climate risk related limits, new financial product or product project plans, and other issues through the Group Risk Management Committee meetings. 2. Discuss the Group's assets and liabilities management related regulations and limits, control and management of non-trading book assets and liabilities exposure positions, interest rate risk, liquidity risk, exchange rate risk, and other issues through the Group Assets and Liabilities Management Committee meetings.	1. Regularly report the Group risk management report 2. Irregularly report important matters and analyze current issues in the risk management report 3. Review and control risk limits
Concrete Actions 	Self-Evaluation System

● Risk Management Policies and Procedures

The Company established the "Hua Nan Financial Group Risk Management Guidelines" in 2006 with the approval of the Board of Directors. All employees of the Group can identify, measure, control, undertake, and manage risks based on these consistent guidelines in daily operations, and ensure that various operational risks are controlled within a tolerable range and reflect the Group's business objectives and corporate values.

In addition, for credit risk, market risk, operational risk, assets and liabilities management risk, climate risk, and other categories, relevant risk management policies and precautions have been established. The highest approval level for the aforementioned guidelines and policies is the Company's Board of Directors, while each precaution is submitted to the Group Risk Management Committee or the Group Assets and Liabilities Management Committee for discussion, and is implemented after being approved by the Company's President.



● Management Structure

The Group's risk management structure starts from the Board of Directors and includes two strategic committees:

1. Group Risk Management Committee, 2. Group Assets and Liabilities Management Committee.

The Risk Management Division coordinates the Group's risk management matters and related matters of the above-mentioned committees, and regularly reports the implementation of risk management to the Board of Directors.

In addition, the Risk Management Division has five sections: Credit Risk Section, Market Risk Section, Operational Risk Section, Risk Integration Section, and Risk Measurement Section to respond to various risk management needs. Furthermore, each subsidiary of the Group has set up an independent risk management department or function according to its business nature and actual needs.



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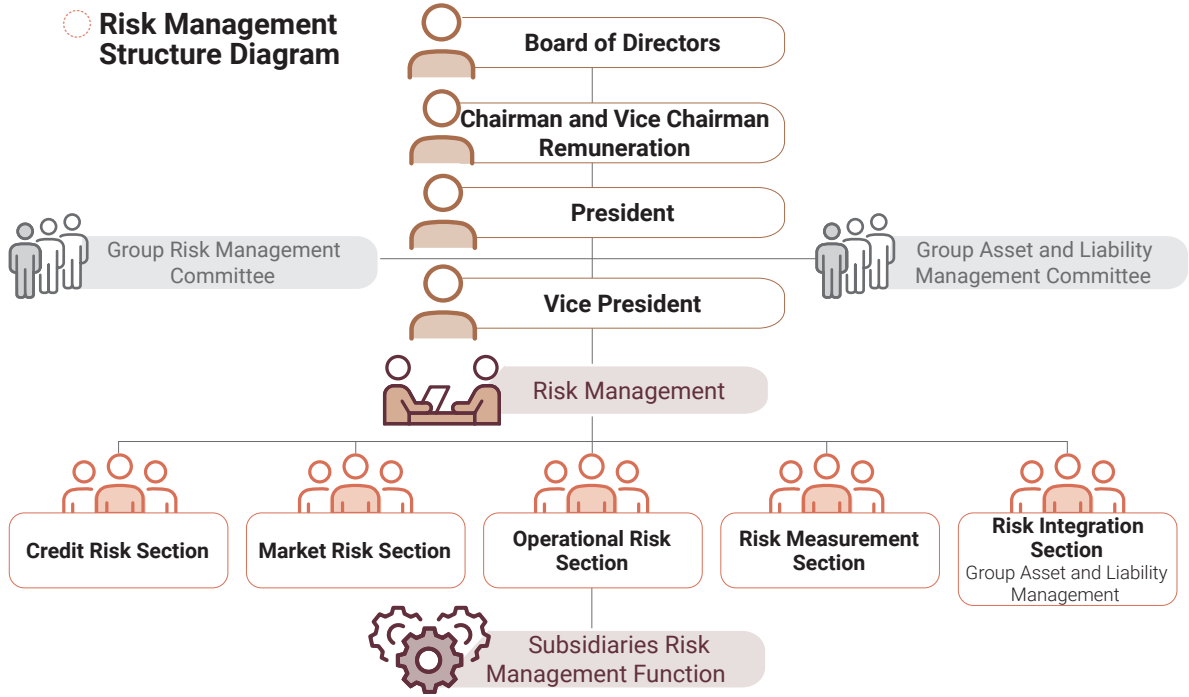
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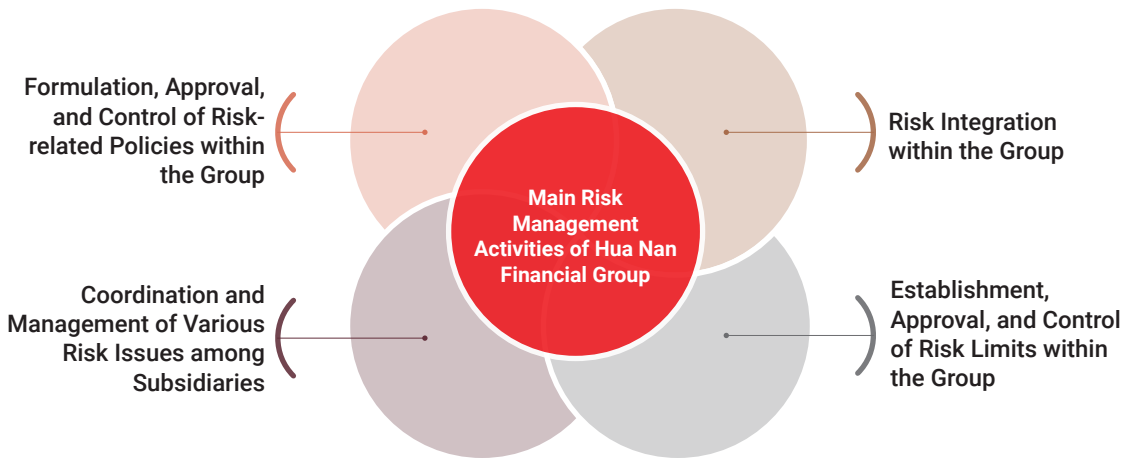
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**Risk Management
Structure Diagram**



Management Approach



Implementation Status

HNFHC's Risk Management Division prepares a risk management report every month for approval by the Chairman, and reports to the Board of Directors every quarter, so that the directors and internal managers can understand and grasp the Group's risk profile for supervision and decision-making.

In addition, for the business specifications, operation process control points, and limits submitted by each subsidiary to the Company, they are all included in the agenda of the Group Risk Management Committee according to regulations, and the Risk Management Division puts forward assessment suggestions for the agenda for internal managers' decision-making.

Climate Change Risks and Opportunities

The World Economic Forum's Global Risks Report 2024 shows that environmental risks account for 50% of the top ten global risks of concern, including extreme weather events, natural resource crises, biodiversity loss, etc. Their impact is indiscriminate and is a severe challenge that every country must face.

The Group pays attention to the impact of climate change on operations, regularly assesses and manages climate change risks, and also pays attention to development opportunities to strengthen corporate social responsibility and sustainable governance.

The Group has participated in the Carbon Disclosure Project (CDP) questionnaire since 2020 and has consistently received a "B" rating, which is on par with the international financial industry average in 2023. By participating in the CDP, the Group reviews its management and response to climate change risks.

In addition, according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), the Group gradually incorporates relevant management systems and information disclosure to systematically examine the impact of climate change on operations. The related mechanisms are described as follows:

In response to climate change risks, the Group promotes low-carbon transformation and climate adaptation through four major directions:

- Regularly review climate change scenarios and countermeasures
- Implement specific strategies, execute mitigation and adaptation actions, continue to use intelligent energy-saving management platforms, purchase green electricity, and install solar-powered branches, etc.
- Regularly conduct climate change risk assessment and management, and at the same time pay attention to development opportunities
- Measure the severity of climate change and international trends, set performance indicators and quantitative targets, regularly review and disclose the achievement

The Company adheres to the belief of co-prosperity between corporate growth and the ecological environment, hoping to continuously implement climate change and energy management, water management in daily operations through the implementation of Green procurement and supplier management, Green Finance, introduction of environment-related certifications, and actively promote global sustainable development.

1

Governance Aspect

- Through the Group Sustainable Development Committee, with the Chairman as the convener, responsible for approving the climate change vision, strategies and long-term goals, promoting related concrete actions, and regularly reporting to the Board of Directors

2

Strategy Aspect

- Mitigation: Invest manpower, costs and equipment procurement for carbon reduction / use renewable energy / improve energy and resource efficiency
- Adaptation: Introduce climate change scenario testing to strengthen climate resilience
- Adopt energy-saving management technology
- Establish green supplier management

3

Risk Management

- Incorporate climate risks into the risk management process
- Strengthen the inventory of carbon-related assets in investment and financing portfolios to implement value chain climate management through cross-departmental collaboration
- Identify physical and transition risks / product service and market opportunities, assess financial impacts and formulate response strategies

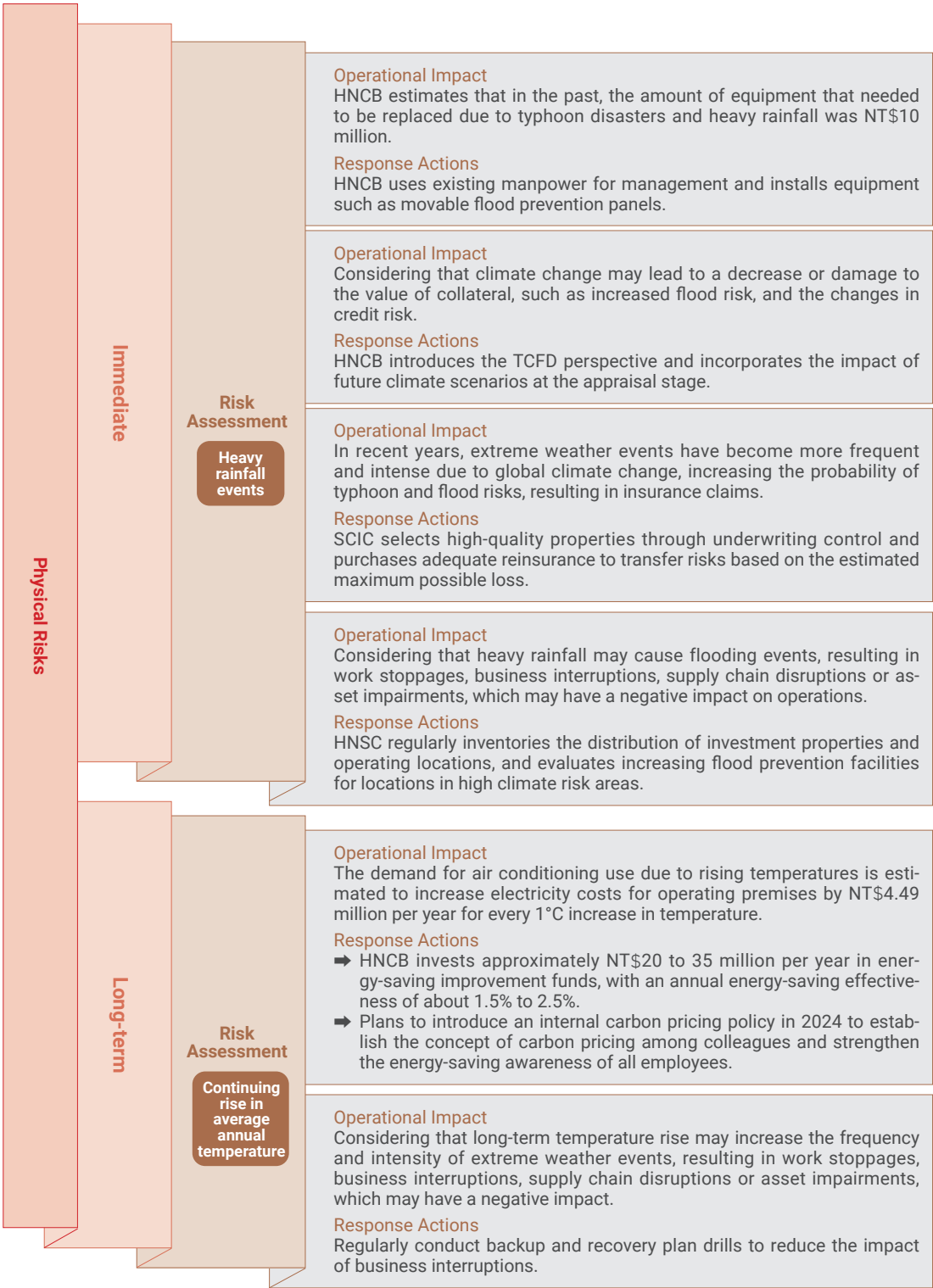
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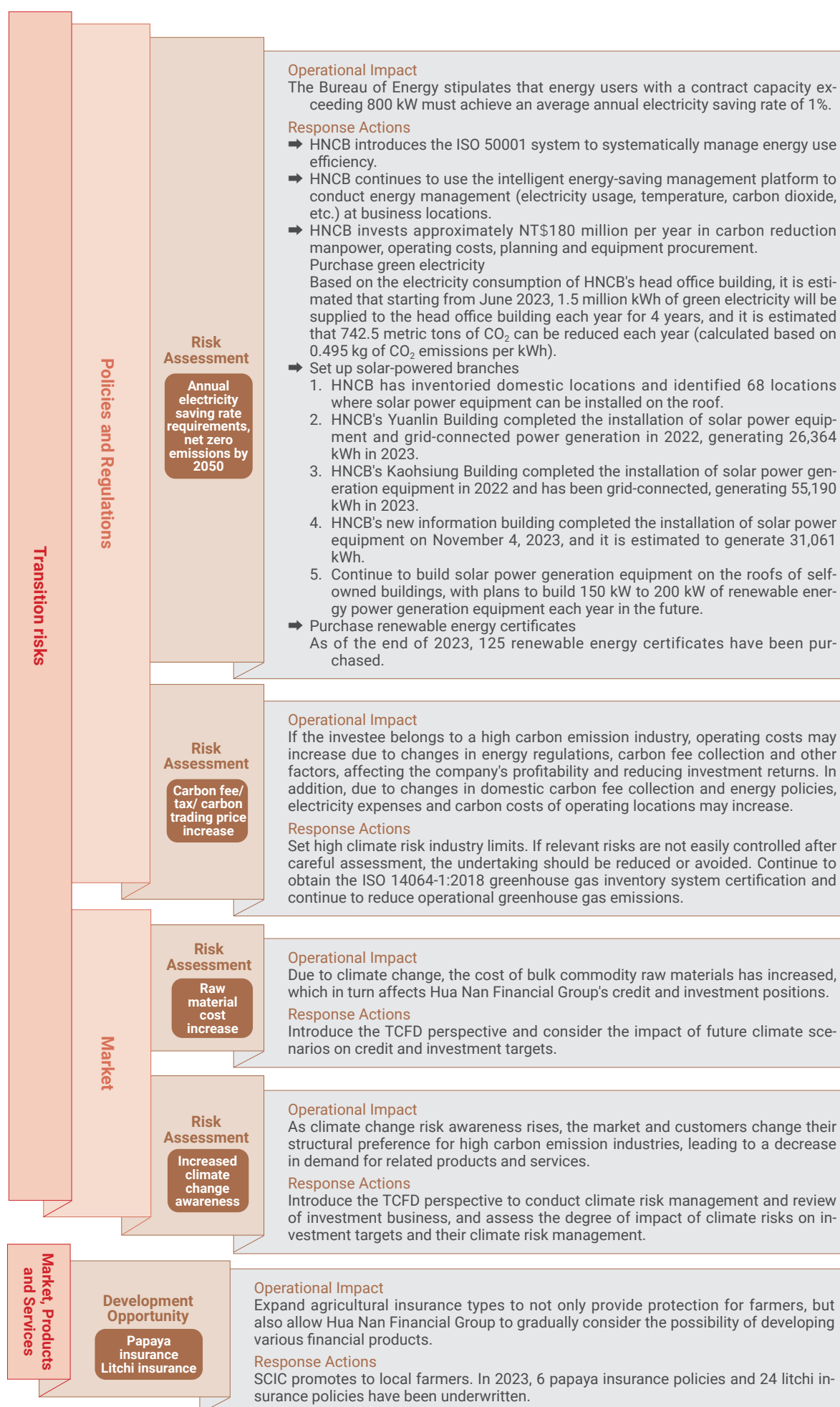
Metrics and Targets Aspect

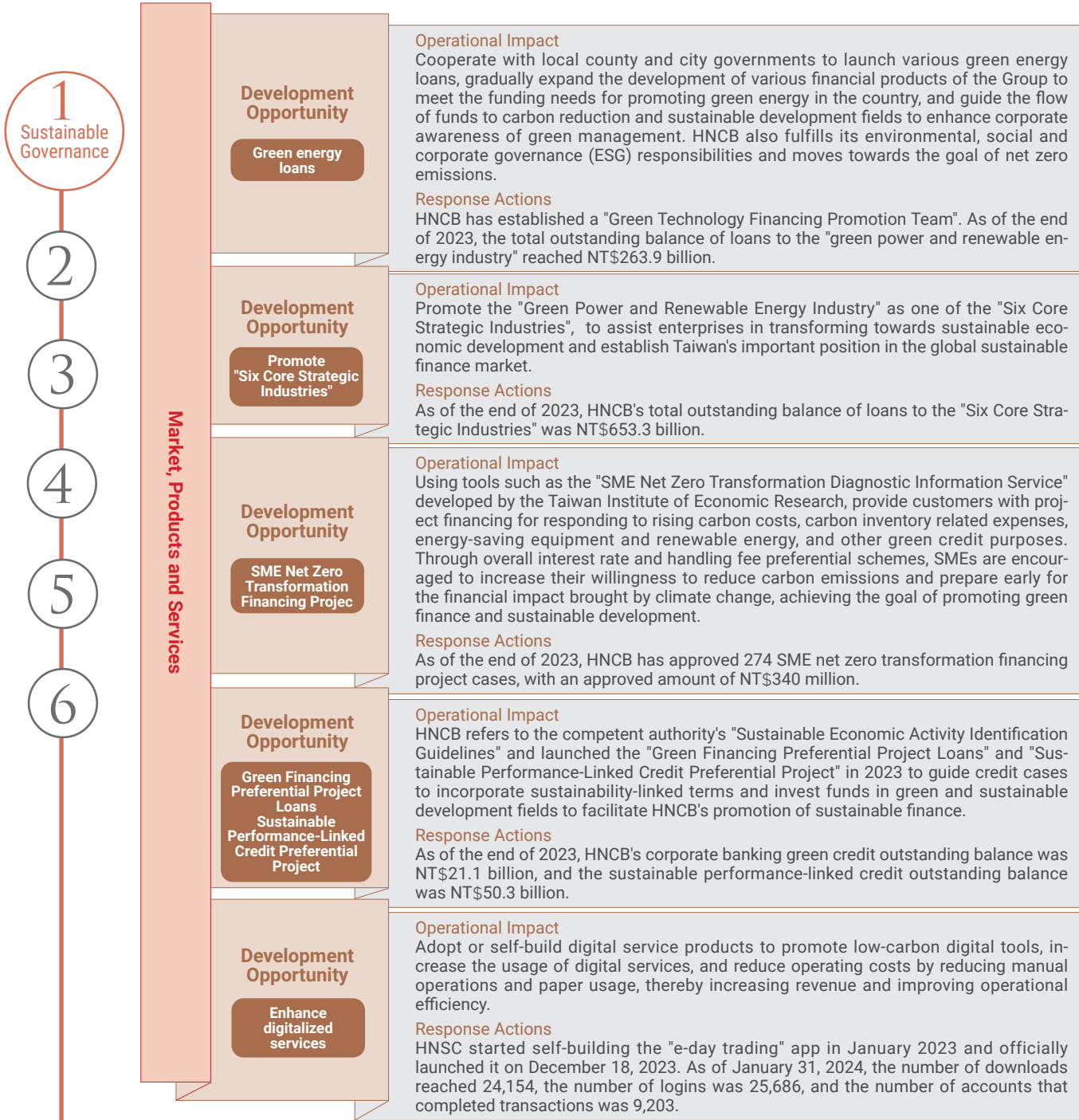
- Set climate-related performance indicators and quantitative targets (including Scope 1, Scope 2 and Scope 3 Category 15 greenhouse gas emissions and related risks), regularly track achievement and disclose externally
- Establish the long-term goal of "Net Zero Emissions by 2050"



With reference to the TCFD's climate risk and opportunity framework, in 2023, relevant data was reviewed to identify physical risks, transition risks, and climate opportunities, and corresponding actions were formulated.







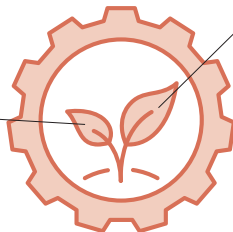
Joint Promotion of Corporate Social Responsibility with Suppliers

The Group's suppliers are mainly equipment suppliers, construction contractors, and office supplies suppliers. Before establishing a cooperative relationship, a careful assessment is conducted to determine whether the supplier has the potential to impact the environment and society, which serves as a consideration for signing contracts.

When signing contracts with suppliers, they are required to sign a supplier commitment letter, emphasizing that in addition to operating with integrity, they should also comply with internationally recognized human rights provisions and strive to protect the environment and avoid causing pollution. If a supplier violates the requirements of the supplier commitment letter and has a significant impact on the environment and society, it will be listed as a situation where the contract can be terminated or rescinded at any time. In 2023, 100% of suppliers have been required to sign.

Integrity Management

1. Adhere to the with Integrity Management Best Practice Principle
2. Must Not Violate Ethical Business Conduct



Environmental Sustainable development and Protection of Basic Human Rights

1. Comply with relevant domestic environmental laws, international related standards, and corporate social responsibility policies of both parties
2. Corporate operations should protect the environment and avoid pollution
3. Comply with the "Labor Standards Act" and other relevant laws and regulations, and respect the internationally recognized basic principles of labor human rights

Audit System

Management Approach

The Company has established an "Internal Audit System" to enhance the effectiveness of the Group's internal control system through the implementation of various audit operations.

Policy



Assist the Board of Directors and management in inspecting and evaluating the effective operation of the internal control system, and provide timely suggestions for improvement to reasonably ensure the continued effective implementation of the internal control system and serve as a basis for reviewing and revising the internal control system.

Goal



Deploy suitable and appropriate number of dedicated internal audit personnel to perform their duties with the principle of honesty and integrity, and from an independent and objective

Commitment

Establish a Chief Auditor to manage audit operations, and the Board of Directors has an Audit Office to execute audit operations.

Dedicated Unit



1. Plan the organization, establishment, and responsibilities of internal audits, and compile audit work manuals and work papers
2. Supervise business management units to formulate self-inspection content and procedures, and the implementation of self-inspection by each unit
3. Formulate annual audit plans, and formulate audit plans for subsidiaries or units based on the business risk characteristics and internal audit implementation of subsidiaries and units
4. Conduct a general business audit of HNFHC once a year, and a special business audit of HNFHC and its subsidiaries' finance, risk management, and legal compliance once every six months. The deficiencies of the audited units are continuously tracked until improvement
5. Review the statements and reports submitted by the subsidiaries and supervise their improvement
6. Faithfully carry out the tracking, evaluation, and consideration of the opinions and improvement status of internal and external audits of each unit, and the performance evaluation of the internal audit operations of subsidiaries

Concrete Actions



1. Hold a symposium between independent directors and internal audit personnel every six months, and regularly report the implementation of audit work to the Board of Directors and the Audit Committee
2. Hold an annual communication meeting with the Legal Compliance Division and the Risk Management Division to discuss the Group's high-risk businesses and strengthen weak areas in order to improve the internal control system
3. Hold Group audit meetings every six months to enhance the effectiveness of the Group's audit work
4. The Chief Internal Auditor irregularly reports significant matters to the Audit Committee and the Board of Directors

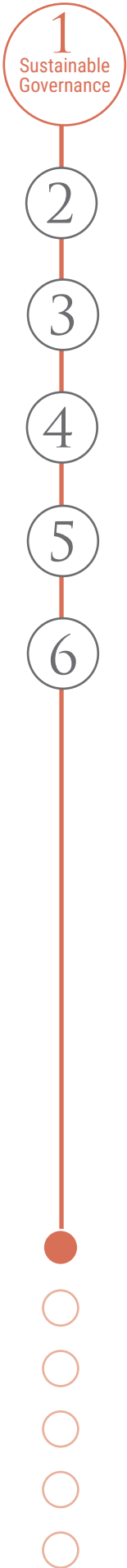


Communication System

Each unit of the Company and each subsidiary conducts a self-assessment of the internal control system at least once a year and evaluates the effectiveness of the internal control system.

Self-Evaluation System





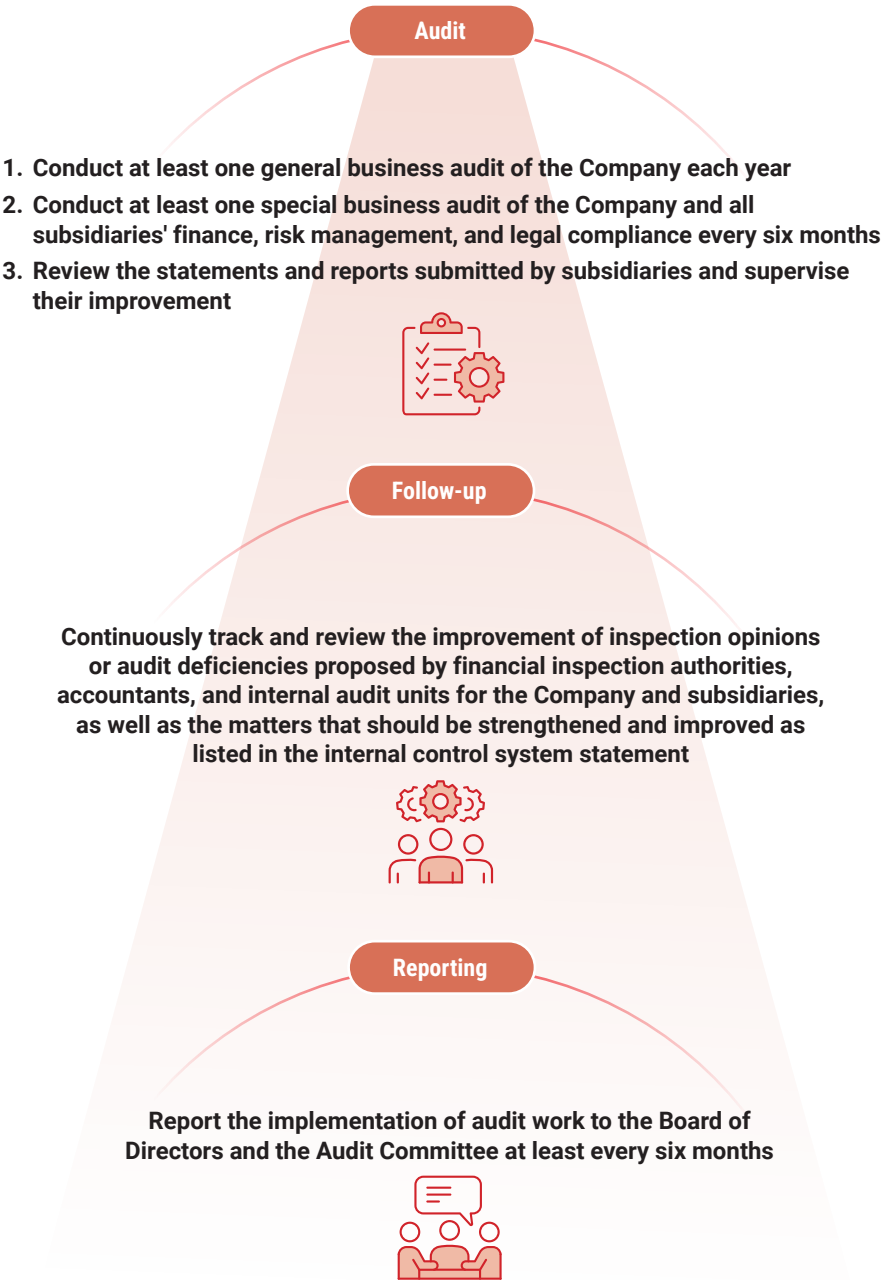
Internal Audit Organization

The Company has an Audit Office under the Board of Directors, with one Chief Auditor to manage audit operations, one Office Head, Section Chiefs, and several auditors. The Chief Auditor may, depending on business needs, mobilize the audit personnel of each subsidiary to conduct internal audit work of the Company and subsidiaries in accordance with the "Guidelines for Mobilizing Internal Audit Personnel of Subsidiaries to Conduct Audit Work of Hua Nan Financial Holdings Co., Ltd."

Appointment of Internal Audit Personnel

Regarding the appointment, dismissal, promotion, reward and punishment, rotation, and evaluation of the Company's internal audit personnel, in accordance with Article 3 of the Company's "Internal Audit System of Hua Nan Financial Holdings Co., Ltd.", they are reported by the Chief Auditor, approved by the Chairman, and then implemented. The aforementioned regulations have been disclosed on the Company's employee website in the internal rules section of the public document library.

Operation of Internal Audit



1.5 Information Security and Customer Privacy

Management Approach

The Company has established the "Hua Nan Financial Group Information Security Policy" and "Hua Nan Financial Group Customer Data Confidentiality Measures" to continuously strengthen and improve the Group's information security and implement personal data protection and management through the implementation of various information security and personal data related management systems.



Policy

Strengthen compliance with information security related management systems, implement information security assessment operations, cooperate with the competent authority's "Financial Information Sharing and Analysis Center (F-ISAC)" operations, and continue to strengthen the Group's information security protection capabilities.



Commitment

Continue to maintain zero privacy and information security violation cases, promote the Group's privacy and information security certification system, cultivate information security talents, and strengthen the Group's internal information security team and customer privacy security.



Goal

The Information Technology Division serves as the secretariat unit of the Group Information Strategy Committee and manages it.



Dedicated Unit

Hold quarterly Information Security Promotion Team meetings.



Communication System

1. The Group implements ISO 27001 related information security management systems
2. All companies in the Group have joined the Financial Information Sharing and Analysis Center (F-ISAC) as members
3. Set up a Group Computer Security Incident Response Team (CSIRT)

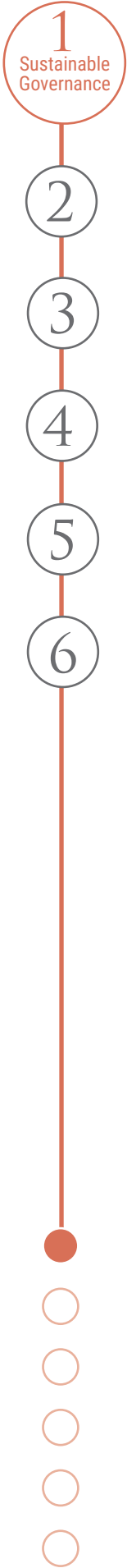


Concrete Actions

Conduct Group information strategy implementation and review through the Group Information Strategy Committee, which convenes at least once every six months.



Self-Evaluation System



Information Security Management Mechanism

SASB FN-CB-230a.2: Methods of information security protection and risk identification

HNHFC has established the Group Information Strategy Committee since 2012, which convenes at least once every six months to review the execution progress of each subsidiary's information strategy-related implementation plans, the execution of key performance indicators for the relevant implementation plans of the year, and other reports. Each year, the information strategies for the next year are also discussed, including the medium and long-term information strategy direction and the short-term (next year) group information strategy direction, and the formulated strategies are submitted to the Board of Directors.

In addition, the Group Information Strategy Committee also supervises each subsidiary to regularly track and review the effectiveness of the "Strengthening Information Security Protection" implementation plan according to the established schedule, in order to implement the information security strategy direction. Each company in the Group plans information security investments as needed. **In 2023, the investment in information security accounted for approximately 17% of the information budget expenses.** The main strengthening items include upgrading information systems in response to EOS, replacing or expanding related information security systems, etc., to reduce the operational impact caused by information security threats.

HNCB has participated in the information security governance maturity self-assessment conducted by the F-ISAC (Financial Information Sharing and Analysis Center) commissioned by the Financial Supervisory Commission. It has also set up a 24-hour information security operation and maintenance center for real-time monitoring, and has incorporated actual business operation verification when conducting remote backup drills, regularly performing relevant drills every year. To ensure personnel professionalism, **the information security unit of HNCB has obtained a total of 45 international or professional training institution information security certificates.**

The Company, its subsidiary HNCB, and HNSC have all appointed a "Chief Information Security Officer" to integrate the company's information security matters and strengthen the organizational culture of information security.

Personal Information Protection

- SASB FN-CB-230a.1:
- 1. Number of data breach incidents
 - 2. Percentage of personal data breach incidents out of total data breach incidents
 - 3. Number of customers affected by personal data breach incidents

If the business operations of each company in the Group involve personal information, they should protect and manage it and use it in a reasonably secure manner. Based on this, the Company has established relevant regulations such as the "Personal Data File Security Maintenance Guidelines" to complete matters such as personal data protection planning, management measures, security audits, record keeping, and continuous improvement mechanisms. Each subsidiary has also established relevant regulations such as personal data protection management policies or usage guidelines to meet the practical needs of various financial businesses and implement personal data protection and management.

Goal	Compliance Rules
1. Respect customer data confidentiality 2. Protect customer transaction security 3. Ensure the reasonableness of data usage purposes	1. Financial Holding Company Act 2. Personal Data Protection Act 3. Rules Concerning Cross-Selling by Financial Holding Company Subsidiaries 4. Establish "Hua Nan Financial Group Customer Data Confidentiality Measures" in accordance with relevant laws and regulations of the competent authorities

Personal Information Protection Status

1. To implement a culture of personal information compliance, the Company and its subsidiaries conduct personal information protection education and training every year. In line with new products or services, business development, and adjustments to operational processes, they regularly inventory personal data file lists and conduct personal data risk assessments. Based on this, they formulate specific action plans, optimize related control mechanisms, and timely revise personal data management regulations in accordance with external laws and practical operations. The aforementioned implementation status is also reported to the Group Legal Compliance Committee to facilitate the supervision and execution by the senior management of each company.
2. The Company has established the "Personal Data File Security Maintenance Guidelines" and conducts personal data breach response drills once a year to verify the effectiveness of personal data protection measures. In addition, in 2023, HNSC had one incident of leaking customer order data. They have reiterated personal data protection and incorporated it into legal compliance education and training to strengthen promotion. There were no other incidents of customer data leakage, demonstrating the effectiveness of the Group's promotion of information security.
3. Number of information leakage incidents in 2023: 1
Percentage of information leakage incidents related to personal data: 100%
Number of customers affected by information leakage incidents: 1

External Certifications for Information Security and Customer Privacy

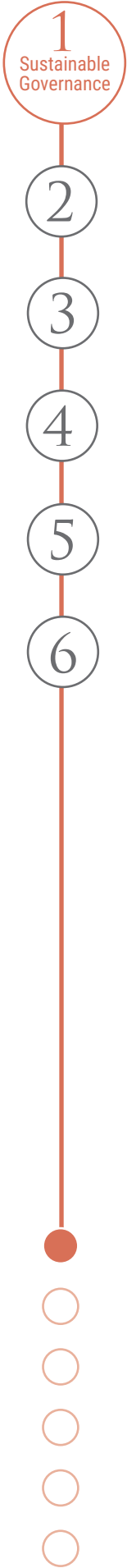
All companies in the Group (except for HNVC, which is not applicable due to the nature of its business) have obtained the ISO 27001 Information Security Management System certification. To maintain the validity of the certificate, they commission a verification unit to conduct annual surveillance audits and recertification audits every three years, continuously strengthening and improving information security to provide customers with stable and secure financial services. In addition, HNCB has introduced the Information Technology Service Management and obtained the ISO 20000 certification. Furthermore, subsidiaries directly related to personal information, such as HNCB, SCIC, and HNAMC, have all passed the BS 10012 Personal Information Management System certification.

ISO Standard	Hua Nan Financial Group 2023 Certification Status
ISO 27001 Information Security Management System	HNFHC, HNCB, HNSC, SCIC, HNIT, HNAMC
ISO 20000 Information Technology Service Management System	HNCB
BS 10012 Personal Information Management System	HNCB, SCIC, HNAMC

Information Security Education and Training

To strengthen employees' correct understanding of information security and compliance with relevant regulations, the Company organized 2 information security education and training sessions in 2023, with 172 participants and a total training time of 3 hours per person.

To prevent malware from intruding into the company's information systems through social engineering methods and to enhance information and communication security education, subsidiaries such as HNCB, HNSC, and SCIC conduct social engineering drills twice a year at irregular intervals for all employees within the scope of security monitoring. The employee coverage rate for the drills is 100%, and the drill items include opening emails, clicking on links, sending back receipts, opening attachments, and successful phishing. For units that fail the drills and employees with insufficient information security awareness, in addition to strengthening education and training and information security promotion, the drill completion rate and the occurrence of information security events resulting in major penalties imposed on the Company or its subsidiaries by the competent authorities are included as indicators for employees' annual performance evaluation to reduce the risk of potential vulnerabilities.



1.6 Protecting Shareholders' Rights and Interests

Management Approach

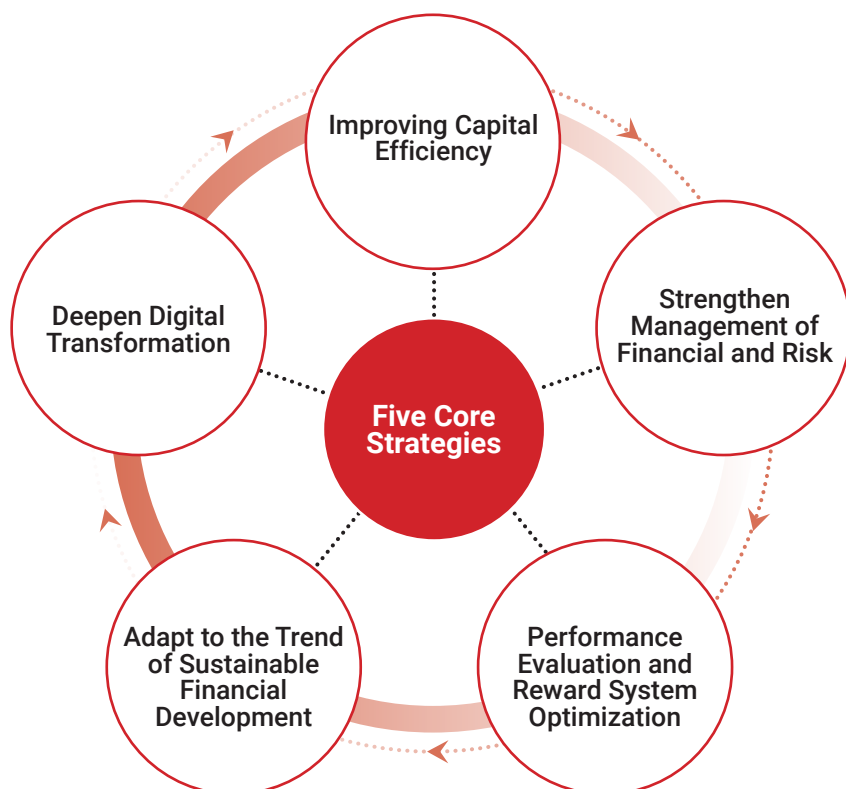
Enhance the Company's profitability ranking competitiveness among industry peers. Policy 	Strengthen capital utilization efficiency and improve profitability ranking. Commitment 
The annual profitability target is discussed by the Group Strategic Management Committee and approved by the Board of Directors. Dedicated Unit 	Follow the growth momentum of the business, continuously adjust the allocation of risk-weighted assets, strengthen capital utilization efficiency, improve profitability quality, and achieve stable growth in operating performance. Goal 
Based on the execution of each subsidiary's profitability improvement plan and changes in the profitability ranking among industry peers, review and dynamically adjust the medium and long-term profitability targets to improve the overall profitability ranking of HNFHC. Concrete Actions 	Convene subsidiary communication meetings, including information exchange and review on profit budget growth strategies, capital planning strategies, and corresponding business strategies. Communication System 
	Use the subsidiary communication meetings held every six months as a platform for communication and discussion on profitability improvement and strategies. Self-Evaluation System 

● Strategy Planning

Future Profitability Strategy

- (1) The Company has established strategy planning guidelines to concretely outline annual strategic goals and action plans, strengthen the substantive effectiveness of budget management, and maintain the Company's competitive constitution for sustainable operations and growth momentum for continuous development.
- (2) The annual strategy planning is conducted once a year, and its process covers overall economic and financial analysis, industry analysis and financial business analysis, review of future vision, formulation of annual strategic goals and action plans, etc. It is discussed by the Group Strategic Management Committee and approved by the Board of Directors.
- (3) In 2024, the five major strategies will be "Improve Capital Utilization Efficiency," "Strengthening Financial and Risk Management," "Optimizing Performance Evaluation and Reward System," "Deepening Digital Transformation," and "Adapting to the trend of sustainable financial development."

The main focus will be on incorporating capital requirement returns into the performance evaluation of subsidiaries and branches to improve capital utilization efficiency, increase profitability, and dynamically allocate dividend policies and asset allocation in accordance with business development. It will also gradually refine relevant measures in line with the Group's digital transformation and sustainable financial development trends.



● Dividend Distribution Policy Explanation

In the past, the Company mostly distributed profits in the form of roughly equal amounts of cash and stock to assist subsidiaries in expanding their business through asset expansion, improve financial structure, and maintain stable capital adequacy ratio.

Considering the growth of capital and profitability in recent years, various financial indicators, and the profitability of industry peers, in order to enhance the Group's capital utilization efficiency and profitability ranking among industry peers, the Company has formulated a medium and long-term profitability improvement plan. The dividend distribution policy, in addition to comprehensively evaluating various financial ratios, will move towards appropriately controlling capital and retained earnings to maintain financial soundness and sustainable business operations.



Highlights and Awards 1: Hua Nan Commercial Bank (HNCB)

- ① In 2023, HNCB received three honors: rewarded "The 20th National Brand Yushan Award", "Most Popular Brand" (SnY Digital Deposit Account, Smart Fund Solution), "Best Product" (All-round Innovative Trust Platform), and the national first prize for "SnY Digital Deposit Account".
- ② In 2023, HNCB was recognized the "Elder Care Trust Award" and "Best Trust Award" at the Financial Supervisory Commission's 2nd Phase Trust 2.0 Project Evaluation.
- ③ In 2023, HNCB was recognized the "Group Award - Talent-rich Award" at the Trust Association of R.O.C 's 1st Senior Financial Planning Consultant and Family Trust Planning Consultant Award and Certification Ceremony.
- ④ In 2023, HNCB was recognized the "Special Contribution Award - Sustainable Finance" for outstanding institutions and personnel by the Joint Credit Information Center (JCIC).

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- ⑤ In 2023, HNCB was recognized two major awards, the "Special Contribution Award" and "Cross-bank Service Innovation Award," at the Financial Information Service Co., Ltd.'s "Financial Information System Annual Conference."
- ⑥ In 2023, HNCB was recognized three awards at the Taiwan Insurance Institute's "10th Taiwan Insurance Excellence Award" - the Gold Award for "Policyholder Service Excellence Award," the Silver Award for "Information Application Excellence Award," and the Silver Award for "Talent Training Project Excellence Award." The Bank has been recognized for six consecutive sessions.
- ⑦ In 2023, HNCB was recognized the Gold Award in the "2023 Happy Enterprise Billowing List" for the Financial Management Consulting Industry by 1111 Job Bank.

Highlights and Awards 2: Hua Nan Securities (HNSC)

- ① In 2023, HNSC was recognized six major awards at the "20th National Brand Yushan Award," including "Outstanding Enterprise Award," "Best Product - US Stock Trend Scan," "Best Product - Ex-dividend Area," "Best Product - Digital Account Opening," "Most Popular Brand - Hua Nan Accurate Prediction," and "Most Popular Brand - Fair Treatment of Customers."
- ② 2023. HNSC ranked among the top 25% securities firms in the FSC's "Fair Customer Treatment Principle Evaluation" in 2023.

Highlights and Awards 3: South China Insurance (SCIC)

- ① In 2023, SCIC was recognized three awards at the Taiwan Insurance Institute's "10th Taiwan Insurance Excellence Award" - the Silver Award for "Public Welfare Excellence Award," the Silver Award for "Risk Management Excellence Award," and the Silver Award for "Talent Training Project Excellence Award." The awards go through rigorous written review and re-examination, and are regarded as national-level awards in SCIC, which all insurance companies strive for.
- ② In 2023, SCIC was recognized among the top 50% in the property and casualty insurance industry in the Financial Supervisory Commission's "2023 Fair Treatment of Customers Principles Evaluation."

Highlights and Awards 4: Hua Nan Investment Trust (HNIT)

In 2023, the Bank was recognized the Smart Wealth Taiwan Fund Award - ESG Fund Award.

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2.1 Protecting Customer Rights and Interests

Hua Nan Financial Group takes a customer-centric approach to shape a corporate culture of "customer first" and launch various financial services. Each subsidiary has a comprehensive customer service management mechanism and relevant training to cultivate the spirit of valuing customer needs among business and customer service personnel.

Fair Treatment of Customers Principles

To implement the "Fair Treatment of Customers Principles" in the Group, the Company has established the following group and internal regulations:

1. "Hua Nan Financial Group Financial Consumer Protection Management Guidelines"

Supervise the Group's subsidiaries to effectively protect consumer rights and fairly and reasonably handle financial consumer disputes.

2. "Hua Nan Financial Group Wealth Management Product Review Guidelines"

Evaluate the reasonableness and risk disclosure of the Group's wealth management products to protect customer rights.

3. Two-stage review of some wealth management products

All products of the Group must comply with the regulations of each subsidiary and be reviewed by each subsidiary's product review meeting. Some higher-risk or complex wealth management products must undergo a second-stage review at the parent company's product review meeting to implement consumer rights protection and control group risks.

Fair Treatment of Customers Principles
Through the implementation of the
"Fair Treatment of Customers Principles,"
it provides every customer with trustworthy
and reliable financial services.



Fair Treatment of Customers Principles Implementation

Hua Nan Commercial Bank (HNCB)



Regulatory Basis

HNCB regards financial consumer protection and the Fair Treatment of Customers Principles as core corporate values. Under the promotion of the Board of Directors, in addition to establishing the "Financial Consumer Protection and Fair Treatment of Customers Principles Implementation Guidelines," the "Financial Consumer Protection and Fair Treatment of Customers Principles Management Committee Establishment Guidelines," and establishing related management organizations for financial consumer protection and the Fair Treatment of Customers Principles, it also has the "Financial Friendliness Service Guidelines" and "Financial Friendliness Service Operation Precautions," which stipulate that the bank should provide equal and reasonably convenient financial services to customers with disabilities, enabling them to fully enjoy basic rights.



Organizational Operation

- Establish a cross-departmental "Financial Consumer Protection and Fair Treatment of Customers Principles Management Committee," chaired by the Managing Director and President, to supervise and regularly review matters related to the Bank's financial consumer protection and Fair Treatment of Customers Principles. The Legal Compliance Department serves as the dedicated unit responsible for executing the planning and compilation of financial consumer protection and Fair Treatment of Customers Principles operations, assisting each business management unit in formulating internal regulations, and regularly reporting the implementation of financial consumer protection and Fair Treatment of Customers Principles to the Board of Directors on a semi-annual basis.
- Each business management unit at the head office establishes a "Financial Consumer Protection and Fair Treatment of Customers Principles Supervising Officer" to oversee the work related to financial consumer protection and Fair Treatment of Customers Principles. Each unit also establishes a "Customer Complaint Case Supervising Officer" to supervise the handling of customer complaint cases and track progress. The aforementioned officers regularly participate in financial consumer protection and Fair Treatment of Customers Principles training courses and serve as seed teachers to promote financial regulations and dispute cases to their subordinates.



Performance Evaluation

HNCB has established the "Legal Compliance Evaluation Operation Precautions" to incorporate financial consumer protection items into the evaluation and link the results to unit performance and personal evaluation of unit managers, as well as the "Financial Friendliness Service Reward and Punishment Precautions" to specify the reward and punishment methods for financial friendliness services.

Hua Nan Securities (HNSC)



Regulatory Basis

HNSC has established the "Fair Treatment of Customers Principles Policy and Strategy Guidelines," "Financial Consumer Protection Management Guidelines," and "Consumer Dispute Handling Guidelines." In 2023, HNSC continues to strengthen and revise the customer rights-related guidelines. Board members also continue to participate in Fair Treatment of Customers training, and the Chairman regularly communicates HNSC's Fair Treatment of Customers-related concepts to the entire Company.



Organizational Operation

- HNSC has established a Fair Treatment of Customers Committee, with the President as the chairman and the Business Planning Department as the dedicated department. The Fair Treatment of Customers Committee convenes quarterly and reports the meeting results to the Board of Directors.
- To promote Fair Treatment of Customers, HNSC plans three lines of defense. The Fair Treatment of Customers Team (composed of various business units and back-office units) serves as the first line of defense, responsible for promoting and implementing various Fair Treatment of Customers measures. The second line of defense is the Legal Compliance Department and Risk Management Department, responsible for assisting in the implementation and optimization of Fair Treatment of Customers-related policies. The third line of defense is the Audit Office, responsible for supervising the implementation and tracking deficiency improvements. The three lines of defense report the implementation results to the Fair Treatment of Customers Committee on a quarterly basis.



Performance Evaluation

HNSC has completed the incorporation of Fair Treatment of Customers items into departmental performance evaluation. On December 19, 2023, the Fair Treatment of Customers Principles were incorporated into internal audit, personnel performance, and remuneration management indicators.



South China Insurance Company (SCIC)



Regulatory Basis

SCIC has established the "Fair Treatment of Customers Policy" and "Fair Treatment of Customers Principles Strategy."



Organizational Operation

- SCIC has established a Fair Treatment of Customers Committee, with the President as the chairman and the Legal and Legal Compliance Department as the dedicated department. It reports the implementation of SCIC's Fair Treatment of Customers Principles to the Board of Directors on a semi-annual basis.
- SCIC also establishes a "Fair Treatment of Customers Principles Promotion Team" to hold regular meetings with each unit, promote the latest regulations and practices of the competent authority, and review the implementation of SCIC's Fair Treatment of Customers Principles and optimize specific implementation measures. It continuously improves and tracks annually to deepen the culture of SCIC's Fair Treatment of Customers Principles.
- For the system and process aspects of solicitation, underwriting, and claims-related operations and the situation of repeated complaints of the same type of cases, tracking review operations and improvement measures are conducted. The trends of case types and quantities are effectively grasped. If there is a gradual increase in the number of complaints of the same type, further investigation and improvement are carried out.
- The tracking form adds a column for "Fair Treatment of Customers Principles Review" to conduct in-depth and multi-faceted analysis of case issues and carry out review, improvement, and optimization to enhance consumer service quality. The legal compliance self-evaluation checklist of the customer service unit has also incorporated the complaint protection principles.



Performance Evaluation

In the performance evaluation of each unit, according to Article 5, Paragraph 4 of SCIC's "Legal Compliance Evaluation Precautions," for the Fair Treatment of Customers Principles Implementation, if specific optimization measures, outstanding achievements or supporting information are proposed, or relevant work items are completed within the planned schedule, reward points will be given accordingly.

Hua Nan Investment Trust (HNIT)



Regulatory Basis

HNIT takes "Fair Treatment of Customers" as the core corporate culture and enhances the Company's employees' awareness of financial consumer protection and compliance with relevant regulations. It implements the Financial Supervisory Commission's "Fair Treatment of Customers Principles for Financial Service Industry" and relevant regulations. HNIT also has the "Financial Friendliness Service Precautions" to ensure that persons with disabilities fully enjoy basic rights, equal and reasonably convenient financial services. HNIT has also incorporated the Fair Treatment of Customers Principles policies and strategies, internal compliance regulations, and code of conduct into training courses, regularly conducting educational promotion and personnel training.



Organizational Operation

HNIT has established a Fair Treatment of Customers Committee with the President as the chairman and the Marketing and Business Group responsible for promotion. HNIT supervisors supervise the implementation of each department, propose specific solutions for links that may violate the Fair Treatment of Customers Principles, present review and response reports at committee meetings, and report the implementation of Fair Treatment of Customers to the Board of Directors annually.



Performance Evaluation

In 2023, customer service indicators related to Fair Treatment of Customers have been incorporated into employee performance evaluation items.

Fair Treatment of Customers Education and Training

According to the Financial Supervisory Commission's Fair Treatment of Customers Principles for the Financial Service Industry, which stipulates "incorporating the 'Fair Treatment of Customers Principles' policies and strategies, internal compliance regulations, and code of conduct into training courses (including digital courses), regularly conducting educational promotion and personnel training (at least 3 hours per year)," each subsidiary also plans relevant education and training to implement the Fair Treatment of Customers Principles and complies with external regulations. The promotion in 2023 is described as follows:

Hua Nan Commercial Bank (HNCB)

In 2023, financial consumer protection education and training courses were conducted, including online courses (general employees) and physical courses (Financial Consumer Protection and Fair Treatment of Customers Principles supervising officers and customer complaint supervising officers), with at least 3 hours of training per person.

Year	Training Hours per Session ×	Number of Sessions Held =	Total Training Hours
2023	3	2	6
2022	3	2	6
2021	3	2	6
2020	3	2	6

Hua Nan Securities (HNSC)

In 2023, a 3-hour online Fair Treatment of Customers Principles education and training session was conducted for all employees, with 3 hours of training per person.

Year	Training Hours per Session ×	Number of Sessions Held =	Total Training Hours
2023	3	1	3
2022	3	1	3
2021	3	1	3
2020	3	1	3

South China Insurance (SCIC)

Using online materials, all employees can freely arrange their learning time and learn online in real-time, with 3 hours of training per person. In the future, this training method will continue to be adopted, requesting all employees to complete education and training annually.

Year	Training Hours per Session ×	Number of Sessions Held =	Total Training Hours
2023	3	1	3
2022	3	1	3
2021	3	1	3
2020	3	1	3

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Hua Nan Investment Trust (HNIT)

The Fair Treatment of Customers Principles policies and strategies, internal compliance regulations, and code of conduct have been incorporated into courses, regularly conducting educational promotion and personnel training for at least 3 hours per year. All employees have completed annual education and training.

Year	Training Hours per Session	× Number of Sessions Held	= Total Training Hours
2023	1	4	4
2022	2	4	8
2021	2	4	8
2020	2	4	8

Hua Nan Assets Management (HNAME)

Although HNAME is not subject to the Financial Supervisory Commission's Fair Treatment of Customers Principles regulations, to implement financial inclusion, it has conducted 2 Fair Treatment of Customers Principles education and training sessions since 2023, with 2 hours of training per person, to enhance the HNAME's employees' concept of providing the same service to every customer and providing appropriate care based on customer needs.

Year	Training Hours per Session	× Number of Sessions Held	= Total Training Hours
2023	2	2	4

Professional Protecting Customer Rights and Interests

Hua Nan Commercial Bank (HNCB)

HNCB professionally protects customer rights and interests and encourages colleagues to obtain the Certified Financial Planner (CFP) and Retirement Financial Advisor (RFA) certifications. The overall scale and personnel quality of financial planning consultants are among the best in the banking industry's wealth management field.

Certified Financial Planner (CFP)

CFP is an internationally certified senior financial planning consultant. The certification's professional content covers six major areas: basic financial planning, risk management and insurance planning, employee benefits and retirement planning, investment planning, tax and asset transfer planning, and comprehensive financial planning. It is currently the top certification in the wealth management field. As of December 31, 2023, HNCB had a total of 151 CFP certified individuals.

Retirement Financial Advisor (RFA)

RFA is a retirement financial planning consultant. The training content covers Taiwan's longevity risk trends, retirement financial planning principles, and relevant professional theories and important market product practices in the financial and insurance market. Both aforementioned certifications are professional competency certifications that HNCB focuses on promoting, hoping to cultivate colleagues to start from customer needs and assist consumers in meeting their diverse financial planning goals through a combination of various types of financial products and services. To encourage colleagues to participate in learning, HNCB has various incentive measures such as bonuses and subsidies. As of December 31, 2023, the bank had 727 RFA certified individuals.

Hua Nan Securities (HNSC)

With customer needs as its mission, in addition to regularly providing business personnel with market information and product, securities regulations, service attitude, and other diversified courses, HNSC also provides language or special topic training courses from time to time to continuously improve employee capabilities and provide the highest quality services that are closest to customer needs. All business personnel of HNSC hold professional finance-related certifications, with a 100% certification rate. Among them, 19 individuals hold international financial certifications:

Certified Anti-Money Laundering Specialist (CAMS) - 17 individuals
 Financial Risk Manager (FRM) - 1 individual
 Certified Financial Planner (CFA) - 1 individual



Hua Nan Assets Management (HNAMEC)

To seek more professional ways to protect customer rights and interests, HNAMEC encourages employees to obtain various relevant certifications and provides competitive salary and welfare conditions, excellent training programs and environment, prompting employees to successively obtain certifications such as real estate appraiser, broker, salesperson, architect, land administration agent, financial planning personnel, construction industry site director, and trust business personnel, in order to protect customer rights and interests with higher-quality real estate services. Business personnel possess professional knowledge related to real estate, allowing customers to learn how to support low-carbon economic development through the power of finance while enjoying HNAMEC's services. As of December 31, 2023, HNAMEC colleagues held 41 of the aforementioned certifications, which is a unique advantage among domestic peers.



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Fraud Prevention Education and Promotion

Hua Nan Commercial Bank (HNCB)

1. HNCB conducts relevant promotion of fraud prevention policies to enhance customers' awareness of fraud prevention:

- (1) Organized the "Financial Institutions Nationwide 368 Townships Anti-Fraud Promotion" activity, serving as a fraud prevention gatekeeper. For 15 townships in northern, central, and southern Taiwan, local branches cooperated with local police stations to hold fraud prevention activities, deeply implementing fraud prevention promotion in Taiwan's large cities, small towns, and rural areas, establishing correct fraud prevention concepts among the public and reducing the occurrence of financial fraud cases.
- (2) Co-organized the "2023 Anti-Fraud Forum" with the media and invited bank customers to participate. In addition to officials from the Executive Yuan and the National Police Agency of the Ministry of the Interior attending to provide guidance, the Banking Bureau, the Criminal Investigation Bureau, and telecommunications providers, as well as experts, scholars and well-known news anchors shared various fraud cases and debunked fraud techniques, establishing correct fraud prevention concepts among the public and helping to reduce the occurrence of financial fraud cases.
- (3) Placed fraud prevention promotional materials on the countertops of each business unit. Additionally, HNCB disseminated promotional materials or videos from the competent authority and the National Police Agency through various channels such as the official website, multimedia playback system, internet banking, mobile banking, and ATMs to provide customers with fraud case examples and prevention essentials, increasing depositors' vigilance and reducing the occurrence of fraud incidents.
- (4) To prevent foreign migrant workers from becoming dummy account holders and create a financial friendliness service environment, "Fraud Prevention Reminder" promotional mats in six languages, including English, Japanese, Korean, Thai, Vietnamese, and Indonesian, were printed to promote fraud prevention to foreign migrant workers.
- (5) In 2023, fraud groups used methods such as discounts, payment reminders, packages, investments, making friends, and point redemptions to widely send text messages to induce credit card holders to actively provide credit card information and online transaction verification codes for international mobile payments, e-wallet binding, or completing online 3D transactions. To prevent cardholders from being defrauded by the aforementioned methods, HNCB continues to actively promote fraud prevention to all customers through marketing publications, bills, EDMs, FB, Line official account pushes, Line transaction notifications, and press releases.

2. HNCB's effectiveness in blocking and assisting customers to avoid losses:

- (1) In 2023, a total of 286 successful fraud blocking cases (including 75 cases reaching NT\$1 million) were effectively blocked by branches nationwide, with a total blocked amount of NT\$244.19 million. Compared to the 226 successful fraud blocking cases and an amount of approximately NT\$127.5 million in 2022, both the number of successful blocking cases and the amount increased compared to the previous year.
- (2) HNCB actively enabled the verification mechanism of comparing cardholder mobile phone numbers before binding international mobile payments, optimized the content of OTP password text messages for binding international mobile payments and online transactions, and the message sent after binding completion, and other control mechanisms. HNCB also actively contacted acquiring institutions for assistance in handling or performing deductions through international organizations. In 2023, a total of 196 transactions were successfully recovered, with an amount reaching over NT\$3.12 million, helping customers avoid financial losses.

Hua Nan Securities (HNSC)

HNSC plans to revise fraud prevention-related regulations into Fair Treatment of Customers-related rules by the end of 2024 and plans to specify the rewards for successful fraud prevention in the employee reward and punishment guidelines. In addition to strengthening education and promotion and enhancing customers' fraud identification capabilities, HNSC also enhances the fraud prevention capabilities of frontline business colleagues, reducing the source of capital flow and implementing the concept of joint prevention and crackdown on fraud by all.

2.2 Customer Relationship Maintenance

Customer Service Management Mechanism

Service itself is the exchange between people. Through simple greetings and responses, the warmth and professionalism of the service can be enhanced. On the other hand, establishing diverse consultation channels for customers to use, and with a complete handling process and fair, reasonable, and effective principles, properly handling customers' valuable opinions can continuously improve service quality and meet customers' expectations. The following will explain customer opinion management:

Company Name	Customer Opinion Management	Guidelines	Time frames
Hua Nan Commercial Bank (HNCB)	1. HNCB's Customer Service Department is responsible for receiving, assigning, and recording customer complaint cases in the customer complaint system, using both manual and system-based reminders to notify relevant units. 2. Regularly hold "Customer Complaint Case Review Meetings" to conduct case-by-case review and analysis and propose countermeasures. 3. Share customer complaint cases to avoid the recurrence of similar customer complaint cases.	Financial Consumer Dispute Handling Precautions	Depending on customer requests, a response is provided within 1-3 days, and case tracking and management are completed within 30 days.
Hua Nan Securities (HNSC)	1. After the window receives the case, it is handled according to HNSC guidelines. 2. Report the causes of customer complaints and improvement methods at the Fair Treatment of Customers Committee quarterly and submit them to the Board of Directors.	1. Financial Consumer Protection Management Guidelines 2. Brokerage Business Consumer Dispute Handling Precautions for Channels Business Department	HNSC responds to the customer within 7 days of becoming aware of the consumer dispute and properly handles and closes the case within 30 days.
South China Insurance Company (SCIC)	1. Regularly hold complaint review meetings monthly. 2. Regularly hold policyholder complaint committee meetings semi-annually. 3. Report customer complaint case analysis reports to the Board of Directors quarterly. 4. Analyze cases and improvements through the "Consumer Dispute Case Review Team."	Fair Treatment of Customers Principles Consumer Dispute Handling System	Depending on customer requests, case investigation is completed within 7 days and a written response is provided, and case tracking and management are completed within 30 days.
Hua Nan Assets Management (HNAMC)	Set up a dedicated customer complaint hotline, and dedicated customer complaint personnel are responsible for receiving and assigning customer complaint cases and recording the handling of customer complaint cases.	Customer Complaint Case Handling Precautions	Depending on customer requests, the customer complaint case investigation and handling report is completed within 10 business days from the date of receiving the complaint, and the complainant is notified of the customer complaint handling result.

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The number of customer complaint cases and handling in 2023 had a 100% case closure rate, as detailed in the table below:

	2023 Complaint Case	2022 Complaint Case	2021 Complaint Case	2020 Complaint Case	Case Closure Rate
Hua Nan Commercial Bank (HNCB)	55	48	51	62	100%
Hua Nan Securities (HNSC)	54	10	61	75	100%
South China Insurance (SCIC)	245	257	180	156	100%

1. HNCB received 55 complaint cases in 2023, with an average handling time of 11 days, in compliance with the 30-calendar-day handling period stipulated in the Financial Consumer Protection Act. Among them, cases related to personal insurance business and personal New Taiwan Dollar deposits were the majority, but the dispute types were mostly business awareness difference issues and were all properly handled and satisfactorily closed with customers.

2. HNSC received 54 complaint cases in 2023, with an average handling time of 3 days, in compliance with the 30-calendar-day handling period stipulated in the Financial Consumer Protection Act. Among them, cases related to service issues were the majority and were all resolved after communication and explanation with customers.

3. SCIC received 245 customer opinion cases in 2023, with an average handling time of 16 days, in compliance with the 30-calendar-day handling period stipulated in the Financial Consumer Protection Act. Among them, cases related to claims amount determination were the majority, and they were all actively communicated based on the Fair Treatment of Customers Principles to provide customers with maximum protection.

Customer Satisfaction

To understand customer needs and enhance customer experience, HNCB, SCIC, and HNSC of the Group regularly conduct satisfaction surveys on relevant businesses, collect and understand customer needs, and promote positive communication with customers. In 2023, the professional image of the past was also continued in improving customer satisfaction. Various incentive measures were actively promoted to encourage colleagues to obtain high-level financial planning consultant (CFP), retirement financial planning consultant (RFA), and other high-level financial-related certifications, hoping to provide customers with a good service experience through strictly certified professional knowledge, thereby achieving the effect of improving customer satisfaction.

Hua Nan Commercial Bank (HNCB)

HNCB values different customer groups and conducts satisfaction surveys for different customers. The survey results show that customer satisfaction reached over 96% (as detailed in the table below).

HNCB adheres to the concept of "customer-centricity." In 2023, to further understand customers' experience using bank services, it introduced the Net Promoter Score (NPS) indicator to practically solve customer problems and pain points and continuously improve customer satisfaction. The survey methods include qualitative surveys through face-to-face interviews with customers and quantitative surveys through questionnaire distribution. For the customer experience issues focused on in the quantitative survey, the relevant business management departments evaluate optimization measures and set improvement schedules.

Customer Group \ Year	2023	2022	2021	2020
Overall Service Satisfaction of General Customers*	-	94.56%	96.47%	96.23%
NPS Bank Overall Satisfaction*	97.84%	-	-	-
Satisfaction with Customer Service Personnel for Incoming Customers	97.58%	99.90%	99.40%	98.20%
Wealth Management Customer Satisfaction**	96.40%	95.44%	95.31%	94.30%

* In 2023, the "Net Promoter Score (NPS)" was introduced to replace the original "Overall Service Satisfaction of General Customers."

** Starting from 2023, the name was adjusted to "Wealth Management Customer Satisfaction Survey" (originally the "Financial Customer Business Satisfaction Survey").

Hua Nan Securities (HNSC)

In 2023, HNSC conducted satisfaction surveys on over-the-counter customers (on-site visits, telephone interviews), digital financial services (online account opening, digital platforms), and intelligent customer service. The survey content included service attitude and professionalism of personnel, system operation smoothness, account opening review speed, system stability, system operation ease of use, and digital platform content richness. The survey results showed an average satisfaction of 88.07%.

Customer Group	Year	2023	2022	2021	2020
Over-the-Counter and Online Satisfaction		88.07%	91.49%	-	-

* The satisfaction survey was conducted in two aspects: over-the-counter and online. In 2022, both were conducted by HNSC itself. In 2023, the over-the-counter satisfaction survey was changed to be conducted and surveyed by a third party (Deloitte), and the questions and implementation methods were not exactly the same as in previous years.

South China Insurance (SCIC)

To improve the quality of insurance claims service and reduce the complaint rate, SCIC conducts "telephone care service after claims for auto insurance claims cases." Through telephone interviews, it understands the service situation of claims personnel and also understands customer needs. If there are complaints, the regional claims supervisor is immediately requested to intervene and handle them. The care team will make a second care call to the policyholder depending on the handling situation. Through this care mechanism, in addition to assisting customers in promptly solving urgent problems and improving customer satisfaction, it also prevents the occurrence of complaint cases in advance.

Furthermore, starting from July 2023, it plans to conduct a "telephone customer service satisfaction survey" and "over-the-counter service satisfaction survey" every six months for the first time, targeting customers who call the customer service phone line and those who visit the insurance company's head office/branch offices for over-the-counter services. It has been implemented in September and October of the second half of 2023, and the survey results show an average satisfaction of 94.55% and 99.77%, respectively.

Customer Group	Year	2023	2022	2021	2020
Telephone Care Service after Claims*		87.00%	84.82%	88.03%	89.01%
Telephone Customer Service Satisfaction Survey**		94.55%	-	-	-
Over-the-Counter Service Satisfaction Survey**		99.77%	-	-	-

* This questionnaire survey mainly targets claims cases of third-party liability insurance.

** Starting from July 2023, it plans to conduct a "telephone customer service satisfaction survey" and "over-the-counter service satisfaction survey" every six months for the first time..



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2.3 Digital Finance

Digital Finance and Innovation

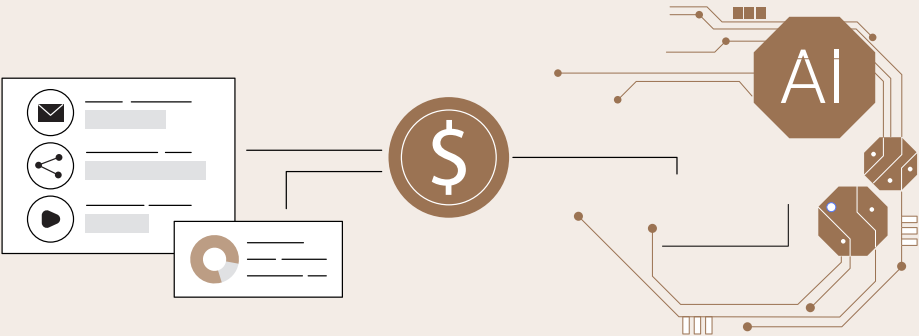
Since 2023, the Group's subsidiaries have successively carried out digital transformation project planning and execution. The main axis of HNFHC's digital transformation is "Converging and Adding Value to Information, Enhancing Synergistic Services, and Accompanying Customers' Journey" to help meet the digital financial life needs of customers from different generations across subsidiaries. A group-level "Digital Finance Promotion Team" and "Digital Agile Action Workshop" have been established to integrate the digital finance development of each subsidiary at the Group's level, combining the manpower, resources, and technology of the HNFHC and subsidiaries. Through the workshop model, HNFHC coordinates and integrates the co-marketing planning and development work of each subsidiary to achieve end-to-end journey re-engineering of customer acquisition, application, and transactions across subsidiaries.

HNCB, the main profit engine of the Group, is promoting digital transformation across the bank. On July 18, 2022, the "Digital Business Department" was established, and in December of the same year, the "Agile Digital Factory" was established, introducing digital and information technology professionals and technology-based product development and service models. Through the operation of cross-departmental and cross-functional teams, it improves work and product development efficiency, iteratively launching products and services that meet market needs, realizing the first state-owned bank's agile digital transformation. To cultivate the three core digital capabilities of "innovation, data, and agility," the "Financial Technology Department" was established on February 3, 2023, to develop the application of digital transformation core values in all banking businesses, utilizing artificial intelligence and other emerging technologies to continuously create more convenient and high-value service experiences for customers, and drive the development of financial technology and digital finance, creating a competitive innovative business model.

In terms of financial innovation patents obtained, as of December 31, 2023, the Group has obtained a total of 210 financial patents approved by the Intellectual Property Office of the Ministry of Economic Affairs, as detailed in the table below:

Company Name	Patent Category Obtained	Number of Patents Obtained (Valid)*
Hua Nan Commercial Bank (HNCB)	Mobile platform, big data, AI, blockchain, security control mechanism, biometrics, others	195
Hua Nan Securities (HNSC)	Big data, AI, others	12
South China Insurance (SCIC)	Mobile platform, AI	3
Total		210

* Refers to patents obtained that are still within the patent right period as of the end of 2023.



Innovation and Awards

Hua Nan Commercial Bank (HNCB)

In response to the arrival of the digital era, channel integration continues to deepen in the field of financial technology and promotes the three pillars of "Data," "People," and "Agile." At the same time, it advocates "People-Oriented, Technology Empowered" to accelerate HNCB's digital transformation and actively participate in domestic and international financial technology competitions.

1. In 2023, HNCB was recognized two major awards, the "Most Popular Brand Category" and "National First Prize" for SnY Digital Account, at the "20th National Brand Yushan Award" of the National Enterprise Competitiveness Development Association.
2. In 2023, HNCB was recognized two major awards, the "Special Contribution Award" and "Cross-bank Service Innovation Award," at the Financial Information Service Co., Ltd.'s "Financial Information System Annual Conference."
3. In 2023, HNCB obtained 2 financial invention patents, including "Banking Transaction System Based on Bluetooth Communication" and "Signature Data Transmission System."
4. In 2023, HNCB and HNSC cooperated across industries in "One-click Dual Account Opening," providing two-way process services for different account opening scenarios, to promoted data sharing services among financial institutions. Customers can open a securities account and a SnY digital settlement account at the same time without visiting a branch, simply by filling in the information online once on the official website of HNSC or HNCB, enhancing customer convenience and simplifying the customer application process.
5. To quickly respond to customer needs and enhance customer experience, providing customers with more ngible and warmer digital services, the first "APP User Experience Optimization Rapid Team" was established, adopting an agile development operation model to continuously improve the key customer journeys and user experience of HNCB+ APP.
6. To enhance customer digital services, a "Video Function Service" was established to provide customers with the ability to apply for "Opening Online Designated Transfer-in Account Function" and "Increasing SnY Digital Account Type 1 and Type 3 Transfer Limits" and other services through video identity verification.
7. In 2023, HNCB was recognized three major awards, "Best Digital Finance Award," "Best Financial Advisor Team Award," and "Best Public Welfare Promotion Award," at the "2023 Wealth Management Awards" of Wealth Magazine.

Hua Nan Securities (HNSC)

1. Won the "Securities Best Digital Intelligence System Award" at Wealth Magazine's "8th Wealth Management Awards."
2. Won the "Best Product US Stock Trend Scan, Best Product Ex-dividend Area, Best Product Digital Account Opening, Best Popular Brand Hua Nan Accurate Prediction" awards at the "20th National Brand Yushan Award" in 2023.

Hua Nan Assets Management (HNAMEC)

In response to the rapid development of FinTech, HNAMEC established the "Light Work Incubation Center" in 2020. In 2023, it expanded two locations, "Jilin HUB" and "Fubei HUB," and collaborated with excellent startups to introduce digital financial services. For example, in 2022, HNAMEC cooperated with the financial technology startup team - GreenHope Co., Ltd. to jointly establish the "Urban Renewal and Dangerous and Old Building War Room" public information platform to strengthen public information on reconstruction cases. Cooperating landlords can use the platform to keep track of the reconstruction progress at any time and quickly overview case information, greatly increasing the visibility of the reconstruction process.

HNAMEC implements the application of Fintech, making the services of urban renewal and dangerous and old building reconstruction more open, friendly, and convenient, allowing the public to entrust cases to the "Urban Renewal and Dangerous and Old Building Hua Nan Team" with greater peace of mind.



The newly opened "Light Work Incubation Center" Jilin HUB in 2023.

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Intellectual Property Management

To strengthen the Group's intellectual property management, starting from 2021, the Group's core operating subsidiary, HNCB, was required to first establish an intellectual property management plan and regularly report the implementation to the HNFHC's Board of Directors (the latest was in January 2024) to achieve the Group's intellectual property management goals. In the future, the intellectual property management experience of HNCB will be used as a basis to continuously strengthen the Group's intellectual property management practices.

The following is a description of HNCB's intellectual property management plan in 2023:

2023 Intellectual Property Management Plan

In response to the development trend of financial technology, HNCB has long been deeply involved in digital finance. To enhance the intellectual property management system and continue to strengthen its financial technology patent layout and century-old stable operation brand image, as well as implement corporate governance and regulatory compliance, a management cycle of "plan, execute, check, and act" has been established to build an intellectual property management system, and based on this, the intellectual property management plan for 2023 has been formulated as follows:

- (1) Submit an application for Taiwan Intellectual Property Management System (TIPS) re-certification.
- (2) Formulate an intellectual property management plan linked to operational goals.
- (3) Regularly review the application and maintenance of HNCB's trademarks and patents.
- (4) Regularly conduct intellectual property education and training for all employees.

2023 Implementation of Intellectual Property Management Plan

- (1) In 2023, it passed the TIPS (A) re-certification (the certification targets were patents and trademarks), and the certificate is valid until December 31, 2025.
- (2) In 2023, a total of 3 meetings of the Intellectual Property Management System Working Group have been held to continuously discuss and review the implementation of the intellectual property management system.
- (3) In 2023, intellectual property-related internal regulations and forms have been revised a total of 4 times, continuously reviewing and adjusting internal regulations.
- (4) In 2023, the number of employees completing intellectual property education and training courses was 7,526, and 2 financial technology patent seminars were held.
- (5) As of the end of 2023, 195 patents have been approved and announced (155 invention patents and 40 utility model patents), 30 are under review (26 invention patents and 4 utility model patents), and 38 trademarks have been approved and announced, another 1 under review.

Through effective implementation of the intellectual property management system, HNCB has passed the TIPS (Grade A) certification for patents and trademarks for two consecutive years, actively demonstrating its determination to enhance intellectual property management and effectively utilize intellectual property capabilities. In the future, it will continue to review internal and external environmental changes and adjust the management system in a timely manner, while actively investing in the development of digital finance and accumulating intellectual property capabilities, hoping to become the most trusted "people-oriented, technology-empowered" bank in the minds of customers and achieve the concept of sustainable operation.



2.4 Digital Channel Services

Digital Channel Services Results

The Group's digital channel service results in 2023 are as follows:



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Hua Nan Securities (HNSC)



Digital Services

HNCB Internet Banking - Securities Account Integration



Service Highlights

Provides securities account-related services in HNCB's internet banking.



Implementation Results

Provides the "HNCB settlement account customer group" with "dedicated securities" services in internet banking, allowing investors to instantly check "securities inventory and account information" using HNCB's internet banking, providing investors with thoughtful and convenient services.

Unrestricted Purpose Loan Application Service

If investors have urgent liquidity needs, they can apply online to the securities company and obtain stock settlement funds on the same day.

Simple, fast, and instant satisfaction of investors' "temporary" funding needs, serving as a good tool for capital allocation. From the launch at the end of May 2022 to the end of 2023, the cumulative loan amount was NT\$4.74017 billion.

Online Regular Subscription to Taiwan Stocks

Investors select a fixed date and fixed investment amount to purchase securities, using a long-term stock market investment approach to reduce the risk of market volatility and assist investors in asset allocation.

As of the end of December 2023, the subscription scale was NT\$1.91 billion, with a total of 13,254 participating investors. In the future, it will continue to select high-quality targets with liquidity to provide investors with investment options.

South China Insurance Company (SCIC)



Digital Services

eCover SCIC Business Website



Service Highlights

1. Website revamped at the end of June 2023
2. Optimized insurance application process, enhanced product content, added micro electric two-wheeled voluntary insurance, residential comprehensive insurance
3. Added functions such as proposal upload and vehicle inspection photo upload



Implementation Results

In 2023, the number of online applications was 135,000, with a signed premium of NT\$249.47 million, an increase of 8.0% compared to the same period in 2022.

Hua Nan Assets Management (HNAMC)



Digital Services

HNAMC Website



Service Highlights

1. Provides customers with information on auction properties and selected rental and sale properties
2. The urban renewal and dangerous old building war room provides cooperating landlords with the latest urban renewal and dangerous old building progress



Implementation Results

Established a concise and easy-to-use official website and continues to enrich relevant content, including selected properties for rent and sale, auction agency, Urban Renewal and Dangerous Old Building War Room, Light Work Incubation Center, etc., allowing the public to understand real estate-related services in one stop.

Digital Marketing

The Group achieves zero-distance interaction with customers by integrating the marketing resources of a total of 38 digital and physical channels across subsidiaries and establishing direct and instant contact with customers. It plans internal and external cross-industry cooperation to expand the market and develop new customers, establish digital footprints, understand customer preferences and needs through data analysis and behavior tracking, accurately target audiences, and provide customers with customized and precise services and product recommendations. In addition, by analyzing customers' purchasing behavior, preferences, and feedback, it conducts customer tagging to depict customer profiles, improve customer UI/UX experience, and enhance customer loyalty to achieve sustainable operation.

In 2023, HNCB utilized big data analysis technology to compile customer data for comprehensive analysis such as segmentation and grouping, refine customer attribute tags, establish diverse potential customer prediction models and promotion modules for products such as SnY digital accounts, mobile banking, credit cards, funds, bonds, loans, insurance, etc., and understand customers' true considerations and needs, discovering inconspicuous opportunities from different entry points, and then designing appropriate digital channel (mobile banking, EDM, SMS, LINE) marketing communication plans to guide customers to gradually apply for various recommended products.

The Group's digital marketing situation is as follows:

Hua Nan Commercial Bank (HNCB)



Marketing Planning

1. Operate official accounts on LINE, Facebook, YouTube, IG, and Podcast
2. Provide personalized notifications and services through friend binding to deepen relationships with customers
3. Successfully introduced the MyData platform service in 2023 to reduce the time customers spend preparing information for credit card and loan applications, and track the handling status monthly



Promotion Goals

1. Diversify the operation of social media platforms to enhance interaction with young customer groups and increase brand exposure
2. Simplify customers' preparation of employment and financial proof information when applying for credit cards and mortgage loans online

Hua Nan Securities (HNSC)



Marketing Planning

1. Online account opening, online electronic trading, online stock diagnosis, online intelligent customer service, etc.
2. Provide intelligent services through LINE
3. Cooperate with third-party service providers to provide cross-platform order placement and connection services (XQ Global Winner APP)
4. Branches have established multimedia players to replace different themes based on activities, update the latest marketing advertisements from time to time, and facilitate business hall publicity and marketing
5. Utilize social media marketing and promotion, expose marketing activities from time to time, provide professional information regularly, and manage audiences with different needs to seek the establishment of a professional service image
6. Through exposure to diverse channels and online advertising, reach customers from different aspects, allowing HNSC's marketing activities and professional investment image to deepen impressions in the minds of the general public
7. Increase HNSC's trading volume and product repurchase rate through word-of-mouth articles, radio interviews, and KOL popularity promotion



Promotion Goals

Develop an online investment and wealth management life circle, with services no longer limited by time and space.

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South China Insurance Company (SCIC)**Marketing Planning**

Keyword advertising, Facebook promotion
Dcard recommended articles and advertise-
ment pushes

**Promotion Goals**

Increase interaction with young customer
groups and enhance SCIC's brand aware-
ness.

Marketing Planning

Establish AI intelligent customer ser-
vice - Hua GOGO.

Promotion Goals

Provide 24/7 instant Q&A service.

Hua Nan Investment Trust (HNIT)**Marketing Planning**

Establish LINE and Facebook official
accounts.

**Promotion Goals**

Enhance brand awareness through digital
marketing and provide investment informa-
tion.

Hua Nan Assets Management (HNAMEC)**Marketing Planning**

Provide the latest information on auc-
tion properties, real estate sales, ur-
ban renewal, dangerous old buildings,
etc. through the LINE official account
"HNAMEC Real Estate Money Line,"
and offer benefits and prize draws
from time to time.

**Promotion Goals**

Maintain customers' familiarity with the
brand and simultaneously enhance brand
awareness.

In the future, the Group's digital marketing will comprehensively promote the development of digital fi-
nance business based on the integration of information, processes, and customers. The specific plans
are as follows:

1. Enhance internet world awareness and market voice
2. Provide business personnel and managers with timely and complete information and business in-
telligence for rapid application in business promotion and decision-making
3. Provide products and services in a timely manner to meet customer needs
4. Save customers' time in obtaining financial products and services
5. Generational analysis research and operation strategy direction
6. Generational customer marketing promotion
7. Generational operation performance tracking and management



Mobile Finance

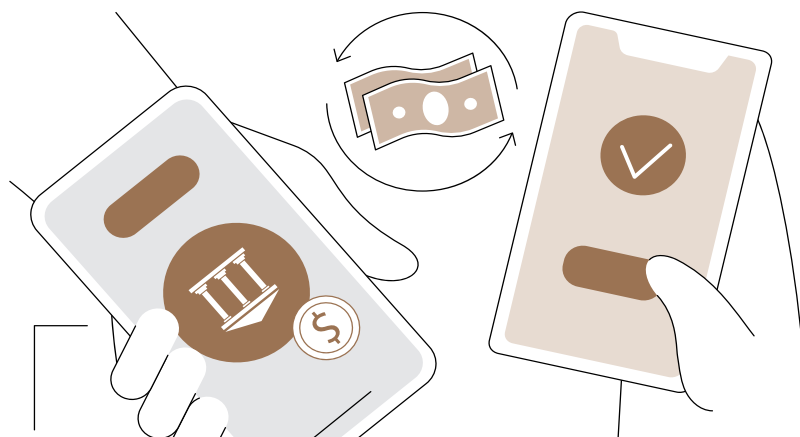
Hua Nan Commercial Bank (HNCB)

The number of mobile banking users has exceeded one million. Customers can obtain financial services anytime and anywhere through their mobile phones. In recent years, the bank has also actively responded to the government's important policies to promote mobile payment business.

In addition, HNCB has completed the development of the Financial Information Service Co., Ltd.'s "Electronic Payment Common Platform." In the future, customers can complete "Account Linking" and "Linked Account Deduction" with various electronic payment providers through the platform, expanding QR CODE mobile payment business opportunities and HNCB Payment usage scenarios.

The results are described as follows:

Execution Plan	Execution Results
Held the "HNCB Payment Love with Every Stroke" event and used HNCB Payment (Taiwan Pay) to make charitable donations.	1. The donation recipients included people with autism, guide dogs, abused women, children, and sexual harassment victims, fulfilling the corporate responsibility of caring for the disadvantaged and giving back to society. 2. The number of donations in 2023 was 5,363.
In response to the national policy goal of reaching a 90% domestic mobile payment penetration rate by 2025, HNCB continues to deepen and expand the scale of Taiwan Pay usage scenarios to help increase the penetration rate of mobile payments.	Promoted the Taiwan Pay acceptance scenarios to approximately 4,200 chain convenience store locations, approximately 970 drugstore locations, approximately 250 breakfast store locations, approximately 560 dumpling specialty store locations, as well as Dalong Market, Changchun Market, Zhulian Public Market, etc.
To cultivate customers' continued use of Taiwan Pay for consumption and increase Taiwan Pay's market share, the "2023 Taiwan Pay HNCB Carnival" event was held.	1. The total number of transactions was approximately 62,500. 2. The total transaction amount was approximately NT\$86.55 million.
During the license plate tax, consolidated income tax, house tax, and land value tax payment periods, the "Taiwan Pay Credit Card Tax Payment, HNCB Rewards the Most" event was held to strengthen HNCB cardholders' willingness to use Taiwan Pay to pay various taxes and increase the credit card transaction amount and continue to promote Taiwan Pay application scenarios.	1. In the April 2023 license plate tax event, the number of transactions was 41,000, and the transaction amount was NT\$349 million, ranking first among state-owned banks. 2. In the May 2023 house tax event, the number of transactions was 45,000, and the transaction amount was NT\$325 million, ranking first among state-owned banks. 3. In the May 2023 consolidated income tax event, the number of transactions was 7,892, and the transaction amount was NT\$367 million, ranking third among state-owned banks in terms of transaction amount. 4. In the November 2023 land value tax event, the number of transactions was 43,200, and the transaction amount was NT\$274 million, ranking first among state-owned banks.





Hua Nan Securities (HNSC)

It continues to optimize and expand the "Online Account Opening Service," constantly enhancing customer operation convenience and taking into account the usage needs of young people and elderly customers. Through the application of digital technology, the original over-the-counter paper-based account opening process is simplified, deepening customer experience, increasing customer satisfaction, and simultaneously improving internal operational efficiency and implementing sustainable finance. In 2023, the "All-in-one Online Account Opening" service was successively launched. To improve online customer service efficiency, repetitive questions are handled by intelligent robots, while complex questions are transferred to real people for response, making the most efficient allocation of manpower.

Execution Plan	Execution Results
All-in-one Online Account Opening 1. One-click Dual Opening" online account opening: In the past, investors needed to prepare a bank account before opening a securities account. Now, through the "One-click Dual Opening" service, a "HNSC account" and a "HNCB account" can be opened simultaneously. 2. One-click Triple Opening" online account opening: Upgrading the one-click dual opening integrated service, customers can choose to join Hua Nan Securities Investment Management (HNIM) membership at the same time to obtain professional analysis information helpful to investors. More than 60% of customers open an HNIM membership when opening a HNSC account, which is favored by customers with investment analysis information needs. 3. Continue to expand cooperation with HNCB and launch diverse integrated services: (1) When opening a HNCB digital deposit account, you can choose to open a HNSC account at the same time, without repeating data entry, satisfying customers' account opening needs in one go. (2) Existing HNCB customers can also open a HNSC account through data sharing in the mobile banking APP or internet banking, with a one-stop operation interface and no need to fill in data repeatedly, further enhancing the user experience.	Significantly reduced the data fields that originally needed to be filled out separately for HNSC, HNCB, and HNIM by more than 70%, solving user pain points and shortening the application time.
Intelligent Customer Service Introduce multi-round services into the intelligent customer service system, allowing investors to interact with customer service robots 24/7, 365 days a year. Through human-like conversational dialogue, it solves customers' problems online in real-time, creating the smartest "HNSC Intelligent Customer Service," allowing investors to enjoy a better user experience and enhancing customer satisfaction and HNSC's corporate image.	1. The usage rate of intelligent customer service accounts for about 40% of the overall customer service (intelligent + real person). 2. Solves nearly 90% of customers' common questions, greatly reducing the burden on manual customer service. 3. Intelligent customer service usage satisfaction reaches over 70%.

Talent Cultivation

The Group will conduct data application management for talents in four functional aspects: digital channels, digital finance, data analysis, and information technology. The plans are as follows:

- 1. Digital Channels:** Establish a comprehensive understanding of the digital channel ecosystem and conduct digital channel management and operation.
- 2. Digital Financial:** Establish financial technology professional knowledge, understand the digital transformation trends and technology applications of financial services, and manage digital development strategies.
- 3. Data Analysis:** Cultivate data-driven decision-making capabilities, master data analysis tools and techniques, enhance data insight and interpretation capabilities, and cooperate with business management units for use case development.
- 4. Information Technology:** Strengthen the foundation of information technology, master system development, network security, and other technologies, improve system operation and maintenance and security protection capabilities, and cooperate with digital transformation planning to promote system construction and upgrades.

2.5 Sustainable Finance

Financial institutions play the role of financial intermediary in the process of social and economic development. Only by fulfilling the social responsibility of the financial supply chain can they gain the trust and support of the general public. In addition to properly utilizing social resources, promoting financial stability, and exerting influence to support economic development, advocating the importance of environmental and social issues to customers and related enterprises, and jointly promoting the sustainable development of the environment and society are the sustainable finance goals of the Group.

Hua Nan Financial Group also actively cooperates with the sustainable finance-related policies advocated by our government, such as the "Green Finance Action Plan 3.0," and implements various green banking investment and financing projects. It also cooperates with the Executive Yuan's financial inclusion promotion policy, widely setting up micro-financial products and promoting the accessibility, usability, and quality of financial services.

Responsible Finance

Hua Nan Financial Group focuses on the environmental and social impact brought about by business behavior. Based on environmental, social, and governance (ESG) performance, it actively promotes green finance to exert positive environmental effects and uses financial products such as charitable trusts and agricultural insurance to assist public welfare and farmers, hoping to bring positive social influence. In 2019, it even aligned with the international standards of the Equator Principles (EPs) and established sustainable lending principles, hoping to contribute to protecting the environment and society in the lending business. HNCB completed the signing of the EPs on June 15, 2022.

Equator Principles (EPs)

To comply with international initiatives and principles, HNCB officially signed and joined the EPs Association on June 15, 2022, and formulated the "Precautions for Handling Equator Principles Lending Cases," which were officially implemented in 2023. HNCB follows the EPs. When accepting corporate lending cases, it should first check whether the EPs are applicable.

For lending cases to which the EPs apply, the borrower should be explained the content and requirements of the EPs, confirming that the borrower is willing to comply with the various requirements of the EPs during the lending relationship. Borrowers who are unable to commit should be politely declined. For lending cases with medium or high environmental and social risks, an "Environmental and Social Risk Assessment Report" and other relevant information issued by an independent third-party institution should be requested as an important reference for subsequent review, post-loan monitoring, and other risk management of the case. The relevant information of lending cases to which the EPs apply will be regularly disclosed every year.



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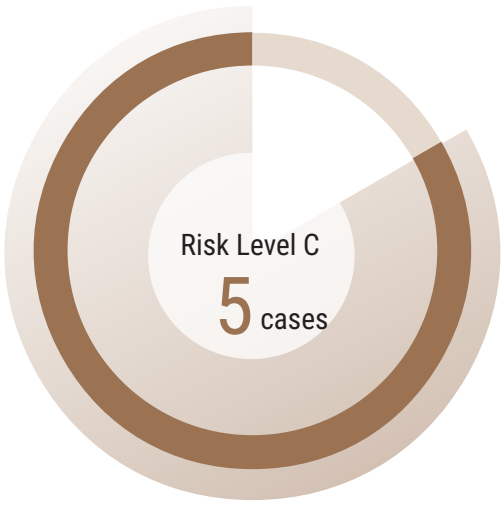
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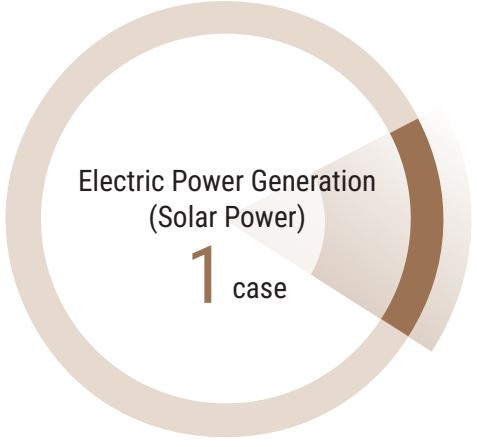
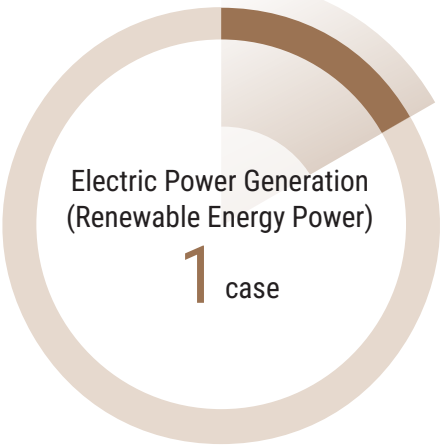
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Regularly disclose the implementation of lending cases to which the Equator Principles apply every year

Since officially signing the EPs and becoming a member bank in June 2022, a total of 6 lending cases to which the Equator Principles apply were approved in 2023 (1 case of Category B and 5 cases of Category C). Among the cases, 5 were located in Taiwan and 1 in Los Angeles, USA, covering industries such as real estate development, leasing, and sales, aluminum alloy processing and manufacturing, and power supply (including solar power generation and renewable energy).



Industries Distribution



Stewardship Principles for Institutional Investors

To fulfill the responsibilities of asset owners or managers and enhance the long-term value of the Group and fund providers, subsidiaries such as HNCB, HNSC, SCIC, and HNIT have all completed the signing of the "Stewardship Principles for Institutional Investors" compliance declaration and disclose the implementation of stewardship on the company's website.

1. Implementation Principles

It is based on investment objectives, costs, benefits, and other items to evaluate the methods, extent, and frequency of stewardship actions and continuously track the governance situation of the investee companies.

2. Implementation Process

(1) Hua Nan Commercial Bank (HNCB)

When investing with its own funds, or when acting as an entrusted institution with the right to use trust assets, or when acting as a director or supervisor of an investee company, it will incorporate environmental, social, corporate governance, and other corporate sustainability factors to enhance investment value through stewardship actions, with the goal of increasing the overall benefits of HNCB and fund providers.

(2) Hua Nan Securities (HNSC)

For the business of trading securities on its own or selling securities obtained through underwriting, it has established trading regulations and related handling procedures. Unless otherwise stipulated by the competent authority, the operating procedures such as analysis, decision-making, execution, change, and review of trading have been incorporated into the internal control system. When executing investments, HNSC should incorporate environmental, social, and corporate governance (ESG) issues into the investment evaluation process to fulfill its stewardship responsibilities and create long-term investment value.

(3) South China Insurance (SCIC)

It is mainly engaged in property insurance and uses its own funds and various reserves for investment. Through stewardship actions, it considers environmental, social, corporate governance (ESG), and other corporate sustainability factors to enhance the value of investment assets, with the goal of increasing the overall benefits of the company's shareholders and policyholders.

(4) Hua Nan Investment Trust (HNIT)

It operates securities investment trust business, discretionary investment business, and other businesses approved by the competent authority. The funds it manages have a significant impact on the market and investee companies. When executing investments or fulfilling trustee responsibilities, HNIT continuously pays attention to the operating conditions of investee companies and participates in the corporate governance of investee companies through attending shareholders' meetings, exercising voting rights, and appropriately communicating and interacting with the management of investee companies. Environmental, social, and corporate governance, as well as other sustainable operation issues, are incorporated into the evaluation and consideration to fulfill the responsibilities of an asset manager.

3. Continued Promotion Goals

- (1) Regularly pay attention to the ESG sustainable issues, financial information, major news, and major information announcements of investee companies.
- (2) Continue to communicate or interact with the management through email, telephone conferences, personal company visits, and participation in investor conferences.
- (3) Attend shareholders' meetings and exercise voting rights every year, demonstrate the spirit of shareholder supervision, and make appeals based on the situation.

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Hua Nan Commercial Bank (HNCB)

In 2023, HNCB was listed on the "List of Better Disclosure of Stewardship Principles for Institutional Investors" published by the Taiwan Stock Exchange. In 2023, the records of attending investee companies' shareholders' meetings and voting, as well as the engagement with investee companies are as follows:

Engagement Situation - Proportion of ESG Issue Engagement with Investee Companies (excluding investor conferences and shareholders' meetings)

ESG Aspect	Number of Engagement Indicators	Proportion of Overall ESG Issue Engagement
Environmental Issues (E)	46	51.11%
Social Issues (S)	20	22.22%
Corporate Governance (G)	11	12.22%
ESG Overlapping Issues	13	14.45%
Total	90	100.00%

Engagement Situation - Engagement Methods

Engagement Methods	Number of Engagement	Proportion of Overall Engagement
Physically attend shareholders' meetings (including in-person and video conferencing)	15	13.16%
Investor conferences (including in-person and video conferencing)	59	51.75%
Interact and communicate with investee companies (including personal visits, telephone contact, sending emails, etc.)	40	35.09%
Total	114	100.00%

Voting Records of Shareholders' Meetings - Attendance at Investee Companies' Shareholders' Meetings

Attendance Method	Number of Times	Proportion of Overall
Physical attendance or video conference attendance (assigning internal personnel)	15	23.08%
Written method	0	0.00%
Proxy attendance (issuing proxy)	0	0.00%
Electronic voting	50	76.92%
Total	65	100%

Voting Records of Shareholders' Meetings - Classification of Voting Issues

Voting Issues	Number of Cases	Proportion of Overall
Operating and financial performance	126	45.82%
Talent retention	4	1.45%
Business Strategies	7	2.55%
Environmental Issues (E)	0	0.00%
Social Issues (S)	0	0.00%
Corporate Governance (G)	138	50.18%
Total	275	100%

Hua Nan Securities (HNSC)

In the "2022 Stewardship Report" released in September 2023, the engagement with investee companies and voting records of shareholders' meetings of HNSC are described as follows:

Engagement Situation - Proportion Survey Statistics of ESG Issue Engagement with Investee Companies

ESG Aspect	Proportion of Each Issue Aspect
Environmental Issues (E)	19%
Social Issues (S)	13%
Corporate Governance (G)	65%
Other issues	3%
Total	100%

Engagement Situation - Engagement Methods and Times of ESG Issue Engagement with Investee Companies

Engagement Methods	Number of Engagement	Proportion of Overall Engagement
Shareholders' meetings	164 companies	17.71%
Regular guidance meetings	246 sessions	26.57%
Telephone (including video) conferences	120 times	12.96%
Online and offline investor conferences	396 sessions	42.76%
Total	926	100%

Voting Records of Shareholders' Meetings - Attendance at Investee Companies' Shareholders' Meetings

In the first half of 2023, electronic voting was adopted for 159 companies' shareholders' meetings, with 709 issues and 46,273,871 voting rights, and personal attendance at 5 companies' shareholders' meetings, with a voting rate of 97.56%.

Voting Records of Shareholders' Meetings - Classification of Voting Issues

Shareholders' meetings Issues	Number of Cases	Proportion of Overall
Operating and financial performance	309	43.58%
Talent retention	8	1.13%
Business Strategies	200	28.21%
Environmental Issues (E)	0	0%
Social Issues (S)	0	0%
Corporate Governance (G)	169	23.84%
Other	23	3.24%
Total	709	100%

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● Incorporating ESG Review and Supervision Principles into the Review Process

Investment Review Process

Hua Nan Commercial Bank (HNCB)

- Bonds**
HNCB's bond investment evaluation process has incorporated the issuing company's environmental, social, corporate governance (ESG) issues, sustainable development strategies, and other aspects into consideration.
- Stocks**
Currently, when selecting investment targets, it has referred to the Taiwan Sustainability Index, the Taiwan Depository & Clearing Corporation's Investor Relations Integrated Platform - Taiwan ESG Information, etc., to evaluate the ESG performance of individual companies.
- Long-term Equity Investment**
In line with the Financial Supervisory Commission's Green Finance Action Plan, HNCB established the "Climate Risk Management for Investment Business" and "Sustainable Development for Investment Business" regulations in 2023.
HNCB upholds the professional investment expertise of institutional investors, considering the policy considerations, industry trends, and corporate prospects of investee companies, as well as the aforementioned regulations, incorporating the assessment of climate risks and ESG-related issues into investment analysis and making investments within the scope approved by the competent authority.

Hua Nan Securities (HNSC)

- Follow the "Stewardship Principles for Institutional Investors" and incorporate ESG issues into the investment evaluation process to assess the risks, opportunities, and sustainable development strategies of investee companies.
- When conducting corporate bond investment evaluation, the ESG scores of investee companies are included in the evaluation report for comprehensive consideration.
- In 2023, ESG review and supervision principles have been incorporated into the investment process, such as the "Precautions for Self-Operated Department Investment Operating Procedures," "Bond Department Responsible Investment Handling Details," "Bond Department Responsible Investment ESG Risk Assessment Checklist," and "Financial Products Department Investment Operating Procedures Precautions." In the future, HNSC will continue to review the establishment of internal investment operating procedures based on market conditions, incorporate climate change and ESG risks into the investment evaluation process system, and further improve the investment review process.

South China Insurance (SCIC)

- Incorporate anti-money laundering, counter-terrorism financing, and other related negative information into the evaluation process before investment
- Include ESG scores in the evaluation report for foreign investments.
- Include companies with good ESG performance (referring to the "Taiwan Corporate Governance 100 Index" and "Taiwan Sustainability Index") in the STOCK POOL to reduce environmental or social risks caused by investments.
- In the future, ESG factors will continue to be incorporated into the investment process based on market development direction and information availability.

Hua Nan Venture Capital (HNVC)

- The investment layout has excluded high-energy-consuming and environmentally unfriendly industries.
- In 2024, relevant measures will be formulated to exclude industries or companies with high ESG risks or low scores at the pre-investment evaluation stage.
- Post-investment management is conducted through participation in board meetings, regular interviews, and on-site factory visits to provide ESG issue-related improvement suggestions to investee companies.
- If an investee company has ESG-related negative news or continuous violations of relevant regulations, it will also be included as a priority for disposal.

Financing Review Process

SASB FN-CB-410a.2 ESG factors incorporated into the credit review process

Hua Nan Commercial Bank (HNCB)

1. HNCB formulated the "Sustainable Lending Principles and Precautions" in May 2019.
 - (1) For ESG (environmental, social, and corporate governance) matters that should be noted regarding lending targets, their industries, lending review, and post-loan management, they are listed as lending risk assessment items, and negative list lending targets are specified to avoid undertaking lending business to enterprises that are unfavorable to environmental or social sustainable development, in order to continuously implement ESG's sustainable financial development together with borrowers.
 - (2) Pornography, drugs, illegal military and weapons, illegal gambling, or enterprises that illegally employ child labor.
 - (3) When reviewing cases, if they involve causing pollution to the environment or have a significant adverse impact on labor safety, food safety, or damage to cultural heritage during operations, their improvement will be tracked. If necessary, measures such as stopping or reducing their limit utilization and adding collateral will be taken.
2. HNCB currently follows this principle. When applying for a loan, it confirms whether the borrower's factory address is a pollution control or remediation site. As of the end of December 2023, according to the announcement of the Environmental Protection Administration, Executive Yuan, a total of 18 corporate borrowers' factory addresses are under control.

Product Review Process

Hua Nan Commercial Bank (HNCB)

1. **Lending Products**
 - (1) Corporate Finance Business
HNCB has incorporated ESG factors into the consideration when formulating project financing products to launch customized green financing products that meet customer needs.
 - (2) Personal Finance Business
HNCB launched the "Green Environmental Protection Loan" on February 20, 2023, providing the public with credit programs for green lending purposes such as purchasing energy-saving and water-saving products, electric vehicles, solar energy equipment, or decorating with green building materials. In terms of the review process, in addition to specially separating the green expenditure portion to avoid greenwashing, it is also necessary to further review the relevant supporting documents such as quotations, deposit slips, invoices, receipts, quotations, and purchase contracts for the purchase of green products to verify whether it is within the scope of green expenditure and achieve the goal of promoting green finance and sustainable development.
2. **Trust and Wealth Management Products**
To implement the ESG concept in the review process of fund wealth management products, HNCB completed the incorporation of ESG factors into the fund product proposal pre-review form in December 2022. The proposing unit will conduct a pre-proposal review of relevant investment targets, and only after passing the review will the relevant information be submitted to the "Wealth Management Product Review Meeting" for review. After the approval of the attending committee members, it can be listed for sale. Subsequently, HNCB will continue to introduce domestic and foreign ESG-related funds that comply with the Financial Supervisory Commission's review and supervision principles and the European Union's Sustainable Finance Disclosure Regulation (SFDR) Articles 8 and 9 to provide customers with diverse product choices.

Hua Nan Securities (HNSC)

ESG review and supervision principles have been incorporated into the process in 2023, and ESG factors have been included in the financial management product review process. In September 2023, the fund pre-listing review form was revised, and ESG factors have been incorporated into the fund pre-listing review starting from October 2023.

South China Insurance (SCIC)

In 2023, ESG issues have been incorporated into the product development evaluation process. When the requesting unit proposes new product development requirements, it needs to attach the "Product Development ESG Issue Review Form" to evaluate the product content.

Hua Nan Investment Trust (HNIT)

ESG investment management precautions have been established, with the scope of application including actively managed equity funds and discretionary accounts managed by the company. When conducting fund utilization, except for special product types (such as passively managed funds) or considering actual operational needs (such as fund of funds), it is handled in accordance with these precautions, considering ESG ratings and carbon emission data in the investment process.

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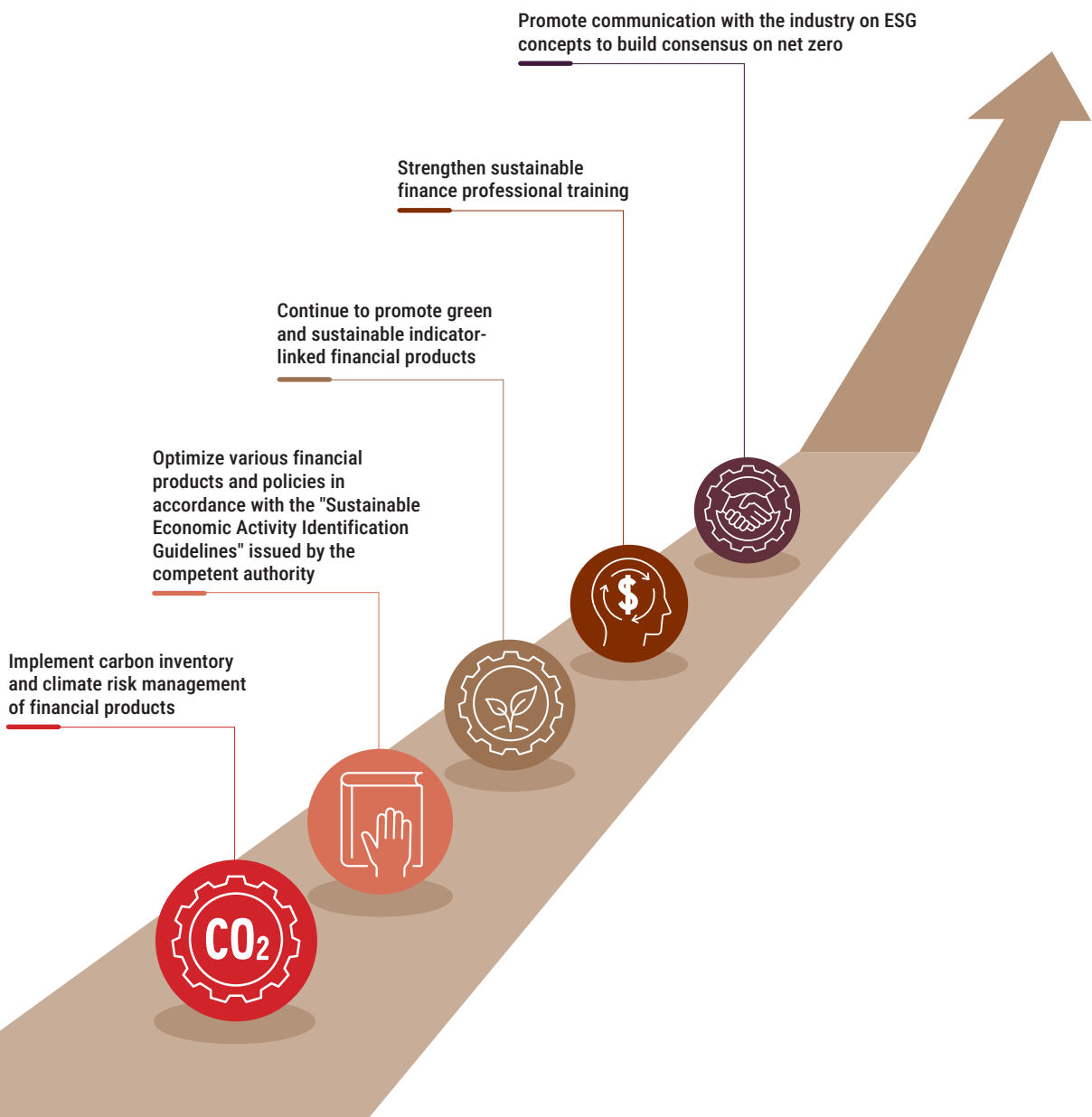
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To implement the government's proposed "Green Finance Action Plan," guiding the financial industry's resources to invest in the development of the domestic green energy industry and pursue a new economic model of sustainable development. HNCB follows the government's steps and pays attention to the development of green energy-related industries. It has introduced the spirit of the EPs into its lending review standards, incorporating ESG review into the lending process, and actively assisting enterprises in transformation.

In December 2023, HNCB was awarded the "Special Contribution Award - Sustainable Finance" for outstanding institutions and personnel by the Joint Credit Information Center.

Green Finance Action Plan Project Team

To support the "Green Finance Action Plan" promoted by the Financial Supervisory Commission, HNCB established the "Green Finance 2.0 Project Team" in March 2021 to promote various green finance businesses. After completing the phased objectives, it was adjusted to the "Green Finance Action Plan Project Team" in the fourth quarter of 2023 in line with policy adjustments, in order to continuously track the latest policy information on green finance announced by the competent authority, market HNCB's green finance promotion results, guide funds into economic activities and industries that conform to ESG concepts, and promote investors and enterprises to value sustainable development. The main promotion directions are as follows:



2023 Green Finance Initiatives

The green finance-related actions of Hua Nan Financial Group in 2023 are mainly driven by HNCB, which continues to promote in the aspects of investment, lending, and bonds. Please refer to the table below for relevant details:

Investment

Hua Nan Commercial Bank (HNCB)				Unit: NT\$ 100 millions
Category	2023	2022	2021	2020
Investment amount in energy-saving and environmental protection-related industries*	-	-	94.60	40.50
Taiwan Sustainability Index investment amount*	251.59 (accounting for 75.17% of the overall portfolio)	201.40 (accounting for 73.13% of the overall portfolio)	259.24 (accounting for 76.95% of the overall portfolio)	-
Green bond investment face value	139.70	139.70	126.00	113.50
Social responsibility bond investment amount	18	8	8	-
Sustainable bond investment amount	12	5	5	-
Total	421.29	354.1	398.24**	154

*The "Investment amount in energy-saving and environmental protection-related industries" is only disclosed until 2021, considering that the "Taiwan Sustainability Index" is jointly compiled by Taiwan Index Co., Ltd. and FTSE International Limited. It is the first ESG index in Taiwan that comprehensively combines E (environment), S (social), G (corporate governance), and financial indicators screening. The recognition of its constituent stocks is fair, so the recognition scope of green investment has been changed to be based on the "Taiwan Sustainability Index."

**Due to the change in the recognition scope of green investment, this amount does not include the "2021 Investment amount in energy-saving and environmental protection-related industries."

Hua Nan Securities (HNSC)				Unit: NT\$ 100 millions
Category	2023	2022	2021	2020
Green bonds/social bonds/sustainable development bonds face value	7.4	4.0	-	-
Sustainability-linked bonds face value	3.0	1.0	-	-
Total	10.4	5.0	-	-

*HNSC did not invest in green bonds in 2020-2021.

South China Insurance (SCIC)				Unit: NT\$ 100 millions
Category	2023	2022	2021	2020
Green investment balance	1.89	0.92	0	1.04

Hua Nan Venture Capital (HNVC)				Unit: NT\$ 100 millions
Category	2023	2022	2021	2020
Investment in energy-saving and environmental protection-related industries	3.93 (accounting for 24.65% of the overall portfolio)	3.95 (accounting for 23.73% of the overall portfolio)	3.99 (accounting for 22.97% of the overall portfolio)	2.90 (accounting for 18.84% of the overall portfolio)

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Lending

Green Industries and Syndicated Loans

Unit: NT\$ 100 millions

Category	2023	2022	2021	2020
Total lending balance of green energy technology industry, new agriculture, and circular economy industry*	4,483	3,770	3,224	3,147
Total lending balance of green power and renewable energy industry*	2,639	2,182	-	-
Lead bank and co-lead bank syndicated loans related to circular economy, green finance, and environmental sustainable development	763(72 cases)	2,619(30 cases)	1,305 (11 cases)	612 (13 cases)

*The total lending balance of green energy technology industry, new agriculture, and circular economy industry is based on the statistics of the Financial Supervisory Commission's 5+2 Innovative Key Industries Lending Scheme (this scheme ended in March 2022) (the statistics in the table are still calculated as of the end of December each year). Starting from April 2022, due to the competent authority's promotion of the six core strategic industries lending scheme, the total lending balance of the green power and renewable energy industry is newly disclosed.

Green Lending Programs

Unit: NT\$ 100 millions

Category	2023	2022	2021	2020
Green Financing Preferential Program Loans*	211	-	-	-
Sustainability Performance-Linked Lending Preferential Program**	503	-	-	-
Customized green finance products such as "Solar Power Sales Receivables Financing," "Industrial Boiler Upgrade Preferential Project Loans," "Cooperative County and City Green Energy Project Loans," and "Solar Power Equipment Construction Working Capital Project Loans"	13.38	14.34	15.42	10.93
Green Environmental Protection Loan and Green Building Mortgage Program***	6.48	-	-	-

*The "Green Financing Preferential Program Loans" was established on March 6, 2023, so there are no statistics for 2020-2022.

**The "Sustainability Performance-Linked Lending Preferential Program" was established on March 16, 2023, so there are no statistics for 2020-2022.

***The "Green Environmental Protection Loan and Green Building Mortgage Program" were established on February 20, 2023, and May 8, 2023, respectively, so there are no statistics for 2020-2022.

Issuing or Saling Bonds

Sustainability-linked bonds face value

HNCB has issued NT\$1 billion in senior unsecured sustainable finance bonds in December 2023, with a maturity of 2 years.

Securities - Green Bond Underwriting

Unit: NT\$ 100 millions

Category	2023	2022	2021	2020
Green bonds/social bonds/sustainable development bonds face value	34.5	11	10	1.9
Sustainability-Linked Bonds	2	1	-	-
Total	36.5	12	10	1.9

Funds

Hua Nan Commercial Bank (HNCB)

Actively introducing ESG funds or funds that comply with Articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). According to the "ESG Sustainable Transformation Zone" of the Securities Investment Trust and Consulting Association (SITCA) of the Republic of China, as of the year ended December 2023, there were 128 domestic and foreign funds that met the Financial Supervisory Commission's ESG fund regulations. Among them, HNCB has offered 67 funds for customers to subscribe, with a ratio exceeding 50%, and the fund types are diverse, covering water resources, transportation, smart cities, healthcare, and green bonds.

As of the year ended December 2023, the existing fund assets amounted to approximately NT\$3.6 billion.

Category	2023	2022	2021	2020
Number of funds offered (cumulative)	67 funds	64 funds	60 funds	52 funds
Fund assets (NT\$)	NT\$ 3.6 billions	NT\$ 5.0 billions	NT\$ 3.9 billions	NT\$ 2.1 billions

Hua Nan Securities (HNSC)

Actively introducing ESG funds that comply with FSC regulations or fund products that meet Articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). As of December 31, 2023, HNSC sold 192 ESG concept funds, accounting for 25% of the total number of funds sold by HNSC. In addition, as of December 31, 2023, the existing 192 funds on the shelf amounted to NT\$120 million, accounting for 5% of the total fund assets sold by HNSC.

Category	2023	2022	2021	2020
Number of funds offered (cumulative)	192 funds	190 funds	184 funds	183 funds
Fund assets (NT\$)	NT\$ 0.12 billions	NT\$ 0.43 billions	NT\$ 0.26 billions	NT\$ 0.07 billions

Non-Life Insurance

Papaya Insurance - Shielding Papaya Farmers from Wind and Rain

In response to government policies and fulfilling social responsibilities, SCIC developed the "SCIC Wind Speed and Rainfall Parameter Papaya Insurance" in 2017, which was approved for sale by the Insurance Bureau of the Financial Supervisory Commission on August 7, 2018. This insurance substantially protects the production costs of papaya and shields farmers from wind and rain.

This insurance product is a weather parameter-based insurance. It is the first agricultural insurance that can include agricultural facilities (greenhouses and net rooms) as additional coverage. Papaya can be insured separately for "wind speed parameter", "rainfall parameter", or "wind speed and rainfall parameter". Greenhouses and net rooms are provided with "wind speed parameter" protection. The claim settlement process uses meteorological data provided by the Central Weather Administration, ensuring fairness and objectivity.



In 2023, the single premium for Papaya Insurance is NT\$174,557.

Unit: NT\$ Dollar

Category	2023	2022	2021	2020
Papaya Insurance Premiums Written	174,557	671,900	1,192,929	1,509,841

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Litchi Insurance - Transferring Production Risks to Farmers

In recent years, litchi production has been extremely unstable due to warm winters and heavy rains, affecting not only the consumer market but also causing losses for farmers. Building upon the experience of developing papaya insurance, SCIC officially launched litchi insurance on November 28, 2019, after extensive research.

Litchi insurance is a weather parameter-based policy, and the insurable litchi varieties include Yu He Pao, Heiyeh, and Nuomici. The claims process uses meteorological data provided by the Central Weather Administration, ensuring objectivity and fairness.



In 2023, the single premium for Papaya Insurance is NT\$560,329.

Unit: NT\$ Dollar

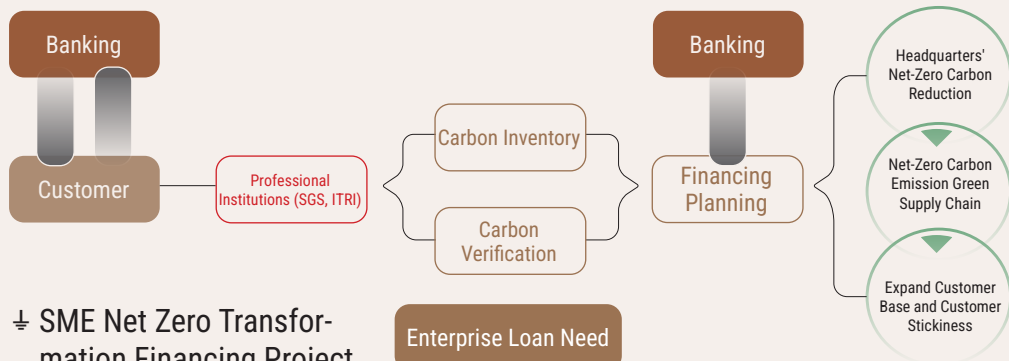
Category	2023	2022	2021	2020
Litchi Insurance Premiums Written	560,329	606,542	217,880	617,416

Other Products or Services

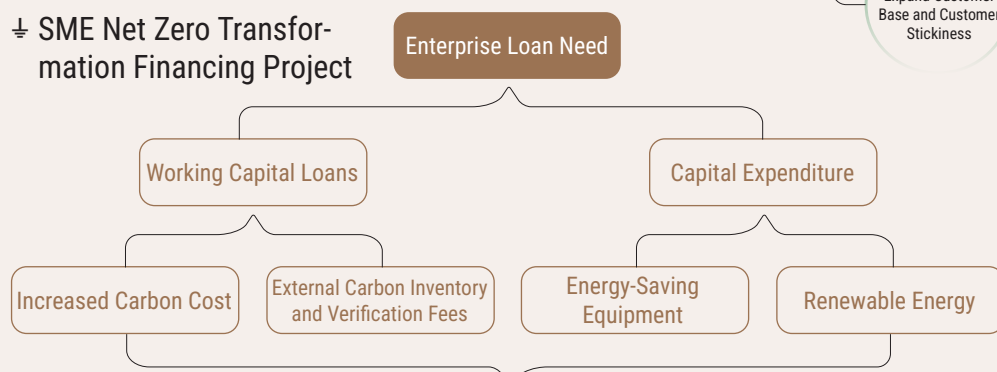
★ SME Net Zero Transformation Financing Project

HNCB launched the "Mentoring SMEs Net Zero Transition Financing Project" on September 23, 2023. By utilizing tools such as the "SME Net Zero Transition Diagnostic Information Service" developed by the Taiwan Institute of Economic Research, it provides customers with green credit purposes such as coping with rising carbon costs, carbon inventory-related expenses, energy-saving equipment, and renewable energy. Through a comprehensive interest rate and handling fee discount program, it increases SMEs' willingness to enhance carbon reduction capabilities and prepare for the financial impact of climate change as early as possible, achieving the goals of promoting green finance and sustainable development.

≡ HNCB Net-Zero Strategy



≡ SME Net Zero Transformation Financing Project



- Green Financing Preferential Program Loans
- Sustainable Performance-Linked Credit Preferential Project
- SME Low-Carbon and Smart Transformation Development Special Loan
- National Development Preferential Guarantee
- SME Investment in Taiwan Preferential Guarantee
- SME Accelerated Investment Loan Credit Guarantee

★ HNSC guiding Clients to Incorporate Sustainable Transition Assessments

Since 2022, HNSC has been required by the competent authority to assess the issuing company's promotion of sustainable development when applying for listing on the TWSE/ TPEX. For securities underwriting cases where clients are guided to list on the TWSE or TPEX, the assessment and verification procedures are carried out in accordance with the regulations of the competent authority, incorporating an assessment of sustainable development issues. The Company's implementation of sustainable development is reviewed item by item, including corporate governance, environmental protection, and social security issues. An assessment report is completed, and assistance is provided to properly express the performance and subsequent measures in the prospectus.

Item	2023	2022	2021	2020
Number of cases	2 cases	1 cases	-	-
Amount (New Taiwan Dollar)	NT\$ 2.625 billions	NT\$ 0.265 billions	-	-

★ PETG eco-friendly material credit card

Using PETG eco-friendly material credit cards effectively reduces the carbon emissions during the life cycle of the card. As of December 31, 2023, a total of 51,458 PETG material credit cards have been issued, an increase of 27,025 cards or 110.61% compared to the end of 2022 (24,433 cards).

Unit: Card

Category	2023	2022	2021	2020
PETG eco-friendly material credit card	51,458	24,433	2,325	-

★ Green and sustainable time deposits

To keep up with the international trend of green finance and implement the spirit of developing sustainable finance, HNCB has launched green and sustainable time deposits, joining hands with customers to achieve environmental and social sustainability goals and fulfill social responsibilities. In accordance with the Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG) of the International Capital Market Association (ICMA), the bank will use the funds from green and sustainable time deposits for loans that provide substantial environmental or social benefits as stipulated in HNCB's green and sustainable time deposit program, such as the construction of renewable energy power plants, replacement of energy-efficient machinery and equipment, optimization of industrial processes, waste recycling and reuse, and more. A third-party independent institution will review and issue a limited assurance report. The program was launched on November 1, 2023, and a total of NT\$1.8 billion has been accepted as of December 31.

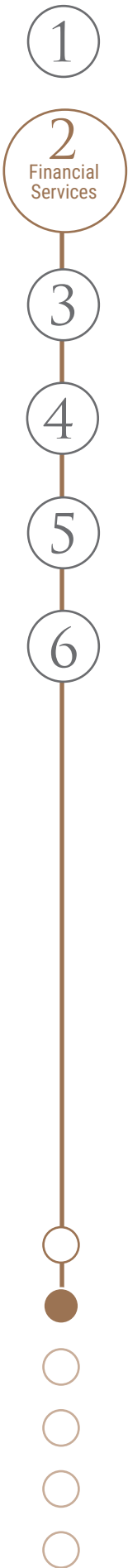
● Conduct education and training for internal relevant business personnel on net zero transition trends

Banking

- (1) To implement net zero transition and sustainable development policies, a total of 42 education and training sessions and external training courses were held from 2020 to 2023, with 262 participants and a total of 171.9 hours.

	2023	2022	2021	2020
Number of Sessions	16	19	5	2
Number of Participants	174	71	15	2
Total Hours*	81	69.3	16	5.6

* Total hours are defined as the sum of the duration of each session.



- (2) To continue promoting climate risk management policies and cultivating sustainable talents, a 3-hour "Task Force on Climate-related Financial Disclosures (TCFD) Practical Sharing" course was held in April 2023. The Chairman, Vice Chairman, Directors, Supervisors, President and other senior executives, managers and staff of relevant business departments participated, with a total of 53 trainees. In October 2023, a briefing on "SBTi Scope 3 Reduction Strategy Planning" was held, attended by managers and staff of relevant business departments, with a total of 21 trainees. In addition to sending personnel to attend climate risk-related courses organized by external institutions such as the Taiwan Academy of Banking and Finance, HNCB has added climate risk to its internal risk management education and training courses, and held video conferences to explain the precautions for managing climate risks in the credit business, in order to cultivate the climate risk management capabilities of colleagues in domestic business units.
- (3) To promote sustainable development policies and cultivate sustainable talents, and to strengthen sustainable finance-related training for HNCB Directors, Supervisors, senior executives, and general staff, a Green Finance 3.0 course was held on September 1, 2023, with the theme of "ESG Net Zero Transition and Sustainable Finance 3.0 - Norms and Practices". In addition to personnel and supervisors from relevant business departments, the Chairman, Vice Chairman, Directors, Supervisors, President and other senior executives were also invited to attend, with a total of 64 trainees.
- (4) To establish the basic concepts of ESG, climate change, and net zero carbon emissions for credit personnel, and to cultivate their ability to independently guide Small and Medium Enterprises (SMEs) in net zero transition diagnosis and negotiate net zero financing solutions with enterprises, experts from Taiwan Institute of Economic Research and KPMG provided training to credit supervisors and personnel of HNCB's business units. In 2023, a total of 5 internal briefing sessions were held in northern, central, and southern regions.

HNSC

- (1) In order to actively assist in net zero transition, guide the financial market and industries to focus on sustainable development and climate change, and strengthen the climate resilience of industries and deepen sustainable development, HNSC has arranged for relevant colleagues to attend 7 industry carbon reduction courses and ESG seminars in 2023. (Held since 2023, 7 sessions totaling 42.5 hours, with 33 participants)
- (2) To promote sustainable development policies and cultivate sustainable talents, HNSC has invited Directors, Supervisors and designated senior executives at the vice president level and above to attend 2 sustainable development seminars in 2023. (Held since 2023, 2 sessions totaling 6 hours, with 6 participants)

SCIC

The members of the corporate sustainability team, senior executives, and the board of directors have been arranged to attend relevant courses organized by external institutions (Taiwan Insurance Institute, Taiwan Independent Director Association, Institute for Information Industry, etc.). In 2023, 22 sessions have been attended, with a total of 44 participants and 65 hours.

	2023	2022	2021	2020
Number of Sessions	22	17	7	2
Number of Participants	44	19	7	2
Total Hours	65	45.5	9	6

* Total hours are defined as the sum of the duration of each session.

Holding Seminars or Forums on Net Zero Transition or Key Technologies

Hua Nan Commercial Bank (HNCB)

No.	Name	Description
1	Green Finance Drives Net Zero Carbon Reduction Forum	On May 31, 2023, HNCB and Economic Daily News jointly held the "Green Finance Drives Net Zero Carbon Reduction Forum", inviting the bank's clients to attend, providing suggestions for SMEs' net zero transition, strengthening interactive relationships with SMEs, and expanding SME customer base. Approximately 200 SME customers have been reached, with the expectation of leveraging green finance to support SMEs in successfully achieving net zero carbon reduction goals.
2	Seminar on "Climate Change Risk Opportunities for Banks in Managing SME Customers"	In September 2023, HNCB and KPMG jointly held a seminar on "Climate Change Risk Opportunities for Banks in Managing SME Customers". Chun-Chih Huang, President of HNCB, delivered a keynote speech on the challenges of guiding SMEs in net zero transition.
3	Aim for Net Zero, Strive for Transition, HNCB Accompanies You	Starting from October 2023, HNCB and Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECH) jointly held 3 "Aim for Net Zero, Strive for Transition, HNCB Accompanies You" roadshow seminars in northern, central and southern regions, inviting branches and their customers to exchange views on net zero carbon emissions-related issues, introducing the Ministry of Economic Affairs' post-pandemic revitalization and low-carbon and smart subsidy programs to enterprises, encouraging enterprises to make good use of government subsidies to accelerate low-carbon and smart transformation, promote industrial transformation and upgrading, and increase carbon audit, carbon tax and other related financial knowledge, implementing the Group's goal of promoting net zero transition.
4	2023 "SDGs International Forum"	Providing venue sponsorship for the 2023 "SDGs International Forum" co-organized by the European Chamber of Commerce Taiwan (ECCT) and Common Wealth Magazine, with the theme of sustainable succession. The forum combines physical forums with online live broadcasts, inviting important organizations and international enterprises from home and abroad to share experiences and engage in dialogue and exchange, jointly researching the best solutions.
5	2023 "EU-Taiwan Hydrogen Roundtable"	In response to the ECCT's "Low Carbon Emission Initiative", the "2023 EU-Taiwan Hydrogen Roundtable" was held. Through keynote speeches and seminars, the awareness of sustainable development among all sectors was enhanced.
6	2023 "Taiwan Renewable Procurement Summit"	Providing venue sponsorship for the "2023 Taiwan Renewable Procurement Summit" co-organized by the ECCT of Business Weekly. Combining the initiatives of ECCT LCI and RE100, the summit takes the form of a forum and matchmaking event, combined with online live broadcast, to assist Taiwanese SMEs in achieving the goal of purchasing green power to reduce carbon emissions and provide SMEs with opportunities to meet with green power generators and electricity sellers.
7	2023 "Taiwan-Japan Science and Technology Dialogue: International Cooperation in New Energy and Mobility Technology"	Sponsoring the forum organized by the Taiwan Japan Academy, with the expectation of leveraging the forum to combine industry, government, and academia resources to jointly build a platform for Taiwan-Japan science and technology dialogue, realize the goals of environmental sustainability and social well-being, and support the government's net zero carbon emissions policy.

Hua Nan Assets Management (HNAMC)

No.	Name	Description
1	2023 Industrial Park Urban Renewal Forum	HNAMC and the Taiwan Institute of Urban Planning (TIUP) jointly held the "Industrial Park Urban Renewal Forum". The forum includes three professional keynote speeches and forum exchanges, attracting more than 100 participants from academia, industry, and related practitioners. It raises public awareness of the importance of industrial park renewal, and reaches a consensus on moving towards ESG sustainable development, building a platform for exchange, and jointly working towards the goal of industrial park renewal and sustainable development.

2.6 Financial Inclusion

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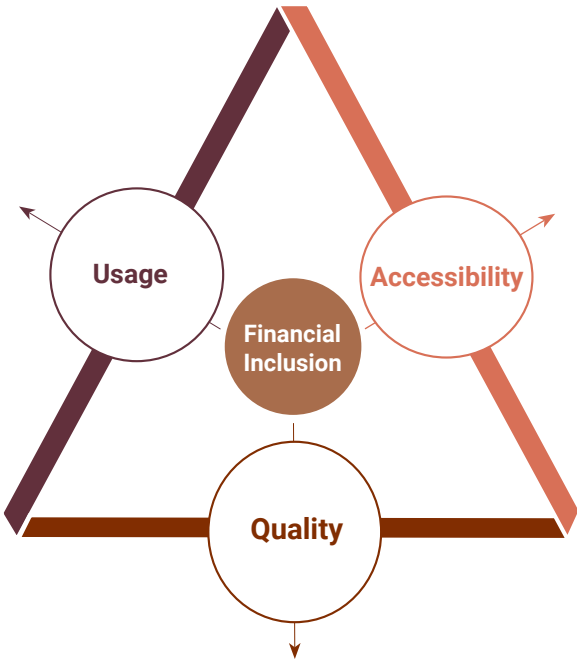
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Under the advocacy of the United Nations (UN), the concept of financial inclusion has begun to attract attention, advocating that disadvantaged groups in society should have access to the financial services they need at a reasonable cost through financial education.

Referring to the Financial Inclusion Measurement Indicators of the Financial Supervisory Commission, the Group evaluates the implementation effectiveness of financial inclusion from three aspects: accessibility, usage, and quality of financial services. In addition to providing various micro-products with high financial service usage targets, financial inclusion is also achieved through barrier-free financial services, and high-quality financial services are achieved through the implementation of the Fair Treatment of Customers Principles.



SASB FN-CB-240a.1: (1) Number of Loans, and (2) Total Amount of Loans, both are related to promoting small business and community development

SASB FN-CB-000.B: Number of customers and total amount of loans for individuals, SMEs, and general enterprises

Products

SMEs and Policy Preferential Loan Products

HNCB offers a variety of SMEs and policy preferential loan products to assist SMEs in making good use of various policy preferential loan programs and the credit guarantee fund mechanism to obtain the necessary funds for operation, alleviating the difficulties faced by SMEs in terms of insufficient collateral and heavy financial burdens. This helps SMEs enhance their long-term competitiveness and development potential, and increases HNCB's potential customer base, creating a win-win situation for both HNCB and enterprises.

In response to the government's efforts to assist SMEs and micro-enterprises in coping with the impact of global economic changes and the international trend of smart and low-carbon transformation, HNCB has implemented the "Post-Pandemic Revitalization Special Loans and Low-Carbon Smart Inclusion Loans" of the Ministry of Economic Affairs. As of the end of December 2023, HNCB's cumulative new loan amount for non-legal entity organizations (sole proprietorships and partnerships) totaled NT\$1.01 billion.

To continue promoting SME (including micro-enterprise) lending, HNCB has set the following key performance indicators (KPIs) for 2023:



SME loan operating volume reaches NT\$667.3 billion, with the number of customers increasing by 144 compared to the end of 2022.

The number of micro (small-scale) enterprise loan customers grows by 5% compared to 2022, with new loan disbursements of NT\$472 million.

Unit: NT\$ 10 thousands

Loan Product		2023	2022	2021	2020
Youth Entrepreneurship and Startup Loan	Number of Approved Loans	11,612	10,222	7,861	783
	Outstanding Balance	689,613	721,744	663,897	28,854

Unit: NT\$ 10 thousands

Loan Product		2023	2022	2021	2020
Micro Entrepreneurship Phoenix Loan	Number of Approved Loans	153	136	166	137
	Outstanding Balance	6,173	5,899	5,801	5,163
Employment Insurance Unemployed Entrepreneurship Loan	Number of Approved Loans	19	13	16	14
	Outstanding Balance	1,041	466	666	728
Youth First-Time Home Purchase Loan	Number of Approved Loans	15,438	12,897	12,869	13,116
	Outstanding Balance	5,166,245	3,267,232	3,142,181	3,254,899
Strengthening Cultural and Creative Industry Upgrade and Transformation Loan* (Originally Cultural and Creative Industry Preferential Loan)	Number of Approved Loans	10	6	4	10
	Outstanding Balance	3,017	2,240	593	858
Assisting SMEs to Take Root Special Loan	Number of Approved Loans	27	56	39	58
	Outstanding Balance	10,134	15,913	13,441	12,840
SME Innovation Development Special Loan	Number of Approved Loans	10	11	5	10
	Outstanding Balance	492	3,347	3,435	3,750
Promoting Industrial Innovation or R&D Loan	Number of Approved Loans	2	4	2	4
	Outstanding Balance	44	253	540	923
Post-Pandemic Revitalization Special Loan**	Number of Approved Loans	10,920	-	-	-
	Outstanding Balance	5,037,015	-	-	-
SME Low-Carbon and Smart Transformation Development Special Loan**	Number of Approved Loans	981	-	-	-
	Outstanding Balance	449,636	-	-	-
Total	Number of Approved Loans	39,172	23,345	20,962	14,132
	Outstanding Balance	11,363,410	4,017,094	3,830,554	3,308,015

* The number of approved loans and outstanding balance for the "Strengthening Cultural and Creative Industry Upgrade and Transformation Loan" in 2022 did not include the data for the "Cultural and Creative Industry Preferential Loan" in the 2022 ESG Report. After incorporating it this time, the number of approved loans in 2022 should be 6 and the outstanding balance should be NT\$22.4 million.

**Both the "Post-Pandemic Revitalization Special Loan" and the "SME Low-Carbon and Smart Transformation Development Special Loan" began implementation in April 2023.

Indicators and Activity Metrics for Promoting Financial Inclusion for Small Businesses

SASB FN-CB-000.A: Number of deposit accounts and total balance for individuals and small businesses
 SASB FN-CB-000.B: Number of loan amount and total amount of loans for individuals and small businesses

Reference Date: December 31, 2023

Item	Individuals	Small Businesses	General Enterprises
Number of Loan Accounts	132,386	21,548	12,418
Total Amount of Loans (Unit: NT\$ 10 thousands)	12,577,842	39,420,658	66,359,844
Number of Deposit Accounts	9,811,679	617,762	-
Total Balance of Deposits (Unit: NT\$ 10 thousands)	144,210,000	85,020,000	-

Note:

- Excluding overseas branch customers.
- The number of deposit accounts is calculated based on the number of cases undertaken (if the same corporate customer has multiple deposit accounts, it is counted as multiple accounts).
- The number of loan accounts is calculated based on the number of cases undertaken (if the same corporate customer has multiple loan accounts, it is counted as multiple accounts).
- The total amount of loans does not include housing loans, revolving loans, and personal overdue loans.
- Small businesses refer to micro-enterprises as defined by the HNCB, which means enterprises that meet one of the following criteria: established for less than 5 years, employing 20 or fewer employees, having a capital of NT\$5 million or less, or having an annual revenue of NT\$10 million or less.

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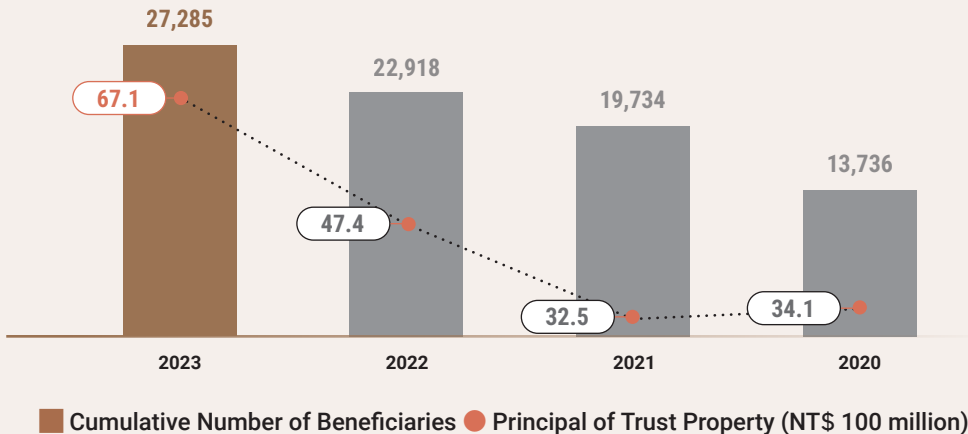
Services for the Elderly

Facing the aging population trend in Taiwan, as well as the impact of low birth rates and changes in support concepts, retirement planning is becoming increasingly important. In order to fulfill the Group's social responsibility and further establish a society where the elderly are well cared for, the following are the Group's projects to assist customers in planning their retirement life and building comprehensive protection for the elderly.

Elderly Care and Inheritance Trust

HNCB has been actively promoting the "Elderly Care and Inheritance Trust" since January 2016, assisting customers in planning and protecting their economic security through secure living trusts to achieve the purpose of future living care. In addition to being recognized as an outstanding bank in the Financial Supervisory Commission's performance evaluation of property trusts for the elderly and people with disabilities for five consecutive years, it also won the Elderly Care Trust Award in the first phase of the "Trust 2.0 Project Evaluation" in 2021 and the Best Trust Award and Elderly Care Trust Award in the second phase of the "Trust 2.0 Project Evaluation" in 2022.

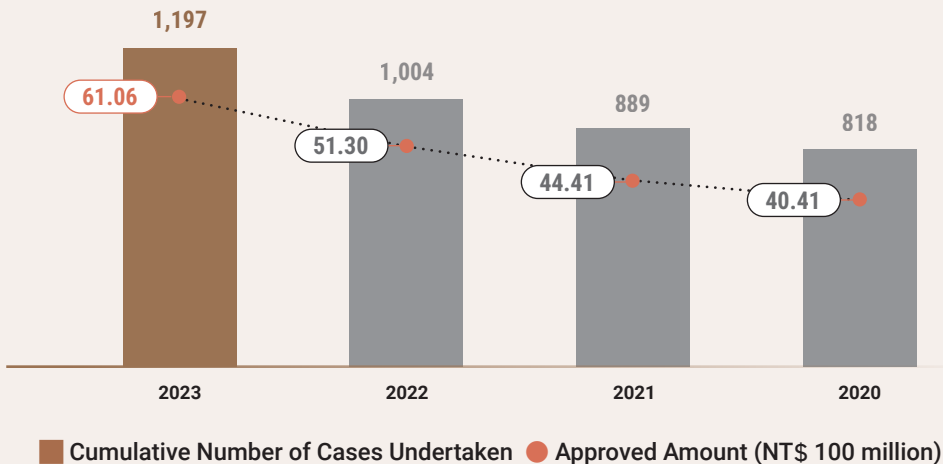
According to the "Property Trust for the Elderly and People with Disabilities" statistics of the Trust Association of R.O.C for the fourth quarter of 2023, the cumulative number of beneficiaries of HNCB's business volume in 2023 was 27,285, and the principal of trust property was NT\$6.71 billion. Compared with 2022, the number of beneficiaries increased by 4,367 and the principal of trust property increased by NT\$1.97 billion.



Reverse Mortgage Loan

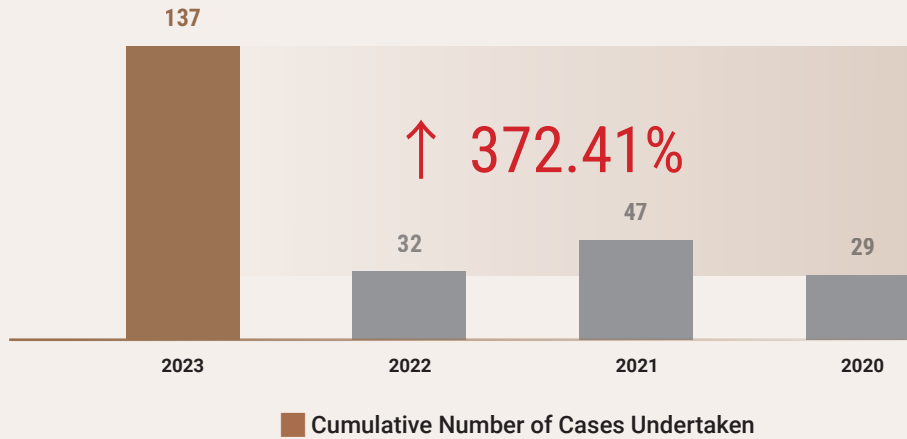
In March 2016, HNCB launched the industry's first revolving reverse mortgage loan "Mortgage for the Elderly", which adopts the model of "no interest calculation if not used, and unused credit can be accumulated to the next month". Unlike other banks that disburse a fixed amount each month, it is more in line with the design of flexible use of funds and humanization, allowing the elderly to have a more stable and worry-free retirement life.

As of December 31, 2023, the cumulative number of reverse mortgage loans undertaken by HNCB was 1,197, an increase of 193 compared to the cumulative number of 1,004 at the end of 2022. The approved amount was NT\$6.106 billion, an increase of NT\$976 million compared to NT\$5.130 billion at the end of 2022. As of the end of December 2023, the amount of reverse mortgage loans accounted for 0.88% of the HNCB's mortgage balance. In addition, HNCB's market share in terms of the number of cases undertaken currently ranks third, demonstrating HNCB's effectiveness in solving the retirement life funding issues of the elderly and fulfilling its corporate social responsibility of caring for an aging society.



Small-Amount Whole Life Insurance

Since 2020, HNCB has been continuously promoting small-amount whole life insurance, providing customers with basic protection planning. To provide diverse choices for insurance channels, small-amount whole life insurance was launched on the online insurance platform on August 12, 2021. The number of insured policies in 2023 has greatly increased by 372.41% compared to 2020.



Securities Products

To promote the popularization of securities trading and increase the number of regular fixed-amount investors with limited funds.

Year	2023	2022	2021	2020
Number of Accounts	17,084	12,978	10,649	7,030

Non-Life Insurance Products

SCIC provides micro-insurance products, enabling economically disadvantaged families and specific identity groups to purchase basic insurance coverage with less premiums, avoiding falling into economic difficulties due to accidents, and filling the gaps in the government's social insurance or assistance mechanisms.

The insured targets are mainly indigenous people, fishermen, farmers, people with disabilities, and service targets of social welfare charities. In addition to the individuals themselves, the above targets also include their family members (spouses, lineal relatives, or dependents). The coverage is for disability or death caused by accidental injury. As of December 31, 2023, SCIC had a total of 10,864 insured persons under valid micro-insurance contracts.

Micro-insurance	2023	2022	2021	2020
Number of Insured Persons	10,864	10,084	10,557	8,256
Number of Policies	44	49	63	71
Total Premium (NT\$)	1,467,535	1,378,584	1,558,615	1,207,865

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Services

● Barrier-Free Services Content

In response to the UN' promotion of financial inclusion to provide basic financial services to disadvantaged groups, the Group's relevant measures are as follows:

Hua Nan Commercial Bank Ltd. (HNCB)

1. Barrier-Free Environment and Facilities
All domestic business units of HNCB have set up "service bells" at appropriate locations at the entrance of the business hall in accordance with the "Design Specifications for Barrier-Free Facilities in Buildings" and the "Operating Procedures and Recognition Principles for Alternative Improvement Plans for Barrier-Free Facilities in Existing Public Buildings", and arrange service personnel to assist in guiding people with disabilities to the "Barrier-Free Service Counter" for various financial services.
2. Barrier-Free ATMs and Inter-Bank Withdrawal Discounts
 - (1) 659 barrier-free ATMs with heights suitable for wheelchair users.
 - (2) 75 barrier-free ATMs suitable for visually impaired persons.
 - (3) HNCB depositors who hold a disability certificate or handbook of the R.O.C can apply over the counter at any domestic business unit of HNCB or apply online for ATM inter-bank withdrawal fee reduction and exemption discounts, limited to one account per person, with 3 discounts per month.
3. Barrier-Free Online Services and Information
 - (1) Credit Card Online Services
 1. Customers can inquire about credit card account information through the official website, internet banking, or app. Credit card online application, credit limit adjustment, automatic payment account setup, email setup, and basic information change functions are also established.
 2. Credit card online activation and loss reporting services are provided. If customers are not convenient to activate or report loss by phone, they can directly complete the activation process through the official website and app, and immediate SMS notification is provided to reduce the risk of fraudulent use. In case of card loss, the loss reporting process can be directly completed through the official website and internet banking.
 - (2) HNCB's Friendly Financial Services website "Personal Internet Banking" provides services such as account balance and transaction history inquiry, NTD transfer, code and password change, NTD deposit and loan interest rate inquiry, foreign currency interest rate and exchange rate inquiry
 - (3) The official website "HNCB Global Information Network" and "HNCB Friendly Financial Services Network" provide public information accessible webpage content and accessible internet banking service functions that meet the "AA" level certification of the National Communications Commission.
 - (4) The official website, internet banking, and "HNCB Mobile Network APP" provide "Chatbot Text" service, which is convenient for the hearing impaired and speech impaired to inquire about various businesses through real-time text chat.
4. Barrier-Free Financial Services
 - (1) HNCB provides instant video and appointment-based on-site sign language interpretation services to assist the hearing impaired and speech impaired in expressing and communicating through sign language when handling financial business

over the counter. If the hearing impaired and speech impaired do not know sign language or are not familiar with it, they can also choose simultaneous text transcription service.

- (2) HNCB is equipped with communication word cards, communication boards, signature boards and reading assistance tools, and desktop magnifiers, which can be provided for use according to customer needs to complete business.
- (3) When handling deposit and remittance, gold passbook, foreign exchange, loan, wealth management, and trust businesses for persons with disabilities (including the visually impaired), in addition to following the "Notary Public Act regulations", only one witness with "full legal capacity" or a non-handling employee can be used to assist in relevant matters. However, in order to protect customer rights, if the customer is visually impaired, the witness must have "full legal capacity" and be a "sighted person".
- (4) When handling deposit and remittance, gold passbook, foreign exchange, loan, wealth management, and trust businesses for persons with disabilities (including the visually impaired) who cannot sign in person, if a seal is used instead of a signature, it should be certified by the signature of one of the aforementioned witnesses, such as a relative, friend, social welfare institution personnel, or a non-handling employee. If a fingerprint, cross, or other symbol is used instead of a signature, it should be certified by the signatures of two of the aforementioned witnesses.
- (5) When a visually impaired person visits HNCB, they can be assisted in scanning the QR code to download commonly used contract forms for deposit and remittance, foreign exchange, personal credit, trust, packaged investment products, corporate internet banking, etc., and understand the relevant contract form content through the phone's reading function.
- (6) Loan Business
 1. HNCB provides enlarged font versions of the "Credit (Limit) Application Form" for the convenience of persons with disabilities to read the relevant content.
 2. HNCB provides door-to-door document pickup and identity verification services.
 3. HNCB will notify the credit approval results via SMS or phone call according to the needs of different persons with disabilities.
- (7) Credit Card Business

HNCB provides "Credit Card Friendly SMS" service. Visually impaired persons can apply by calling customer service, and they can know the credit card transaction amount through the phone's reading function.
- (8) Trust Business

HNCB provides multi-currency disability care trust products to care for the lives of persons with disabilities.
5. Barrier-Free Communication Channels and Rights
 - (1) HNCB's "Chatbot" is convenient for the hearing impaired, visually impaired, and speech impaired to conduct real-time text chat or full voice conversation to inquire about various business information of HNCB.
 - (2) HNCB provides 24-hour real-time text response service by real people. Customers can also leave inquiries and contact information through the "Feedback Mailbox", which will be handled and responded to by dedicated personnel. Online inquiry function is also provided for customers to check the case handling progress and results at any time.
 - (3) The hearing impaired and speech impaired can inquire about various business information or marketing activities of HNCB through the "SMS Service Hotline (0911-515-012)", which will be handled and responded to by dedicated personnel via SMS.
 - (4) Complaint Hotline
 1. Local area code hotlines: (02)2181-0101 (Charged as local calls)
 2. Toll-free service hotline: 0800-231-710, 0800-231-719

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Hua Nan Securities (HNSC)

1. Business locations provide relevant aids and services for the elderly and persons with disabilities:
 - Branches provide friendly service measures, reading glasses, toilet safety handrails, and non-slip mats. The friendly service measures provided by each branch are marked on the official website for the public to quickly find the services they need.
 - To serve the elderly or persons with disabilities, all 40 business locations provide dedicated guidance services and reading glasses at the counter. Among them, 21 locations have additional facilities such as safety handrails in toilets, and 14 locations have non-slip mats.
 - Online account opening and door-to-door services are provided, and persons with disabilities are guided to adopt suitable transaction methods, such as in-person entrustment, mail, telegram, telephone, or electronic transaction types for entrusted trading.
2. The barrier-free financial friendly zone on the official website has obtained the "Web Accessibility Guidelines 2.0" Level A mark.

Hua Nan Assets Management (HNAMEC)

1. The official website has a "Contact Us" section, providing a text form for applying for entrusted bidding of court auction houses and inquiring about urban renewal and reconstruction of hazardous and old buildings.
2. A LINE official account "HNAMEC_Urban Renewal and Reconstruction of Hazardous and Old Buildings" is set up. After adding as a friend, "one-on-one online consultation" service can be provided, which is convenient for persons with disabilities to inquire about urban renewal and reconstruction issues through text chat.
3. As of 2023, HNAMEC has achieved a 100% completion rate in meeting the barrier-free facility installation regulations for completed urban renewal and reconstruction of hazardous and old buildings projects after inspection.

Holding Relevant Activities to Enhance Financial Literacy

Hua Nan Commercial Bank (HNCB)

No.	Name	Description
1	Conducting physical or online financial seminars to promote financial knowledge and correct retirement financial planning concepts.	To promote correct investment and financial management concepts, through financial seminars, professional lecturers are invited to share financial and tax knowledge, assisting customers in completing asset preservation, inheritance, and retirement issues, and completing various asset allocations. In 2023, a total of 2,269 customers participated in the customer seminars.
2	2023 Technology-Friendly and Fair Treatment of Customers Seminar	On February 21, 2023, HNCB and Commercial Times jointly held the seminar, inviting the Vice Chairperson of the Financial Supervisory Commission Shu-Chen Chiu, Director of the Legal Affairs Department of the Financial Supervisory Commission Tsui-Wen Hsu, Legislator Yun Fan, President of Commercial Times Kuo-Wei Chen, Federation for the Welfare of the Elderly Shu-Ching Chang, and other experts to exchange opinions and share experiences to implement the concept and core culture of consumer protection.
3	2023 Driving Financial Protection and Expanding the International Perspective of Fair Treatment of Customers Seminar	On December 12, 2023, HNCB held the "2023 Driving Financial Protection and Expanding the International Perspective of Fair Treatment of Customers" seminar, where the legal compliance officers of the London, Singapore, and Hong Kong branches shared local trends related to fair treatment of customers.

No.	Name	Description
4	Hua-Fu Life: The Second Half, A New Life of Happy Retirement	Experts from industry, government, and academia were invited to participate in forum activities, using physical (forums) and digital (YouTube live broadcast) methods to explore the risks and impacts on society, economy, and policies brought by the aging population in response to the coming super-aged society. Insurance planning can be used to transfer life risks and achieve asset inheritance, and digital technology can be used to improve service efficiency and increase the public's insurance-related knowledge, realizing the Group's goal of knowledge promotion and social well-being.
5	Trust 2.0 Project - Holding trust promotion activities or seminars at social welfare organizations, government agencies, care institutions, etc., and conducting industry-academia cooperation.	HNCB held trust promotion courses for the elderly and disadvantaged groups in cooperation with the New Taipei City Government's Senior Citizen University (New Taipei City Qi-Guang Association and New Taipei City Sanzhong Ximei Public Elderly Care Center), Taipei City Wanhua District Xinhe Borough, Taipei City Shilin District Fushun Borough and Chengde Borough, Syn-Lu Social Welfare Foundation, The Foundation for Childless Aging People, Taipei Parents Association of Autism, Chang Gung University, Shih Chien University, Oriental Institute of Technology, Taipei University of Business, Shih Hsin University, and other agencies, organizations, and schools. In 2023, a total of 13 sessions were held, with 720 participants.
6	Secure Living and Disability Trust (Closed-Door Forum)	HNCB and Economic Daily News jointly held the "Secure Living and Disability Trust" trust forum on November 29, 2023. Through the exchange of opinions and experiences from industry, government, and academia, brainstorming was conducted from institutional, regulatory, and practical aspects to generate better directions for the future development of Elderly Care Trust Award, assisting the elderly, persons with disabilities, and other disadvantaged groups in asset management, realizing the Group's goal of knowledge promotion and social well-being.
7	(1) Conducting financial knowledge promotion activities on campus and in the community (2) Cooperating with the Taiwan Academy of Banking and Finance (TABF) to hold elementary school financial knowledge promotion activities	(1) In order to implement social well-being, HNCB actively enters campuses and communities to conduct financial knowledge promotion. In 2023, in line with the Financial Supervisory Commission's "Conducting Financial Knowledge Promotion Activities on Campus and in the Community", 34 promotion activities were held. (2) HNCB cooperated with the TABF to select employees as lecturers to conduct promotion for fourth-grade students in elementary schools in the Tainan area. Through simple and straightforward language, examples close to the students' life experiences, and interesting interactive games, elementary school students can understand financial concepts such as "money usage", "risk expenditure", "family burden", and "fraud prevention". In 2023, a total of 308 elementary school financial knowledge promotion activities were held.
8	Financial Management Education Foundation Project	HNCB assisted Takming University of Science and Technology in conducting the "Financial Management Education Foundation Project". In October and November 2023, one visit was held each month, arranging for students to visit the HNCB Headquarter's history museum and the headquarters operations branch, and arranging courses on preventing financial fraud and bank digital transformation to implement financial knowledge promotion and social well-being goals.
9	Hope Seed Cultivation Project	To help students understand banking practices and lay the foundation for various financial knowledge, HNCB cooperated with the Career Development Center (CARDO) at National Taiwan University to hold the "Hope Seed Cultivation Project". From October to December 2023, financial series thematic courses were held, combining life-based demand themes with introductions to financial businesses, and supplemented with diverse teaching materials and case study discussions, integrating financial practices with learning and life applications.
10	Understanding the Needs of Different Persons with Disabilities and Bank Service Practices and Responses	In order for bank colleagues to further understand people with dementia, visual impairments, hearing impairments, and intellectual disabilities, and to provide timely assistance, the Taiwan Alzheimer's Disease Association, Taiwan Foundation for the Blind, National Association of the Deaf R.O.C(Taiwan), and Eden Social Welfare Foundation were invited to teach relevant courses. In 2023, a total of 8 sessions were held, with 5,523 trainees.
11	Anti-Fraud Promotion in All 368 Townships Nationwide by Financial Institutions	HNCB act as anti-fraud gatekeepers, targeting 15 townships in northern, central, and southern Taiwan. Local branches cooperate with local police bureaus to hold anti-fraud activities, deeply promoting anti-fraud in big cities, small towns, and remote areas of Taiwan, establishing the public's correct anti-fraud concepts, and reducing the occurrence of financial fraud cases.
12	Anti-Fraud Forum - Eliminating Fraud and Building a Trusted Society	HNCB co-organized the "2023 Anti-Fraud Forum" with the media and invited bank customers to participate. In addition to officials from the Executive Yuan and the National Police Agency of the Ministry of the Interior attending to provide guidance, the HNCB President Chun-Chih Huang, the Banking Bureau, the Criminal Investigation Bureau, and telecommunications providers, as well as experts, scholars and well-known news anchors shared various fraud cases and debunked fraud techniques, establishing correct fraud prevention concepts among the public and helping to reduce the occurrence of financial fraud cases.
13	2023 Taiwan Capital Market Forum	HNCB sponsored the forum "Preventing Fraud Ghosts from Hovering Freely - Strategies and Actions to Fight Back" held by Liberty Times, inviting well-known individuals from industry, government, and academia to participate, actively responding to government policies and implementing the Group's positive image of knowledge promotion.
14	20th Seed Talent Training Program	HNCB participated in the talent cultivation program organized by the Seed Talent Program. Through internship projects planned by enterprises, students are trained to develop the necessary skills before employment, bridging the gap between industry and academia.



Hua Nan Securities (HNSC)

No.	Name	Description
1	2024 Investment Trend Outlook Conference	HNSC and HNIM jointly held the conference on December 11, 2023, sharing with the public the overall economic outlook, the U.S. stock market economic outlook and investment trends, Taiwan's key growth industries and trends, and explaining the challenges and opportunities faced by the industries. From a perspective close to market realities, investors can grasp market trends early and deploy in advance in the ever-changing investment market.
2	Industry and Enterprise Forums	In 2023, a total of 3 industry and enterprise forums were held, inviting the general public or interested investors to focus on potential industries for the quarter or the second half of the year, and inviting experts from companies in various industries to discuss and share the overall economic environment, industry trends, and company outlook.
3	2023 Taipei International Financial Expo	From November 24 to 26, 2023, the three-day Financial Expo was attended. On-site, through diverse interactive experience models and inviting professional lecturers to provide financial seminars, the public was provided with positive investment and financial management concepts and financial knowledge, in response to the government's original intention of financial innovation, sustainability, and investment trends, jointly raising public awareness of financial management.
4	2023 Industry-Academia Cooperation Program for Enhancing Students' Financial Literacy	Cooperating with more than 40 colleges and universities nationwide, through the industry-academia program, the company has arranged a series of courses such as securities and futures, wealth management, community development, and business development to cultivate students' necessary skills before employment, thereby bridging the gap between industry and academia.

In addition, regarding the cooperation to enhance students' financial literacy in 2023:

Collaboration Content	Collaboration Partners	Number of Participants	Internship Planning	Benefits Achieved
Second Semester of Senior Year and Full-Year Senior Internships	Over 40 Universities and Colleges Across the Country	79 Participants	Through industry-academia collaboration, HNSC arranged a series of courses such as securities and futures, wealth management, community development, business development, etc., to train interns to become qualified business personnel.	At the end of the internship, 28 people were retained.

Hua Nan Investment Trust (HNIT)

No.	Name	Description
1	Held Investment and Wealth Management Seminars	In 2023, two wealth management seminars were held for the elderly retirement population, sharing topics such as asset allocation, retirement financial planning, and regular investment plans.

Hua Nan Assets Management (HNAMC)

No.	Name	Description
1	"Light Work Incubation Center" Hosted Startup Events and Seminars	To promote the momentum of innovation and entrepreneurship in Taiwan, in response to the government's policy of supporting startups and small and medium-sized enterprises, and to fulfill corporate social responsibility, HNAMC has been cooperating with the TAIPEI TECH Innovation & Incubation Center since 2020 to operate the "Light Work Incubation Center," working together with various partners to provide resources and actively nurture and cultivate startup teams. In 2023, we will continue to expand our presence with two new locations, the "Jilin HUB" and the "FuBei HUB," and organize four educational seminars for start-up companies to accelerate their financial literacy. This will contribute to the overall development of Taiwan's industries, including: (1) March 24, 2023: ESG Sustainable Development Innovation Competition (2) August 10, 2023: Incubation Center Opening Tea Party and Youth Start-up Loan Seminar (3) December 13, 2023: Youth Start-up Loan and SME Financing Overview (4) December 19, 2023: Essential Digital Tools for Micro-Entrepreneurship
2	Hosting real estate financial planning seminars	To promote the correct concept of real estate financial planning, 2 financial planning seminar events were held in 2023 for the elderly retired population, inviting professional speakers to share topics such as real estate taxation, inheritance, and retirement financial planning. (Approximately 70 attendees) (1) June 27, 2023: 1st Real Estate Inheritance Financial Planning Seminar (2) December 27, 2023: 1st Real Estate Inheritance Financial Planning Seminar
3	Providing summer internship opportunities for college students	To cultivate real estate investment talent, college students are invited to participate in the company's summer internship program every summer. In 2023, there were 4 participants. This program allows students to get an early exposure to the workplace and provides opportunities to engage in related real estate businesses such as judicial auctions, urban renewal, and property management. This allows students to adapt to the workplace early and understand the knowledge of real estate analysis and investment, which is beneficial for their future career planning and development after graduation.



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2.7 Social Care

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Financial
Services

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Charitable Trusts

Charitable trusts are mainly established by members of society for the purpose of creating public benefits, including trusts for charitable, cultural, academic, technical, religious, sacrificial, or other purposes that aim to benefit the public, and are established with the approval of the competent authority.

According to the statistics of the Trust Association for the fourth quarter of 2023, HNCB currently serves as the trustee for a total of 33 cases. In 2023, a total of 871 disadvantaged groups (including individuals, foundations, and schools) were cared for through charitable trust donations, with donation amounts reaching NT\$347 million and trust capital amounting to NT\$3.447 billion, ranking third in the industry in terms of scale.

	2023	2022	2021	2020
Number of Trustee Cases	33	32	32	32
Number of Disadvantaged Groups Care from Charitable Trusts	871	862	880	837
Donation Amount (NT\$ 100 million)	3.47	2.89	4.21	3.45
Trust Capital (NT\$ 100 million)	34.47	34.18	33.89	34.64
Industry Scale Ranking	3	3	3	3

Urban Renewal

At the inauguration and opening ceremony of the National Housing and Urban Renewal Center on August 2, 2018, former President Tsai Ing-wen stated that the reinforcement and reconstruction of dangerous and old urban buildings has been a major policy of the new government since taking office. The year 2019 was designated as the "first year of Urban Renewal 2.0", and various preferential measures were introduced to encourage state-owned banks to actively participate in urban renewal business.

Adhering to the social responsibility of housing justice, Hua Nan Financial Group proposed the "Three Arrows" strategy for urban renewal:

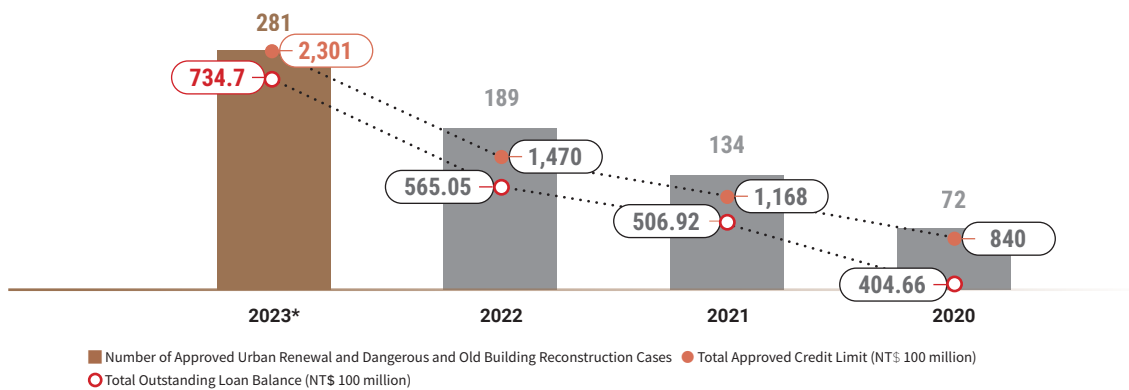
Actively engaging in financing, trust, and individual housing loans for urban renewal and reconstruction of dangerous and old buildings, to meet the financial service needs of reconstructed households. As of December 31, 2023, the number of approved urban renewal and dangerous and old building reconstruction cases was 281, with a total approved credit limit of NT\$230.1 billion.



Three Arrows Strategy for Urban Renewal

1. Establish an Urban Renewal Team
2. Strengthen Cooperation with High-Quality Developers
3. Promote the Urban Renewal of Bank-Owned Premises

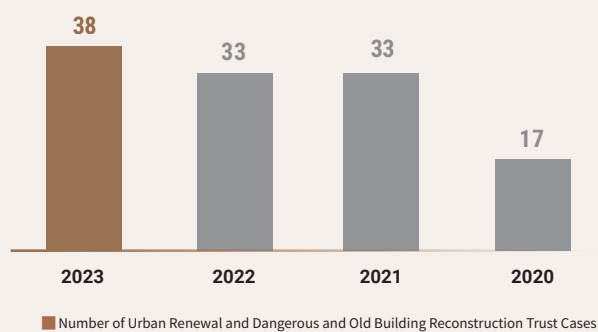
Cumulative Performance of Urban Renewal and Dangerous and Old Building Reconstruction Cases Over the Years



*In 2023, there were 92 newly approved urban renewal and dangerous and old building reconstruction cases, with a total approved credit limit of NT\$69.4 billion and a total outstanding loan balance of NT\$12.4 billion.

Urban Renewal and Dangerous and Old Building Reconstruction Trust Business

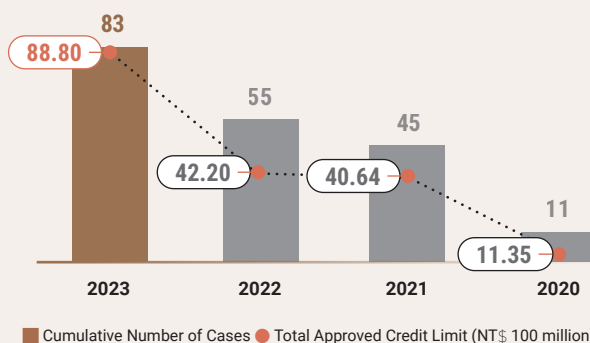
In response to the government's policy of old building reconstruction and aging in place, HNCB integrated cross-departmental and group resources to launch the "Urban Renewal and Dangerous and Old Building Hua Nan Team". It provides one-stop services including financing, construction management, and overall reconstruction management. The urban renewal and dangerous and old building reconstruction trust serves as a protection mechanism during the reconstruction period, assisting in the smooth progress of reconstruction and allowing customers to confidently entrust their assets to HNCB, enabling them to live in a more beautiful and safe city in the future. In 2023, HNCB added 38 new urban renewal and dangerous and old building reconstruction trust cases.



Loans for Dangerous and Old Building Reconstruction in the Name of Individuals

In response to the government's urban renewal and dangerous and old building policies, and to fulfill the wishes of the public to replace old houses with new ones, HNCB has been offering "loans for dangerous and old building reconstruction in the name of individuals" since October 2018. It provides the public with comprehensive services from urban renewal planning and integration, construction contracting, to later-stage financing, trust, and individual housing loans after completion.

As of December 31, 2023, the cumulative number of cases for "loans for dangerous and old building reconstruction in the name of individuals" was 83, an increase of 28 cases compared to the cumulative number of 55 cases at the end of 2022. The approved amount was NT\$8.88 billion, an increase of NT\$4.66 billion compared to NT\$4.22 billion at the end of 2022.



Hua Nan Assets Management (HNAMC)

Responding to the Government's Urban Renewal and Dangerous and Old Building Policies to Improve Living Safety

HNAMC responds to the government's urban renewal and dangerous and old building reconstruction policies by partnering with HNCB and Zhonghua Real-Estate Management Co., Ltd. to form the "Urban Renewal and Dangerous and Old Building Hua Nan Team". It integrates financial and real estate expertise, as well as group resources, to meet the more comprehensive reconstruction needs of property owners, improving living quality and safety.

Contributions to Greening and Eco-Friendly Environment

To achieve sustainable development of building resources and pursue coexistence and co-prosperity with the environment, HNAMC also actively supports the promotion of a green and eco-friendly environment in its urban renewal and dangerous and old building reconstruction business. Taking the urban renewal project of a factory in the Tucheng Industrial Zone of New Taipei City as an example, in addition to incorporating the concept of "sustainable development" into the overall design, old trees and other native tree species from the original site were transplanted to create an eco-friendly habitat. In 2023, the project was awarded the Gold Medal Green Building Label by the Taiwan Architecture & Building Center. In another residential dangerous and old building case in the Wanhua District of Taipei City, the project obtained the Silver Medal Green Building Candidate Certificate and the Silver Medal Smart Building Candidate Certificate in 2023. In the future, when assisting property owners with reconstruction planning, HNAMC will continue to actively introduce low-carbon and energy-saving design concepts, striving to contribute to a green and eco-friendly environment.



Highlights and Awards 1:

Salary increases for 14 consecutive years since 2010, with full-time employees not in managerial positions median salary of NT\$1.178 million.

Highlights and Awards 2:

Emphasizes workplace gender equality development. The Group has 60.48% female employees and 51.27% female supervisors.

Highlights and Awards 3:

HNFHC and HNCB provide childbirth subsidies of NT\$100,000 for the first child, NT\$150,000 for the second child, and NT\$200,000 for the third child and above.

3

Employee Development





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3.1 Core Values

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Hua Nan Financial Group adheres to the core values of "HEART": Honesty, Efficiency, Activeness, Responsibility, and Teamwork, and fulfills corporate social responsibility in its operations.

When facing new challenges from various changes in the external environment, we utilize diverse channels for recruitment and invest resources in arranging employee training to optimize employee competitiveness, joining hands with employees to create corporate sustainability.



3
Employee Development

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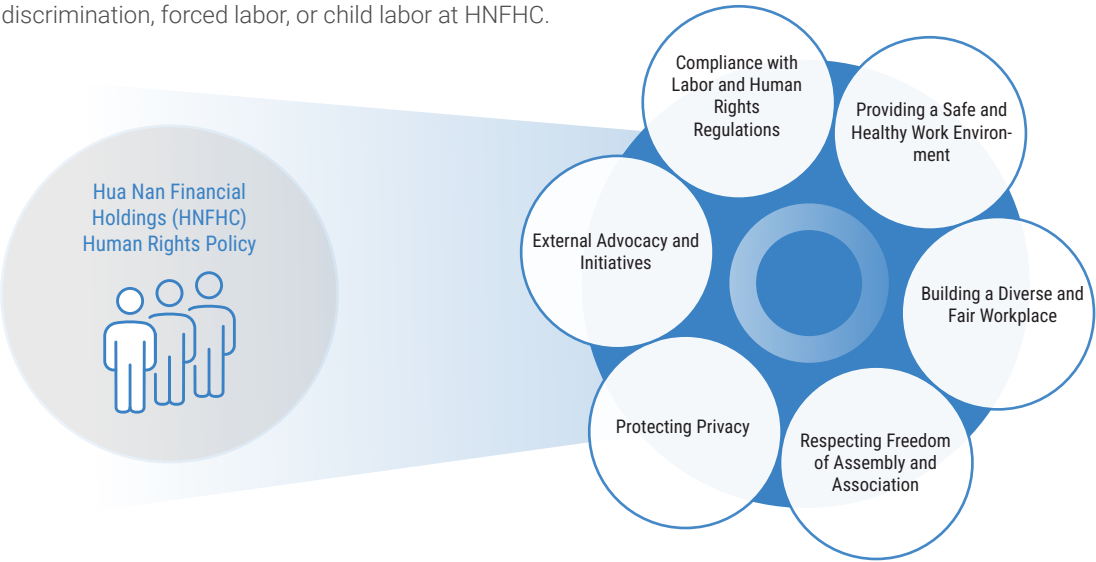
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Human Rights Policy

To fulfill its corporate social responsibility and protect basic human rights, the Company supports and respects the principles set forth in the "Universal Declaration of Human Rights", the "Global Compact", and the "International Labour Organization Conventions" and other international human rights conventions. The "Human Rights Policy" has been established, with the scope of application extending to subsidiaries, and works hand in hand with partners by signing the "Supplier Commitment Letter" to require cooperative suppliers to fulfill their corporate social responsibility and jointly achieve the goals of ethics and integrity, labor and human rights, health and safety, and environmental sustainability.

The Company takes the "Human Rights Policy" as the highest guiding principle for human rights protection, demonstrating its commitment and responsibility to human rights protection through practical actions, strictly abiding by the government's labor-related laws and regulations, prohibiting any form of discrimination, forced labor, and child labor. In addition to protecting the legal rights and interests of employees, it is also committed to building a safe, healthy, diverse, and fair workplace environment, without differential treatment based on employees' race, class, language, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disability, and union membership. At the same time, it protects the rights granted to employees by law, respects employees' freedom of association to establish unions and clubs, and attaches importance to the privacy protection of employees, customers, and other stakeholders. In 2023, there were no incidents involving discrimination, forced labor, or child labor at HNFHC.



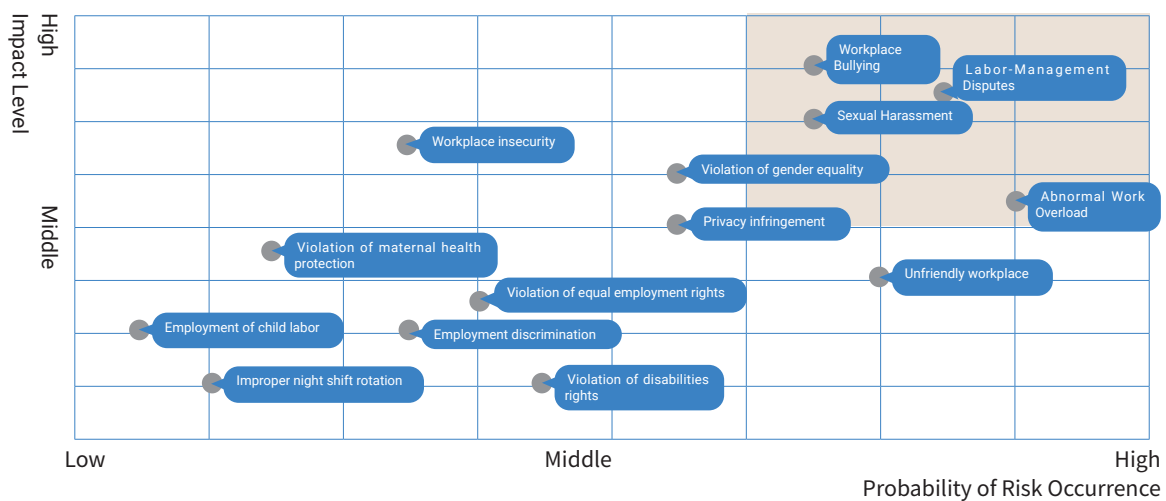
Human Rights Due Diligence

Due Diligence Process

To implement human rights risk management, HNFHC refers to international human rights development trends and selects 14 human rights issues that may potentially occur in the corporate operation process. Through questionnaire surveys, it assesses the potential risk probability and impact on the company's operations, serving as a reference for formulating future business strategies and employee benefits.

Human Rights Issue Risk Matrix

Based on the probability of occurrence and the impact of various human rights issues, a human rights issue risk matrix has been established. In 2023, the main human rights risk issues identified for the Group were "workplace bullying," "labor disputes," "sexual harassment," and "abnormal work overload."



Human Rights Risk Assessment and Mitigation Measures

Main Issues	Affected Target	Mitigation Measures	Evaluation Results
Workplace Bullying	All employees	- Effectively implement the "Preventive Guidelines for Illegal Infringement in the Performance of Duties" announced by the Ministry of Labor. - Implement preventive hazard identification, assessment, workplace configuration, and work suitability arrangements. - Conduct workplace bullying education and training.	Workplace bullying complaint cases have been properly handled and closed.
Labor-Management Disputes		- Strictly follow labor laws and regulations, and clearly stipulate them in employee work rules and relevant regulations. - Promote various communication channels for colleagues to express their opinions.	Labor-management meetings have been held regularly to promote communication on various welfare systems, work environment, and labor-management cooperation.
Sexual Harassment		- Announce sexual harassment prevention regulations on bulletin boards, employee websites, and other channels to strengthen employee awareness and promote prevention concepts. - Conduct workplace bullying education and training.	Sexual harassment complaint cases have been properly handled and closed.
Abnormal Work Overload		Overtime work requires prior application, and supervisors should be reminded to allocate work appropriately. If employees have no overtime needs and stay in the office, they should be advised to leave as soon as possible.	- Overtime pay or compensatory time off is provided according to the law. - Supervisors regularly have interviews with colleagues regarding the appropriateness of work allocation.

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Internal Promotion of Human Rights Policy

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● Compliance with Labor Laws

To protect the labor rights and interests of all employees, the Group follows the international consensus on anti-discrimination, prohibition of forced labor, minimum employment age, gender equality, right to work, freedom of association, etc., in accordance with international human rights conventions. It also complies with Taiwan's Labor Standards Act, Act of Gender Equality in Employment, Employment Services Act, and other labor laws and regulations, and accordingly formulates reasonable work rules and relevant personnel operation norms.

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The Group attaches great importance to the issue of maternity protection. Not only to providing maternity leave, prenatal checkup companionship leave, paternity leave, flexible working hours, and paid parental leave in accordance with the "Labor Standards Act" and the "Act of Gender Equality in Employment", but also responds to the government's policy of encouraging marriage and childbirth at an appropriate age. Since 2017, each subsidiary has formulated measures to provide marriage and childbirth subsidies to assist the government in solving the problem of low birth rates and fulfilling corporate social responsibility. It also allows all employees and their next generation to grow and thrive under the care of this big family. Among them, both HNFHC and HNCB provide marriage subsidies of NT\$30,000 and childbirth subsidies of NT\$100,000 for the first child, NT\$150,000 for the second child, and NT\$200,000 for the third child and above.

● Workplace Health and Safety

The Group complies with legal standards and is committed to providing a good office environment and maintaining the physical and mental health of employees. This is extended to occupational disease prevention, employee physical and mental health protection measures, and workplace health promotion planning, allowing employees to work with peace of mind in a healthy environment and have diverse channels to relieve their body and mind.

HNCB, HNSC, HNIT, and HNAMC regularly conduct workplace environment monitoring reports, including illumination and carbon dioxide values, and the inspection results are all within the normal range. Furthermore, to implement safety and health management, each company within the Group has established relevant management measures, and each subsidiary also actively assists employees in preventing common occupational injuries and illnesses in the financial industry (such as physical and mental stress, lack of exercise). In addition to regularly arranging or subsidizing employee health checkups, providing health consultations and health education promotion, the Group also offers employees colorful club activities and arranges a variety of life seminars to enhance colleagues' physical and mental health and create a balance between work and life.

● Diversity, Inclusion, and Equal Opportunity

The Group's talent recruitment adheres to the principles of fairness and openness, eliminating employment discrimination issues, and only accepts applicants aged 18 and above, ensuring that no child labor is employed. The Group values gender equality in the workplace, provides fair and reasonable treatment to all employees, and enjoys diverse employment and career development opportunities. In terms of salary and benefits, promotion opportunities, and retirement benefits, it strives for gender equality, echoing the United Nations Sustainable Development Goal of gender equality.

● Sexual Harassment Prevention Measures

To establish a friendly workplace and provide employees with a safe and harassment-free work environment, each subsidiary of the Group has established sexual harassment prevention measures, complaint and disciplinary procedures, and publicized the procedures and complaint channel information (dedicated phone line, fax, and email) in the workplace, making employees clearly understand the concept of sexual harassment, prevention, and response measures, in order to implement the prevention of workplace sexual harassment.

3
Employee
Development

Comprehensive Labor-Management Communication and Interaction

To protect labor rights and coordinate labor-management cooperation, employees of Hua Nan Bank initiated the establishment of the "Hua Nan Financial Holdings Co., Ltd. and Subsidiaries Enterprise Union", with employees freely deciding whether to join the union. HNCB also signs a "Collective Agreement" with the enterprise union based on the labor conditions agreed upon by both parties, and holds meetings every three years to review and revise the contract content to ensure labor conditions and improve labor-management relations.

To establish harmonious labor-management relations and understand employee needs, the Group has smooth communication channels and regularly holds labor-management meetings. Employees can also reflect opinions from various aspects through performance evaluation and interviews with supervisors. Besides, each company in the Group has set up complaint hotlines and email addresses for employees to protect their personal rights and interests.

Personal Data Protection

The Group respects the confidentiality of personal data and transaction security, and has established the "Guidelines for the Security and Maintenance of Personal Data Files" to complete the planning, management measures, security audits, record preservation, and continuous improvement mechanisms for personal data protection. At the same time, each subsidiary has established relevant norms such as personal data protection management policies or usage guidelines to meet the practical needs of various financial businesses and implement personal data protection and management.

Human Rights Protection Related Education and Training

To improve employees' awareness and attention to human rights issues, the Company arranges human rights protection-related education and training for new and existing employees, covering human rights policies, labor rights, sexual harassment prevention, workplace bullying prevention, and occupational safety and health. In the future, it will continue to pay attention to human rights protection issues, promote relevant education and training, and aim to incorporate human rights protection awareness into the corporate culture and reduce related human rights risks.

Human Rights Protection Education and Training at Hua Nan Financial Group in 2023



Total Training Hours

37,147



Total Number of Trainees

31,705

Note: Education and training course topics include labor laws and regulations, sexual harassment and workplace bullying prevention, occupational safety and health, and privacy protection.

External Promotion and Advocacy of Human Rights Policy

To fulfill the Group's commitment and responsibility to supplier management and comply with the "Integrity Management Best Practice Principles for Hua Nan Financial Holdings Co., Ltd.", the Group has established the "Supplier Code of Conduct" and requires suppliers to sign the "Supplier Commitment Letter" together with the contract, not only emphasizing the need for integrity management but also complying with internationally recognized human rights provisions and striving to protect the environment and avoid pollution. If suppliers violate the requirements of the commitment letter, the Group has the right to terminate or rescind the contract. As of the end of 2023, according to the regulations of each subsidiary, 100% of suppliers have been required to sign.

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Employee
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3.2 Employee Composition

HNHFC has 6 subsidiaries operating various financial services businesses. As of December 31, 2023, the total number of employees in the Group reached 11,136, with HNCB, the core business, having the largest number of employees at 8,380. The Group also employed a total of 204 employees with disabilities and indigenous employees, accounting for 1.8% of the Group's total employees, higher than the statutory 1% requirement.

Employee Gender and Work Location at Hua Nan Financial Group in 2023

Company Name	Taiwan		Overseas		Foreign Employees		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Hua Nan Financial Holdings (HNHFC)	30	54	0	0	0	0	30	54	84
Hua Nan Commercial Bank (HNCB)	3,183	4,862	90	44	57	144	3,330	5,050	8,380
Hua Nan Securities (HNSC)	548	927	2	0	0	1	550	928	1,478
South China Insurance (SCIC)	437	628	0	0	0	0	437	628	1,065
Hua Nan Investment Trust (HNIT)	24	40	0	0	0	0	24	40	64
Hua Nan Venture Capital (HNVC)	6	4	0	0	0	0	6	4	10
Hua Nan Assets Management (HNAMC)	24	31	0	0	0	0	24	31	55
Total	4,252	6,546	92	44	57	145	4,401	6,735	11,136

Note 1: Employees refer to full-time employees, including the Chairman, Vice Chairman, and President, but excluding temporary employees.

Note 2: Overseas refers to employees dispatched from Taiwan to overseas locations.

Number of Management Personnel at Hua Nan Financial Group in 2023

Company Name	Number of Junior Managers			Number of Senior Managers			Number of Managerial Personnel		
	Male	Female	Fe-males%	Male	Female	Fe-males%	Male	Female	Fe-males%
Hua Nan Financial Holdings (HNHFC)	9	9	50%	3	3	50%	12	12	50%
Hua Nan Commercial Bank (HNCB)	644	687	51.62%	100	139	58.16%	744	826	52.61%
Hua Nan Securities (HNSC)	56	80	58.82%	69	28	28.87%	125	108	46.35%
South China Insurance (SCIC)	179	176	49.58%	13	1	7.14%	192	177	47.97%
Hua Nan Investment Trust (HNIT)	4	9	69.23%	3	1	25%	7	10	58.82%
Hua Nan Venture Capital (HNVC)	1	0	0%	2	0	0%	3	0	0%
Hua Nan Assets Management (HNAMC)	6	14	70%	2	1	33%	8	15	65.22%
Total	899	975	52.03%	192	173	47.40%	1,091	1,148	51.27%

Note 1: Junior managers are defined as managers who lead employees, excluding senior managers.

Note 2: Senior managers are defined as the President and the two levels of managers below the President of each company.

Note 3: Managerial personnel are defined as all levels of managers (junior managers + senior managers).

Employee Number and Age at Hua Nan Financial Group in 2023

Company Name	Under 30	31-49	Above 50	Total	Average
Hua Nan Financial Holdings (HNFHC)	11	59	14	84	42.70
Hua Nan Commercial Bank (HNCB)	1,389	4,920	2,071	8,380	42.30
Hua Nan Securities (HNSC)	229	631	618	1,478	46.80
South China Insurance (SCIC)	287	537	241	1,065	39.10
Hua Nan Investment Trust (HNIT)	7	32	25	64	46
Hua Nan Venture Capital (HNVC)	0	6	4	10	45.63
Hua Nan Assets Management (HNAMC)	19	28	8	55	37.05
Total	1,942	6,213	2,981	11,136	42.59

Employee Education Level Structure at Hua Nan Financial Group in 2023

Company Name	PhD.	Master	Bachelor	High School	Below Junior High School	Total
Hua Nan Financial Holdings (HNFHC)	0	46	38	0	0	84
Hua Nan Commercial Bank (HNCB)	6	1,642	6,479	238	15	8,380
Hua Nan Securities (HNSC)	3	163	1,118	194	0	1,478
South China Insurance (SCIC)	0	66	936	61	2	1,065
Hua Nan Investment Trust (HNIT)	0	19	36	9	0	64
Hua Nan Venture Capital (HNVC)	0	6	4	0	0	10
Hua Nan Assets Management (HNAMC)	0	14	41	0	0	55
Total	9	1,956	8,652	502	17	11,136

Employee Diversity Statistics at Hua Nan Financial Group in 2023

Foreign Employees						
United States	United Kingdom	China	Hong Kong, China	Macau, China	Philippines	Myanmar
20	9	56	32	13	14	1
Thailand	Singapore	Malaysia	Vietnam	Australia	Total	
1	15	1	34	6	202	

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3.3 Talent Management

Management Approach

- 1. Provide competitive salary levels
- 2. Promote talent exchange within the Group
- 3. Create an equal employment environment and maintain harmonious labor-management relations

Policy



Talent is an important asset of the Group. Therefore, we invest relevant resources every year in training and recruiting the talents needed for the Group's growth, with the expectation that high-quality talents will lead the Group's development.

Commitment



Increase talent retention rate, improve the remuneration system and comprehensive welfare measures in a timely manner, establish a complete employee education and training system, and provide career development vision.

Goal



Human Resources Department of each company.

Dedicated Unit



- 1. Internal appraisal supervisor interviews
- 2. Employee website feedback mailbox
- 3. Labor-management meetings

Communication System



- 1. Based on the monthly operating performance, an additional special bonus for profits is distributed
- 2. Promotion and job rotation are carried out based on appraisal results and work ability

Concrete Actions



Employee appraisal mechanism.

Self-Evaluation System



Talent is an important foundation for corporate sustainability. HNFHC deeply understands that employees being able to fully utilize their abilities in their work positions is the first step in implementing sustainable management and fulfilling corporate social responsibility. Therefore, in terms of talent management, according to the business nature and personnel needs of each company, various education and training programs are planned to enhance financial expertise and workplace skills, assisting employees in on-the-job learning and growth, and improving work strength and competitiveness.

As of December 31, 2023, the percentage of new employees at Hua Nan Financial Group in 2023 was 9.65%; the retention rate of new employees was 83.72%, and the overall employee turnover rate was 5.34%.

○ New Employee Situation at Hua Nan Financial Group in 2023

Gender	New Employees (Male)			New Employees (Female)			Number of New Employees (A)	Number of Employees in 2023(B)	Ratio of New Employees (A/B)
	Age Under 30	31-49	Above 50	Under 30	31-49	Above 50			
Hua Nan Financial Holdings (HNFHC)							0	84	0%
Hua Nan Commercial Bank (HNCB) (Taiwan)	157	149	2	218	146	0	672	8,179	8.22%
Hua Nan Commercial Bank (HNCB) (Foreign)	2	1	0	14	9	1	27	201	13.43%
Hua Nan Securities (HNSC)	44	42	8	61	48	21	224	1,478	15.16%
South China Insurance (SCIC)	35	22	1	42	27	1	128	1,065	12.02%
Hua Nan Investment Trust (HNIT)	1	2	2	2	7	1	15	64	23.44%
Hua Nan Venture Capital (HNVC)	0	0	0	0	0	0	0	10	0%
Hua Nan Assets Management (HNAMC)	2	1	0	3	3	0	9	55	16.36%
Total	241	217	13	340	240	24	1,075	11,136	9.65%

Note: The new employees counted in this table are those who joined in 2023 and were still employed at the end of 2023, excluding the number of employees who joined and left in the same year.



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Employee Development

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Employee Turnover at Hua Nan Financial Group in 2023

Gender	Departing Employees (Male)			Departing Employees (Female)			Number of Departing Employees(A)	Number of Employees in 2023(B)	Employee Turnover Rate (A/A+B)
	Under 30	31-49	Above 50	Under 30	31-49	Above 50			
Hua Nan Financial Holdings (HNFHC)	0	0	0	0	0	0	0	84	0%
Hua Nan Commercial Bank (HNCB) (Taiwan)	46	44	2	67	56	3	218	8,179	2.60%
Hua Nan Commercial Bank (HNCB) (Foreign)	2	4	1	14	8	0	29	201	12.61%
Hua Nan Securities (HNSC)	45	38	23	60	56	35	257	1,478	14.81%
South China Insurance (SCIC)	23	20	0	30	22	3	98	1,065	8.43%
Hua Nan Investment Trust (HNIT)	0	6	0	1	8	2	17	64	20.99%
Hua Nan Venture Capital (HNVC)	0	0	0	0	0	0	0	10	0%
Hua Nan Assets Management (HNAMC)	1	2	1	2	3	0	9	55	14.06%
Total	117	114	27	174	153	43	628	11,136	5.34%

Note: Overall employee turnover rate = Total number of departing employees / (Total number of departing employees + Total number of employees), excluding retirement and unpaid leave.

Average Recruitment Cost per New Employee at Hua Nan Financial Group in 2023

Unit: NT\$ Dollar

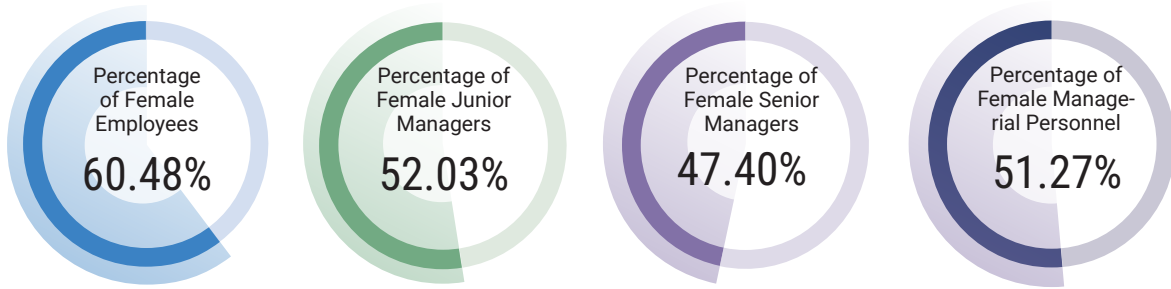
Recruitment Cost for New Employees	Number of New Employees	Average Recruitment Cost
8,163,298	1,253	6,515

Note: Recruitment cost includes expenses for various recruitment channels, such as outsourcing recruitment, posting job openings on job banks, and conducting tests.

Gender Equality

The Group values equal work rights for both genders and provides fair and reasonable treatment, as well as diverse employment and career development opportunities for all employees, in response to the United Nations Sustainable Development Goal of gender equality. As of December 31, 2023, female full-time employees accounted for 60.48% of the Group; in terms of management positions, female junior managers accounted for 52.03% of the total number of managers, indicating that we are fair and reasonable in the employment and promotion of female employees to management positions.

Percentage of Female Employees at Hua Nan Financial Group in 2023



Note 1: Junior managers are defined as managers who lead employees, excluding senior managers.

Note 2: Senior managers are defined as the President and the two levels of managers below the President of each company.

Note 3: Managerial personnel are defined as all levels of managers (junior managers + senior managers).

Sexual Harassment Prevention Complaints

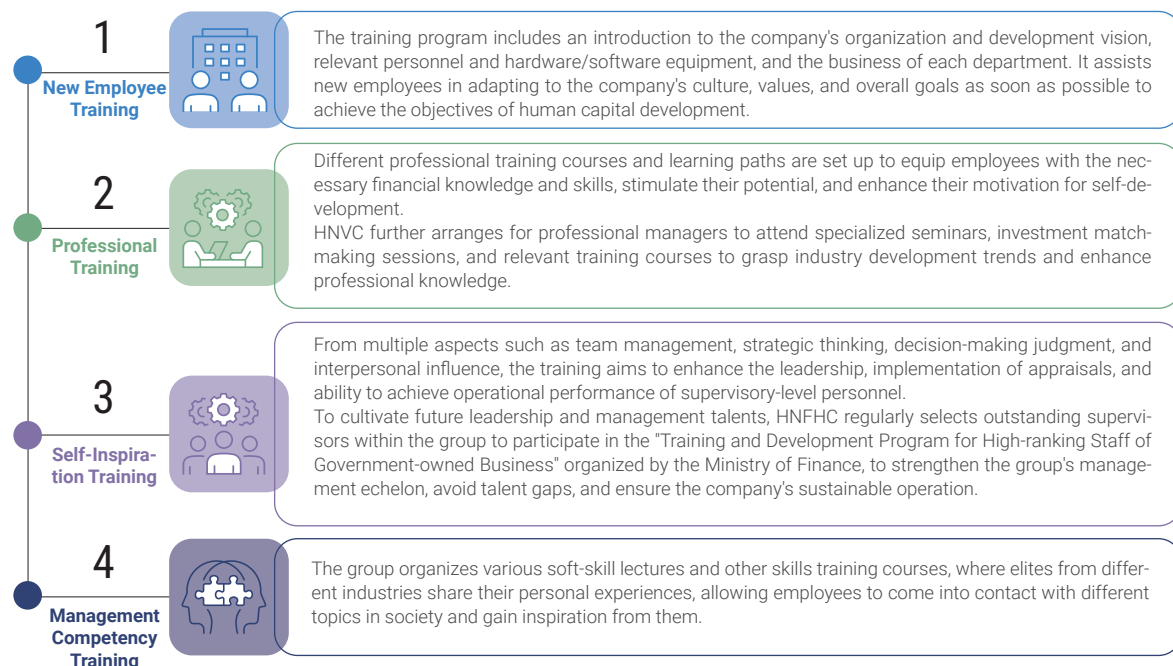
To establish a friendly workplace, maintain gender equality at work and personal dignity, and provide employees and job applicants with a work environment free from sexual harassment, each subsidiary of the Group has established sexual harassment prevention measures, complaint and disciplinary procedures, and takes appropriate preventive, corrective, disciplinary, and handling measures to protect the rights and privacy of the parties involved.

In 2023, the Group received a total of 2 sexual harassment complaint cases. After investigation by the Human Resources Department and the "Sexual Harassment Complaint Investigation Committee", 1 case was not established, and the other case was properly handled after deliberation.

Talent Cultivation

In response to the rapid development trends of the economic environment and financial technology, the Group provides diverse learning channels such as job rotation and online learning, as well as a workplace environment for continuous growth. For colleagues in each professional field, diverse training courses are planned, and basic training hour requirements related to their business are set to ensure that employees have up-to-date professional knowledge and skills and implement the inheritance of key knowledge. Moreover, the Group also arranges a variety of life seminars to enhance colleagues' physical and mental health and create a balance between work and life.

Four Major Training Pillars of Hua Nan Financial Group



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The Group encourages employees to participate in relevant education and training based on the aforementioned four main training axes. In 2023, the Group's education and training adopted a combination of physical and online teaching methods. The average training hours per employee were approximately 53 hours, and the total training expenditure was approximately NT\$76.51 million, an increase of about 2.48% compared to NT\$74.66 million in 2022, assisting employees in establishing a comprehensive career plan and growing together with the Group.

Total Education and Training Hours and Expenditure at Hua Nan Financial Group in 2023

Company Name	Average Training Hours per Person				Total Training Expenditure (Unit: NT\$ Dollar)	Average Training Expenditure per Person (Unit: NT\$ Dollar)
	Male		Female			
	Supervi- sors	Non-Su- pervisors	Supervi- sors	Non-Su- pervisors		
Hua Nan Financial Holdings (HNFHC)	20	24	39	20	793,968	9,452
Hua Nan Commercial Bank (HNCB)	66	60	65	65	65,248,185	7,786
Hua Nan Securities (HNSC)	23	6	38	7	3,715,480	2,514
South China Insurance (SCIC)	36	31	35	28	5,929,989	5,568
Hua Nan Investment Trust (HNIT)	30	19	27	19	153,660	2,401
Hua Nan Venture Capital (HNVC)	13	9	0	4	15,975	1,598
Hua Nan Assets Management (HNAMC)	24	45	36	37	650,734	11,832
Total					76,507,991	6,870

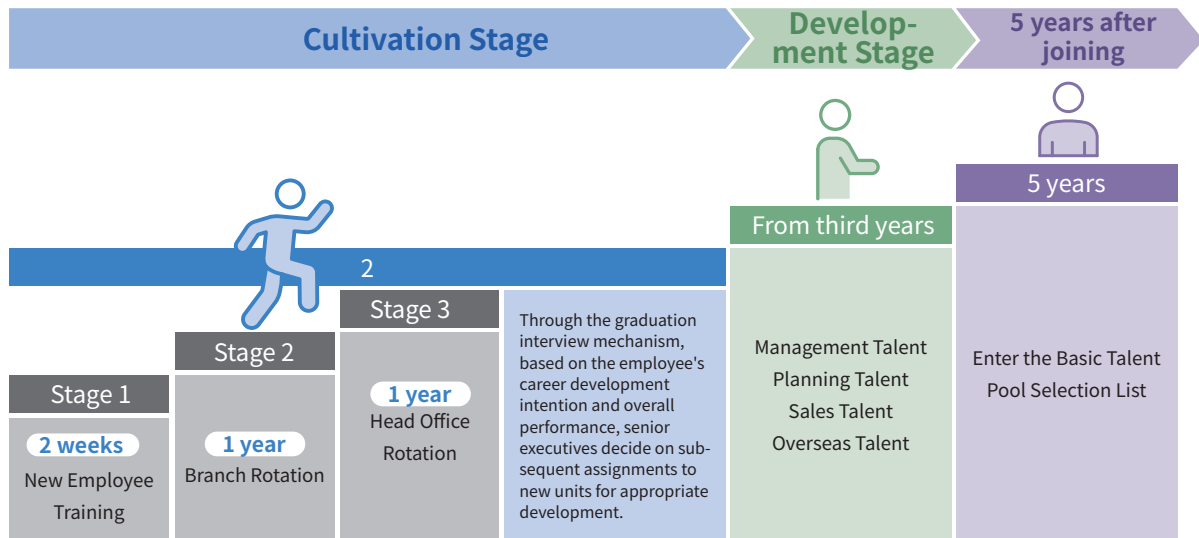
Note: Average training hours per person is the total training hours of male (female) employees of the company / Number of male (female) employees participating in the training.

Professional Certification and On-the-Job Training Subsidies at Hua Nan Financial Group in 2023

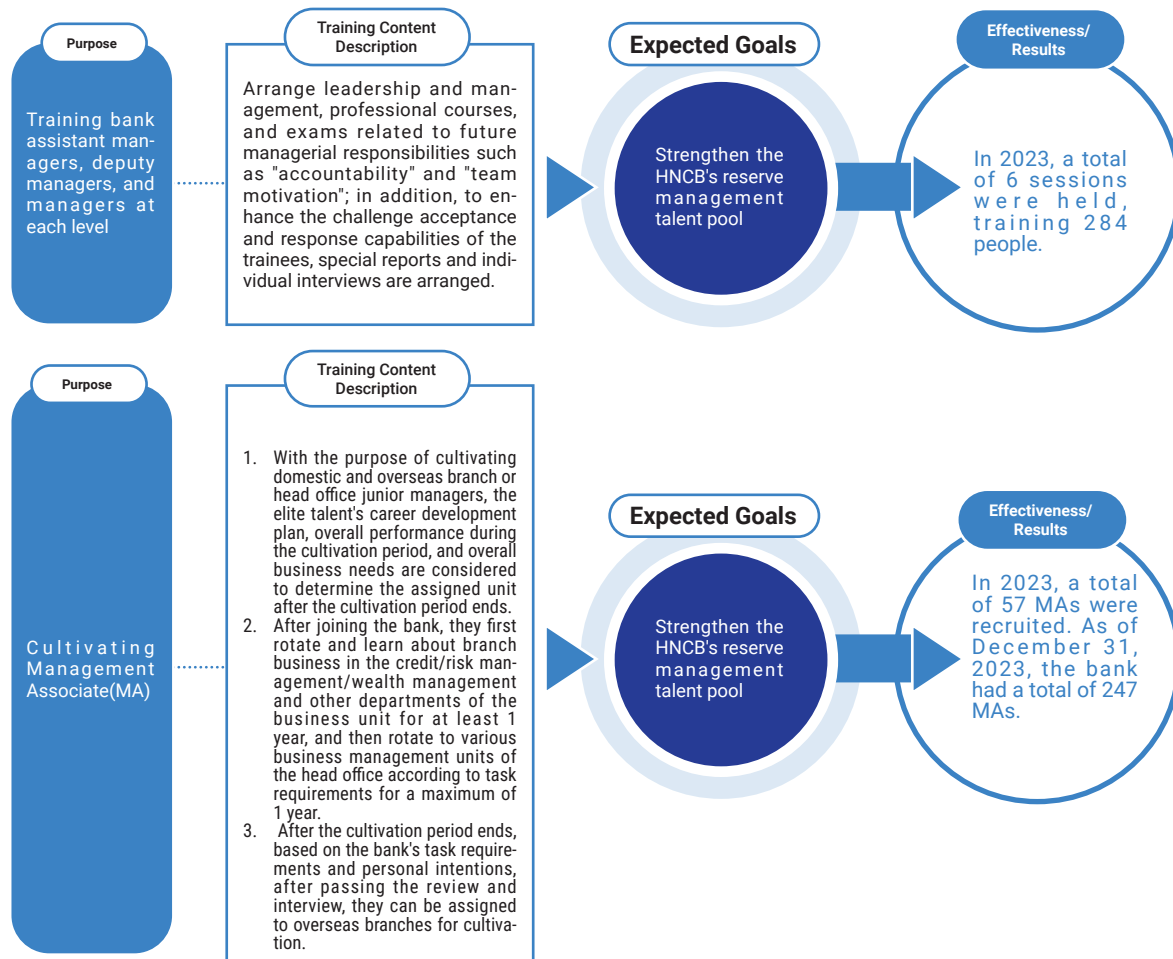
Company Name	Subsidy Situation
Hua Nan Financial Holdings (HNFHC)	Certification exam registration fee subsidy: NT\$5,774, subsidizing a total of 7 people.
Hua Nan Commercial Bank Ltd. (HNCB)	- Not only to subsidizing the registration fees for general finance-related certifications, but also colleagues who registered for the following exams and related courses and obtained certifications were subsidized for exam registration fees, course fees, and provided with incentives, totaling approximately NT\$8,733,000, subsidizing a total of 622 people in 2023. ✓ TOEIC English Test ✓ Retirement Financial Advisor (RFA) ✓ Eldercare Financial Planning Consultant ✓ Family Trust Planning Consultant ✓ Certified Financial Planner(CFP) ✓ Scrum.org Agile Certification - To actively participate in national policies and fulfill corporate social responsibility, and to assist in cultivating the talents needed for the development of key industry areas, Hua Nan Bank participated in the establishment of the International College of Finance at National Chengchi University and National Sun Yat-sen University, recommending colleagues to apply and providing tuition subsidies. A total of 6 people were admitted and enrolled in the International College of Finance at these two universities.
Hua Nan Securities (HNSC)	Certification exam registration fee subsidy: NT\$246,797, subsidizing a total of 100 people.
South China Insurance (SCIC)	- Co-marketing related certification fees: NT\$39,000, subsidizing a total of 17 people. - Underwriting and claims professional certification fees: NT\$163,000, subsidizing a total of 62 people. - Actuarial exam fees: NT\$157,807, subsidizing a total of 10 people.
Hua Nan Assets Management (HNAMC)	Certification exam fees and continuing education fees subsidy: NT\$109,320, subsidizing a total of 17 people.

Management Associate of Hua Nan Commercial Bank (HNCB)

The MA Cultivation Program has been implemented since 2018. As of the end of 2023, a total of 329 elite talents have been recruited, with 247 of them still employed, achieving a retention rate of 75%. Currently, the MA of HNCB are rotated and trained in branches and head office units, and are given planned cultivation, with a clear career vision. After passing the 2-year cultivation period, they will be developed into financial talents with both business and planning capabilities, with the goal of "becoming a candidate for junior management within five years of joining the bank", and continue to be cultivated as future middle and senior managers.



The Management Associate Development Program of Hua Nan Commercial Bank



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Campus Cooperation Program

In addition to open and transparent talent recruitment channels and fair selection exams, the Group pays special attention to the cultivation and recruitment of young students. Each subsidiary actively organizes campus visits and student internship activities, and provides part-time job opportunities for disadvantaged students, valuing the benefits brought by industry-academia internships and actively realizing equal recruitment and cultivation of talents.

● Hua Nan Commercial Bank(HNCB) V.S. National Taiwan University

Since the opening of the HNCB NTU Smart Branch, it has held several exhibition and performance activities in the multi-functional interactive area of the branch, receiving enthusiastic response from NTU teachers and students. The area is provided for student clubs to hold activities (such as musical performances, artwork exhibitions, special lectures, etc.), closely combining with National Taiwan University's famous large-scale events over the years (such as NTU Arts Festival, NTU Graduation Season, etc.), fully demonstrating the value of physical branches.

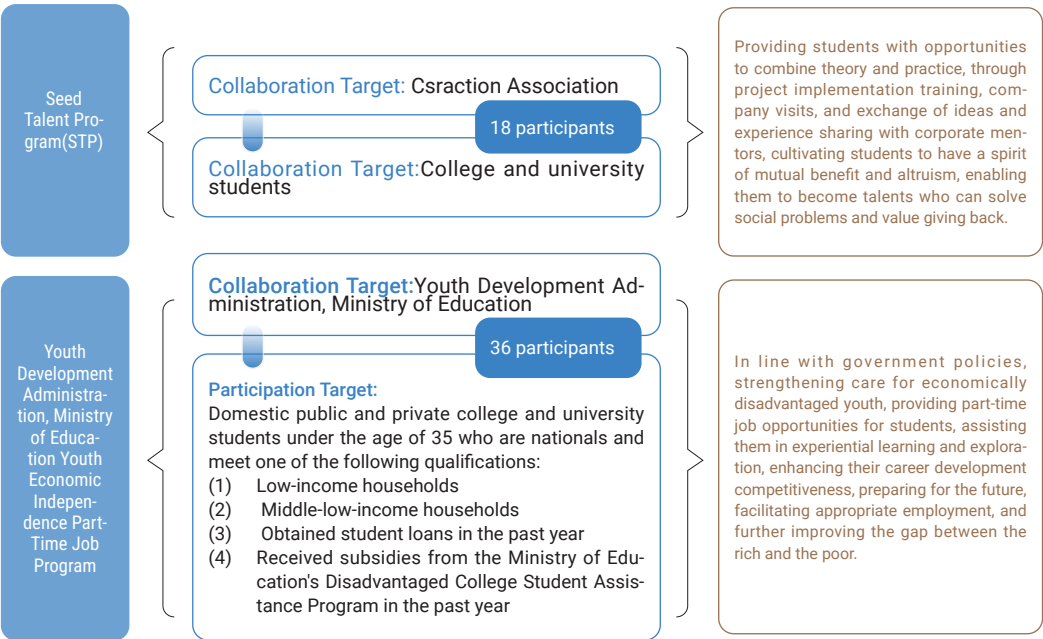
Since 2016, HNCB has successively sponsored National Taiwan University with the "Hope Admission Scholarship", "Student Club Activities", and "Hope Set Sail Scholarship" programs. As of 2023, a total of NT\$17.7 million in sponsorship funds have been provided. Starting from 2024, it will sponsor the "Corporate Law Innovation Research Center" of National Taiwan University, offer financial courses, the "NTU Overseas Internship Student Scholarship Sponsored by HNCB", and the "NTU Student Clubs and Activities Sponsored by HNCB", with an annual donation of NT\$2.5 million.

TCP Hope Seed Cultivation Project

● Internship and Part-Time Job Program

HNCB cooperates with the Career Development Center of the College of Management at NTU to combine life-based demand themes with introductions to financial businesses, supplemented by diverse teaching materials, case study discussions, and group projects, allowing NTU students to apply financial practices in their lives and understand banking practices, laying the foundation for various financial knowledge. In 2023, a total of 26 people participated in this program.

Hua Nan Commercial Bank (HNCB)



Hua Nan Securities (HNSC)

Industry-Academia Cooperation Internship Program

Collaboration Target: Over 30 domestic colleges and universities

79 participants

Participation Target:

Through industry-academia cooperation, the company has arranged a series of courses such as securities and futures, wealth management, community development, business development, etc., to cultivate interns to become qualified business personnel.

At the end of the internship period, 28 people were retained.

South China Insurance (SCIC)

Internship Program

Collaboration Target: Over 5 domestic colleges and universities

8 participants

Participation Target:

Students from the five schools are seniors majoring in insurance and finance, statistics, risk management, financial management, and finance. Interested students prepare their personal information and enter the unit for internship after being interviewed by the unit. During the internship period, the unit provides professional insurance type familiarization, practical implementation, and business work experience.

Through the internship approach, quality personnel are discovered to serve in the company. This year, 3 people stayed.

Hua Nan Assets Management (HNAMC)

Summer Internship Program

Collaboration Target: Over 2 domestic colleges and universities

4 participants

Participation Target:

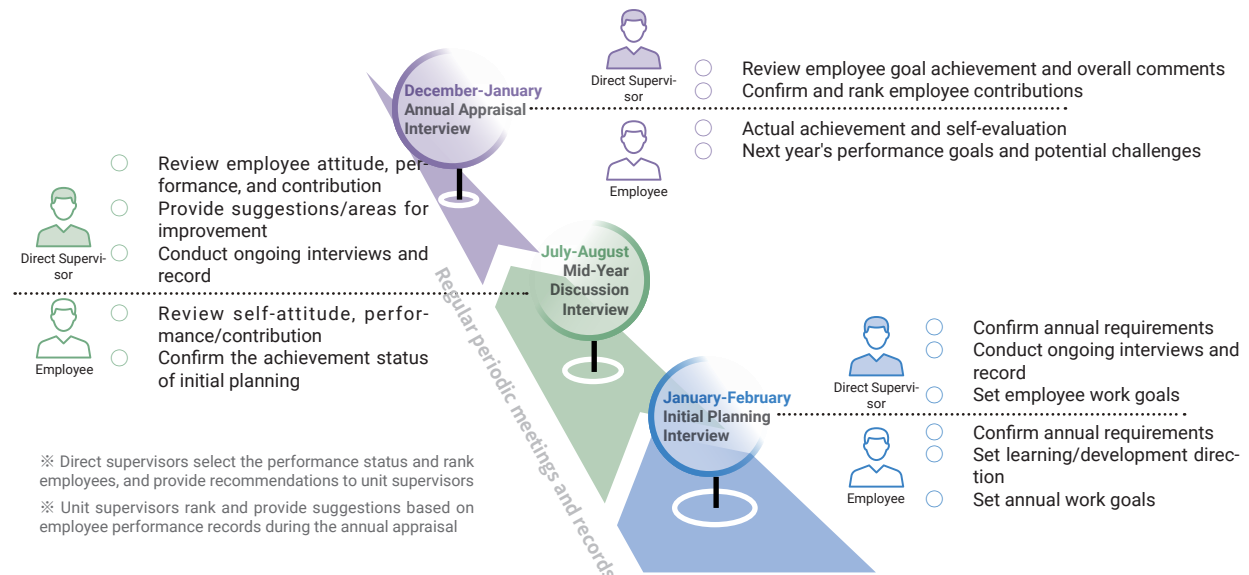
Students from both schools are from land administration-related departments. Students interested in internships at the company prepare their personal information and enter the unit for internship after being interviewed by the unit. During the internship period, they rotate among various units (Asset Investment Department, Asset Development Department, Asset Management Department, and Asset Service Department) to learn professional knowledge and practical experience.

Through the internship approach, quality personnel are discovered to serve in the company. This year, 1 person stayed.

Employee Performance Appraisal and Management

The Group has established a fair and transparent performance appraisal and promotion system, and regularly implements performance appraisal management. The appraisal process includes goal setting, regular appraisal tracking, annual appraisal, and interviews. Through the process of conducting interviews with supervisors at each stage, colleagues can have a clearer understanding of their job responsibilities, improve performance, and strengthen personal ability development. The appraisal results will serve as a reference for promotion, salary adjustment, and employee bonus distribution. In 2023, each company followed the appraisal mechanism and completed 100% of the performance appraisals.

Performance Appraisal Annual Operation Process

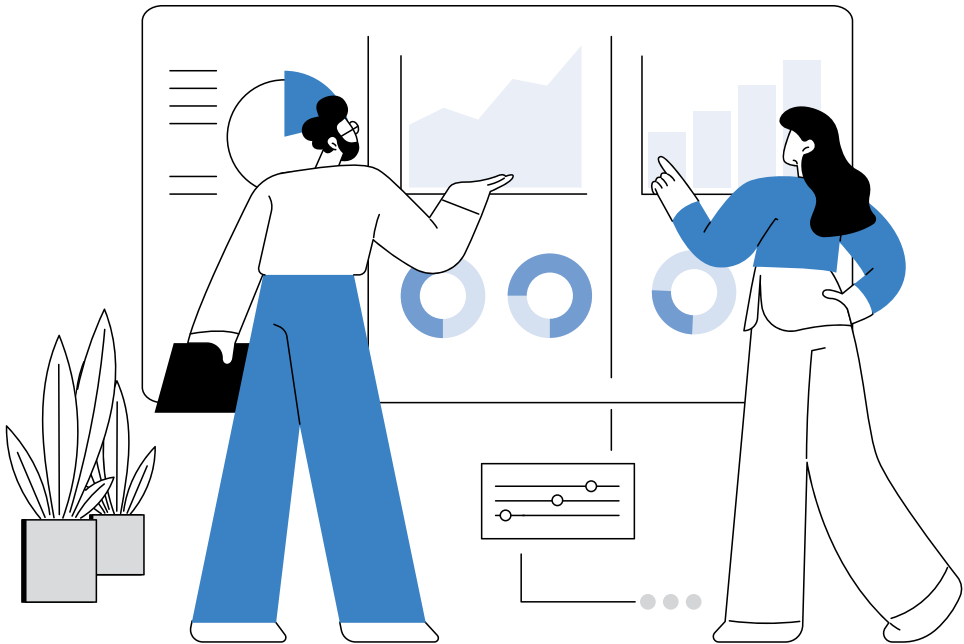




Each subsidiary of the Group includes employees' personal work performance and required competencies in the annual performance appraisal, and conducts interviews at the beginning, middle, and end of the year. Direct supervisors understand employees' work performance and areas where assistance is needed, providing necessary assistance and guidance at any time. Additionally, in response to the risk of talent loss and the crisis of management level gaps, employees of each subsidiary of the Group have promotion opportunities if they pass the appraisal. The promotion situation of each subsidiary of the Group in 2023 is as follows:

Employee Promotion at Hua Nan Financial Group in 2023									
Company Name	Promoted Employees (Male)			Promoted Employees (Female)			Total	Number of Employees in 2023	Promotion Rate*
	Under 30	31-49	Above 50	Under 30	31-49	Above 50			
Hua Nan Financial Holdings (HNFHC)	0	0	0	0	3	0	3	84	3.57%
Hua Nan Commercial Bank (HNCB)	57	294	71	95	498	85	1,100	8,380	13.13%
Hua Nan Securities (HNSC)	14	29	11	9	39	35	137	1,478	9.27%
South China Insurance (SCIC)	37	58	14	26	37	19	191	1,065	17.93%
Hua Nan Investment Trust (HNIT)	0	3	0	1	2	2	8	64	12.50%
Hua Nan Venture Capital (HNVC)	0	0	0	0	0	0	0	10	0%
Hua Nan Assets Management (HNAMC)	2	3	0	5	7	0	17	55	30.91%
Total	110	387	96	136	586	141	1,456	11,136	13.07%

Note 1: Promotion rate is defined as the number of promoted employees in 2023 / Number of employees as of December 31, 2023 (including -supervisory and non-supervisory position)
Note 2: The statistical targets for promotion are mainly those who have received salary increases after promotion.

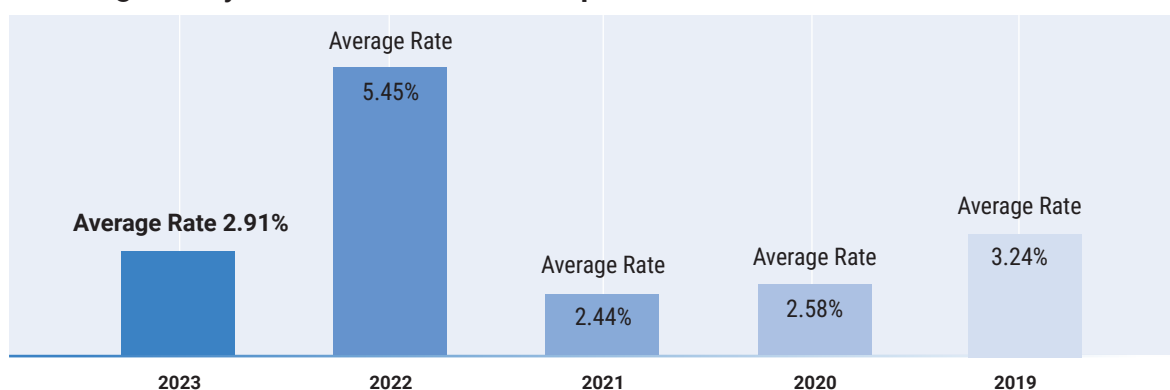


3.4 Employee Compensation and Benefits

Hua Nan Financial Group provides a competitive remuneration system based on job grade and position structure, striving to take care of employees in all aspects, allowing employees to work without worries and work together with the Group. Taking HNFHC and HNCB as examples, they have raised salaries for 14 consecutive years since 2010, and the salary adjustment policies are all announced through official documents. Each subsidiary distributes year-end bonuses or performance bonuses to share operating results with employees, and the salaries of entry-level employees are not lower than the statutory minimum wage to ensure their basic income. Moreover, the Group's salary policy does not differ based on gender or age, in order to maintain fairness and reasonableness.

Employee Remuneration

Average Salary Increase Rate of the Group in the Past Five Years



Note: The salary increase rate in 2023 is based on the performance appraisal results of colleagues in 2022 and takes effect in 2023.

Salary Information of Full-Time Employees Not in Managerial Positions at Hua Nan Financial Group

Unit: NT\$ thousand

	2023	2022	2021	2020	2019	Difference between 2023 and 2022
Number of Full-Time Employees	9,759	9,515	9,494	9,489	9,128	2.56%
Total Salary	13,270,271	12,457,811	12,646,534	11,368,506	11,100,183	6.52%
Average Salary	1,360	1,309	1,332	1,198	1,216	3.90%
Median Salary	1,178	1,135	1,141	1,036	1,057	3.79%

Note 1: The calculation basis in the above table includes HNFHC and 3 subsidiaries: HNCB, HNSC, and SCIC.

Note 2: "Full-time employees not in managerial positions" refer to employees who have been employed and paid for six months or more (inclusive) in the current year, excluding employees in managerial positions (managers), part-time employees, and employees of overseas branches, and calculated based on the annual average number.

Note 3: "Total salary of full-time employees not in managerial positions" refers to employee salaries attributable to the current year, calculated on an accrual basis, including regular salaries (base salary and fixed allowances and bonuses paid monthly), overtime pay, and non-regular salaries (allowances not paid monthly, year-end bonuses, performance bonuses, employee compensation).

Gender Difference in Average and Median Salaries of Employees in 2023

	Average Salary	Median Salary
Male to Female Salary Ratio	108:100	107:100

Note 1: The above table takes HNCB as the calculation basis.

Note 2: Male to female salary ratio = Male salary (average) / Female salary (average) or Male salary (median) / Female salary (median)

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Employee Development

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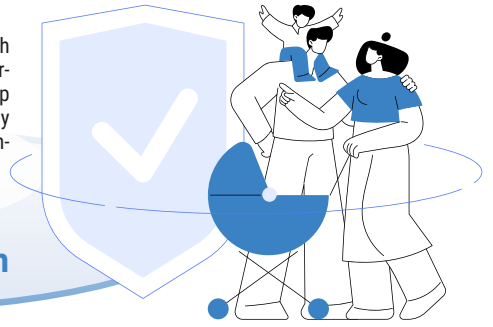
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Diverse Employee Benefits

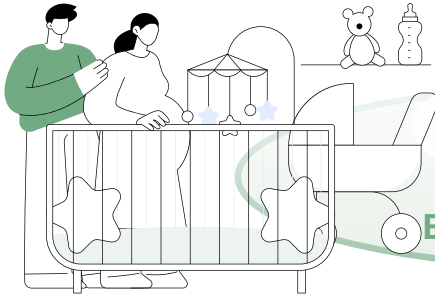
Labor insurance, national health insurance, employee group insurance, employee dependent group insurance, employee emergency assistance and consolation, pension, etc.

Secure Protection



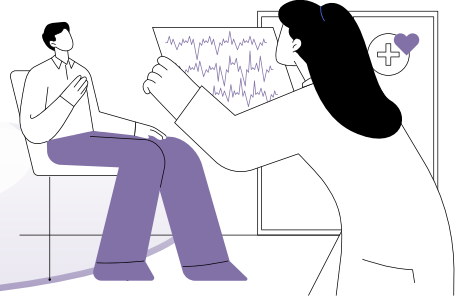
Marriage Subsidy, Childbirth Subsidy, Parental Subsidy, Birthday Celebrations, Funeral Subsidy, Children's Education Scholarship

Employee Family Care



Employee health checkups, employee psychological counseling, health seminars, health subsidy programs, appointment of specialist physicians for on-site consultation and on-site health services, etc.

Health Care



Employee cafeteria, parking lot, lactation room, medical room, multifunctional recreational activity center, etc.

Welfare Facilities



Employee uniforms, meal allowances, and club subsidies.

Other Benefits



Employee Cafeteria at Hua Nan Bank Headquarters Building

The meals provided in the employee cafeteria are made on-site every day, offering a buffet and various signature noodle set meals for colleagues to choose from. In addition, sweet and savory soups are specially prepared, with a rich variety of dishes that are well-received by colleagues.

To supervise the hygiene, nutrition, and quality of the catering supply in the employee cafeteria and to maintain the health and safety of colleagues' meals, HNCB has also established an employee cafeteria catering committee, which holds a meeting once a month to promptly respond to colleagues' dining feedback and discuss meal improvement measures. It is also responsible for investigating cafeteria supply prices and contractor selection.

Tucheng Information Building

HNCB has set up various employee welfare facilities in the Tucheng Information Building, aiming to enhance employee satisfaction, attract and retain outstanding talents, and increase the overall competitiveness of the company. The facility design is centered around the themes of Healthy, Happiness, Hope, and Home.

Through the following facilities, the quality of life and job satisfaction of employees are enhanced to strengthen corporate competitiveness, demonstrating Hua Nan Bank's care and importance for employees.



1. Employee Cafeteria

Adopting a light industrial style, combined with a green plant wall, creating a young and lively atmosphere. Diverse furniture arrangements allow the cafeteria to be used as a multi-purpose space for meetings, group activities, and socializing.



2. Yoga Room

Using a warm wood veneer design, providing an environment for mental balance, helping employees relax their body and mind after busy work.



3. Fitness Center

Using corporate logo lighting and red track design, highlighting passion and vitality, encouraging employees to stay healthy.



4. Single Dormitory

Adopting a suite-style layout with separate wet and dry areas in the bathroom, equipped with a washlet toilet, creating a homey atmosphere.

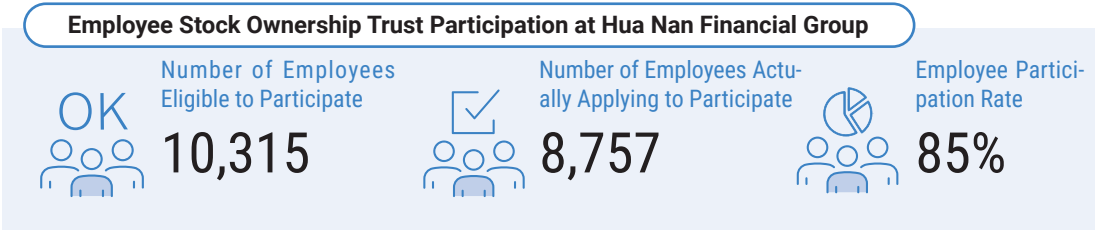
5. Public Areas

Providing a bar counter area, darts area, small group discussion area, reading area, sofa rest area, and audio-visual equipment to meet various needs.



Employee Stock Ownership Trust

To strengthen and unite employee cohesion, jointly share operating results, encourage employees to save long-term and accumulate wealth, and ensure the stability of employees' lives after retirement, the Company and its subsidiaries initiated the employee stock ownership trust-related operations in the fourth quarter of 2023 and implemented it from January 2024. The participation rate of group employees reached 85%.



Employee Family Care

In terms of implementing employee care, in addition to continuous organizational transformation and improvement, and strictly abiding by labor laws and regulations, family-oriented welfare systems for employees are also planned, not only taking care of employees but also their family members, with the hope of attracting, motivating, and retaining outstanding talents.

Leave System Superior to Labor Standards Act

The Group values every important stage in employees' lives, including entering into marriage with a sweet partner, giving birth to the next happy generation, or facing the ups and downs of family members' life and death. HNFHC and HNCB provide a leave system superior to the regulations, allowing employees to prioritize their families and become each other's supportive strength.

	Hua Nan Financial Holdings (HNFHC)	Legal
Marriage Leave	14 days	8 days
Bereavement Leave (In case of the death of a parent, adoptive parent, step-parent, or spouse)	21 days	8 days
Tocolysis leave	Full salary within 30 days; If exceeding 30 days and within 3 months, employees can receive 30% of their salary	Half salary within 30 days, unpaid thereafter
Personal Leave	14 days with full salary	14 days unpaid
Sick Leave	30 days with full salary	30 days with half salary

● Marriage and Childbirth Subsidies

Taiwan's marriage and birth rates are low. In response to the government's policy of encouraging marriage and childbirth at an appropriate age, since 2017, each subsidiary has formulated measures to provide marriage and childbirth subsidies to assist the government in solving the problem of low birth rates and fulfill corporate social responsibility. It also allows all employees and their next generation to grow and thrive under the care of this big family. Both HNFHC and HNCB provide marriage subsidies of NT\$30,000 and childbirth subsidies of NT\$100,000 for the first child, NT\$150,000 for the second child, and NT\$200,000 for the third child and above.

Marriage and Childbirth Subsidies at Hua Nan Financial Group in 2023



Marriage Subsidy **214** participants
NT\$5,834,000



Childbirth Subsidy **244** participants
NT\$22,066,400

● Pregnant Women Care and Maternal Employee Care

In accordance with the Maternal Health Protection Plan (for the period from the date of pregnancy to one year after delivery for female workers), HNCB cared for the health of 169 pregnant colleagues in 2023. By the on-site services of occupational medicine physicians in northern, central, and southern regions, the work patterns that may have health hazards for maternal employees in the workplace are assessed, including physical, chemical, biological, ergonomic, work stress, or workplace violence, and the physical and mental conditions of pregnant employees are cared for.

HNSC implemented the Maternal Health Protection Plan, caring for 5 colleagues, providing pre-pregnancy health check information, pregnancy counseling, pre- and post-natal medical consultation services (including new fathers), postpartum nutritional adjustment, and childcare guidance, and conducting health risk assessments.

The nurses at SCIC cared for and assessed the physical and mental health of 21 pregnant colleagues.

● Parental Leave Application and Reinstatement at Hua Nan Financial Group in 2023

Company Name	Number of employees eligible for parental leave according to regulations		Number of employees who actually applied for parental leave		Number of employees due to return from parental leave (A)		Number of employees who actually returned from parental leave (B)		Return-to-work rate (B/A)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Hua Nan Financial Holdings (HNFHC)	1	0	0	0	0	0	0	0	-	-
Hua Nan Commercial Bank (HNCB)	213	447	18	145	18	132	18	123	100%	93.18%
Hua Nan Securities (HNSC)	4	8	2	6	2	3	2	1	100%	33.33%
South China Insurance (SCIC)	32	45	2	10	2	14	1	12	50%	85.71%
Hua Nan Investment Trust (HNIT)	0	1	0	1	0	0	0	0	-	-
Hua Nan Venture Capital (HNVC)	0	0	0	0	0	0	0	0	-	-
Hua Nan Assets Management (HNAMC)	2	2	0	2	0	0	0	0	-	-
Total	252	503	22	164	22	149	21	136	95.45%	91.28%

Note 1: Parental leave is defined as the number of employees who took unpaid leave for "parenting" purposes as of the end of 2023.

Note 2: Number of employees due to return is defined as the number of employees whose reinstatement date is in 2023 at the time of applying for leave.

Note 3: Number of employees actually returning is defined as the number of employees who returned to work due to parental leave in 2023.

Note 4: HNFHC, HNIT, and HNVC had no employees applying for parental leave or returning to work.



Employee Children Care

To provide scholarships for employees' children's education and encourage them to study diligently, HNFHC and HNCB offer scholarships and grants for employees' children attending elementary school, junior high school, high school, and college or university. Those who meet the application qualifications can receive subsidies.

Education Scholarships for Employee Children at Hua Nan Financial Group in 2023			
	Number of Employee Applications	Number of Employee Children Beneficiaries	Total Amount of Subsidies (NT\$)
Hua Nan Financial Holdings (HNFHC)	88	146	165,100
Hua Nan Commercial Bank (HNCB)	5,409	7,997	11,941,600

Employee Welfare Committee and Employee Insurance

Currently, except for HNVG, which has not yet established an Employee Welfare Committee due to its smaller company scale, all other subsidiaries of the Group have established Employee Welfare Committees to boost employee morale, promote harmonious labor-management relations, and improve employee-related welfare measures. To protect employees' work and lives, Hua Nan Financial Group insures employees with Labor Insurance, National Health Insurance, Employee Group Accident Insurance, etc., in accordance with the law, enabling employees to receive proper care during the performance of their duties, and employees' dependents can also join the group insurance. When employees retire or are laid off, it is handled in accordance with the relevant regulations on employee retirement, pensions, and layoffs, and the Employee Welfare Committee also provides related subsidies.

Health and Sports Activities

The Group also provides employees with colorful club activities and subsidizes club activity expenses. Taking sports clubs as an example, there are badminton groups, table tennis groups, bowling groups, etc. To enhance employees' physical fitness, the concept of improving physical fitness and healthy living is promoted through the organization of physical fitness activities.

The Group's work type involves long periods of sitting, which can easily lead to musculoskeletal pain. People with better physical fitness have better vitality and adaptability when engaging in physical activities or sports in daily life or work, and do not easily feel fatigued or powerless. In the era of technological advancement, there are fewer opportunities for human physical activity, higher nutritional intake, and relatively increased work and life stress and leisure time. By strengthening physical fitness, it improves physical coordination, helps the body relax, relieves stress, corrects poor posture, promotes health, and develops good physical fitness and regular exercise habits for everyone.

The Group also regularly holds Hua Nan Financial Group Badminton and Table Tennis Competitions, calling on badminton and table tennis enthusiasts from each company within the Group to form teams, exchange skills with each other, and jointly enjoy the joy of sweating and exercising.

In 2022, HNFHC participated in the "Sports Enterprise Certification" evaluation organized by the Sports Administration of the Ministry of Education and was awarded the "Sports Enterprise Certification Mark" (certification valid for 3 years: 2022-2025). The Group continues to promote the trend of employee sports and encourages colleagues to take care of their physical and mental health while working hard.

Retirement System

Hua Nan Financial Group has established a comprehensive retirement system in accordance with the "Labor Standards Act", the "Labor Pension Act", and other laws and regulations. Taking HNFHC as an example, a Labor Pension Reserve Supervisory Committee has been established, and the old-system labor pension reserve is deposited monthly into the Labor Pension Special Account at the Bank of Taiwan. For employees applicable to the new labor pension system, 6% of their monthly salary is contributed to their individual pension accounts at the Bureau of Labor Insurance in accordance with the "Labor Pension Act". The relevant regulations are explained as follows:

Old System Seniority or Reserved Seniority	New System Seniority
- For each full year of service of a retiring employee, 2 months of average salary is given as retirement pension. - For each full year of service exceeding 15 years, 1 month of average salary is given as retirement pension, with a maximum of 45 months of average salary. - Seniority of less than half a year is counted as half a year, and seniority of more than half a year is counted as 1 year.	- When appointed managers voluntarily contribute, the company's monthly contribution rate is 6% of their monthly salary. - The company's monthly contribution rate is 6% of the employee's monthly salary.

3.5 Workplace Safety

Hua Nan Financial Group complies with legal standards and is committed to providing a good office environment and maintaining the physical and mental health of employees. The "ISO 45001 Occupational Safety and Health Management System" at the HNCB Headquarters Building passed the annual review of BSI British Standards Institution on May 11, 2023, and this extends to occupational disease prevention, employee physical and mental health protection measures, and workplace health promotion planning, allowing employees to have diverse channels to relieve their body and mind and use related resources.

Workplace Environment Safety

Creating a happy workplace and providing a comfortable and safe office environment and a peaceful and healthy body and mind have always been issues that the Group values. The following are the results of the Group's relevant actions.

Environmental Safety Measures at Hua Nan Bank in 2023		
Item	Number of Sessions	Number of Participants
Workplace Bullying Psychological Adjustment and Self-Rescue Course	13	7,001
Promotion and Drills for Fire Safety Organization	373	Approximately reaching 13,000
First Aid Skills Training	45	1,253

In addition, HNSC held 2 sessions of "Self-Defense Fire Safety Organization Drills" in 2023, with a total of 91 participants; SCIC held 2 sessions of "Fire Drills", with a total of 205 participants; HNAMC held 2 sessions of "Disaster Prevention Drill Seminars", with a total of 92 participants.



Employee Diversity Statistics at Hua Nan Financial Group in 2023									
The Company Name	Number of People Taking Occupational Injury Leave (A)	Number of Days of Occupational Injury Leave (B)	Number of Occupational Accident Deaths	Occupational Injury Rate	Lost Day Rate	Disabling Injury Frequency Rate (A*10%/Total Hours Worked)	Disabling Injury Severity Rate(B*10%/Total Hours Worked)	Number of Days of Leave	Absenteeism Rate
Hua Nan Financial Holdings (HNFHC)	0	0	0	0%	0	0	0	51.88	0.25%
Hua Nan Commercial Bank (HNCB)	21	235.63	0	0.25%	14.52	1.29	14.52	14,040.50	0.69%
Hua Nan Securities (HNSC)	9	211	0	0.61%	71.96	3.07	71.96	2,833	0.77%
South China Insurance (SCIC)	9	38	0	0.85%	17.98	4.26	17.98	2,455	0.93%
Hua Nan Investment Trust (HNIT)	1	7	0	1.56%	55.13	7.88	55.13	46.80	0.29%
Hua Nan Venture Capital (HNVC)	0	0	0	0%	0	0	0	3	0.12%
Hua Nan Assets Management (HNAMC)	0	0	0	0%	0	0	0	22.63	0.17%

Note 1: Occupational accident types are mostly traffic accidents during business trips or commuting.

Note 2: Occupational injury rate = Number of people taking occupational injury leave / Total number of employees

Note 3: Lost day rate (LDR) = (Number of days of occupational injury leave / Total hours worked) × 10⁶, where total hours worked = Total number of employees × 248 (working days in 2023) × 8 hours, which is the sum of the number of lost days reported to the Ministry of Labor for the aforementioned occupational injuries and deaths.

Note 4: Disabling injury frequency rate (FR) is the number of disabling injuries per million work hours.
(Calculation formula: Number of injuries and deaths *10⁶ / Total hours worked, with total hours worked calculated based on 248 working days per year.)

Note 5: Disabling injury severity rate (SR) is the number of days lost due to disabling injuries per million work hours.
(Calculation formula: Total number of lost days * 10⁶ / Total hours worked, with total hours worked calculated based on 248 working days per year.)

Note 6: Absenteeism rate = Number of days of leave (occupational injury + sick leave + extended sick leave + menstrual leave) / Total number of working days

Employee Physical and Mental Health

Health Promotion

The Group cares for employees' health and irregularly holds seminars and activities related to health issues to enhance colleagues' health knowledge.

Health Promotion Related Seminars and Activities for Employees in 2023			
Hua Nan Commercial Bank (HNCB)	Hua Nan Securities (HNSC)	South China Insurance (SCIC)	
Health Seminars and Activities	Oral Health Seminar	Health Seminars	Weight Loss Team Competition Activity
61 sessions	1 session	4 sessions	1 session
2,620 participants	19 participants	159 participants	

HNCB was awarded the "National Outstanding Healthy Workplace Health Management Award" by the Health Promotion Administration of the Ministry of Health and Welfare in 2022 for protecting employee health, shaping a corporate health culture, creating a happy workplace, and continuously promoting various aspects of employee health. In 2023, 112 business units obtained the "Health Promotion Mark" of the Healthy Workplace Certification from the Health Promotion Administration of the Ministry of Health and Welfare.

In 2023, HNSC participated in the "Corporate Occupational Health and Safety Sustainable Performance" activity organized by the Occupational Safety and Health Administration of the Ministry of Labor, and was rated as Grade A in workplace health services and promotion. It also obtained the "Health Promotion Mark" of the Healthy Workplace Certification from the Health Promotion Administration of the Ministry of Health and Welfare, demonstrating the Group's attention to employee health.

Workplace Healthcare Personnel

In accordance with Article 3 of the "Regulations of Labor Health Protection", HNCB employs 5 nurses and 3 contracted occupational medicine physicians in the northern, central, and southern regions; HNSC and SCIC each employ 1 nurse to maintain the health of colleagues. In 2023, HNCB conducted a total of 95 medical consultations, with a total of 2,553 participants; HNSC conducted a total of 4 on-site physician consultations, with a total of 38 colleagues participating; SCIC conducted a total of 16 health consultations, with a total of 55 participants.

Health Maintenance

Each company within the Group has established relevant management measures to implement safety and health management. Each subsidiary actively prevents common occupational injuries and illnesses in the financial industry. Various promotional and educational activities are also held, such as physical fitness tests, fire drills, weight control classes, blood donation activities, shoulder and neck relaxation, stretching courses, cardio-pulmonary resuscitation, and automated external defibrillators. During the flu season, public-funded influenza vaccines are administered in collaboration with the Taipei City Health Center. To assist employees in preventing occupational injuries and illnesses, relevant measures are as follows:

1. Regular arrangement of employee health checkups

2. Provision of health consultation services and related employee care

3. Employee recreational activities

The Group subsidizes employee health checkups and provides related consultations and health education guidance. The subsidy situation in 2023 is as follows:



Total Amount of Subsidies

NT\$29,265,324



Number of subsidized

8,683 people

Employee Psychological Care

To enhance employees' communication skills, improve work efficiency, and prevent workplace verbal conflicts, violence, and other illegal infringements, HNCB held a total of 13 psychological seminars (including 1 bank-wide video conference) at the head office and branches in 2023, with approximately 7,001 participants, teaching colleagues how to adjust and relieve psychological stress and communication methods when facing pressure.

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Employee Development

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3.6 Communication and Interaction

Good development and growth of an enterprise cannot be achieved without effective communication with employees. The management of Hua Nan Financial Group provides sufficient work support to employees, actively understands the difficulties and concerns of employees in their work, and listens to and values the handling of employee feedback through smooth communication channels, in order to unite the company's recognition and satisfaction and further achieve the purpose of talent retention.

Each company within the group also communicates important company information through corporate websites or internal systems, instantly conveying the group's business overview, operating performance, latest activity information, etc., to all colleagues, and irregularly holds online activities and opinion surveys.

Union Participation

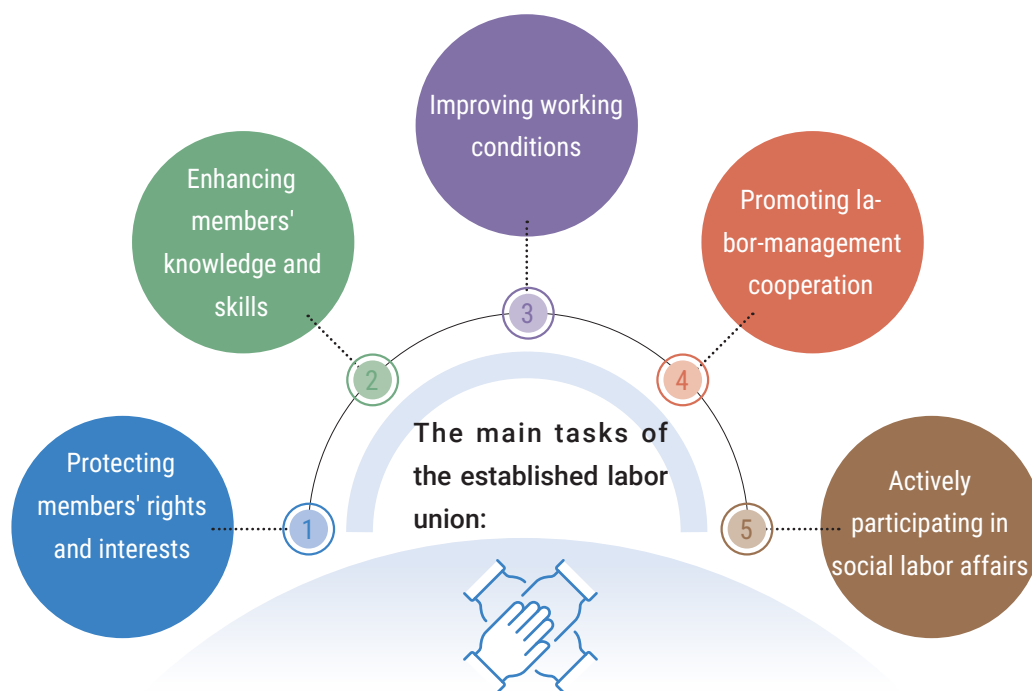
To protect labor rights and coordinate labor-management cooperation, employees of Hua Nan Bank initiated the establishment of the "Hua Nan Financial Holdings Co., Ltd. and Subsidiaries Enterprise Union", with employees freely deciding whether to join the union. HNCB also signs a "Collective Agreement" with the enterprise union based on the labor conditions agreed upon by both parties, ensuring labor conditions and improving labor-management relations.

● Signing of Collective Agreement

HNCB and the enterprise union signed the collective agreement for the first time in March 2006. The first renewal was in December 2009, and the second renewal was in August 2016. After the expiration of the collective agreement, from 2019 to 2021, it went through one formal negotiation meeting and several communication and discussion meetings. Due to the impact of the COVID-19 pandemic, the communication and discussion meetings were temporarily suspended. From 2022, negotiations on the unresolved content continued, going through two formal negotiation meetings and several communication and discussion meetings. Finally, on February 8, 2023, a formal labor-management negotiation meeting was held, where both labor and management fully discussed and reached a consensus on the revised content of the collective agreement. The signing ceremony was completed on July 6, 2023, with the collective agreement valid for a period of 3 years from the date of signing to July 5, 2026.

The parts of the collective agreement that are superior to labor laws and regulations include "14 days of paid personal leave, 7 days of family care leave (included in the calculation of personal leave), 30 days of general sick leave, and 3 days of menstrual leave within a year; If an employee with a minor illness applies for extended sick leave not exceeding 3 months, 30% of the salary will be paid; if an employee with a serious illness applies for extended sick leave, paid extended sick leave will be granted according to the illness condition, length of service, and service performance", "marriage leave (14 days) and bereavement leave (for example, 21 days of leave in case of the death of a parent or spouse) superior to the statutory number of days", "self-requested retirement seniority of 20 years superior to the regulations", and "if an employee dies or has an accidental death while in service, in addition to issuing a pension in accordance with the retirement pension standard, an additional 5 months of average salary will be issued as funeral expenses". There is also a profit-sharing clause stating that if the company makes a profit in the year, it should allocate not less than 1% of the profit before deducting employee compensation from the profit before tax as employee compensation, but this does not apply when the company still has accumulated losses or when the company's regulations are revised in accordance with amendments to laws and regulations.

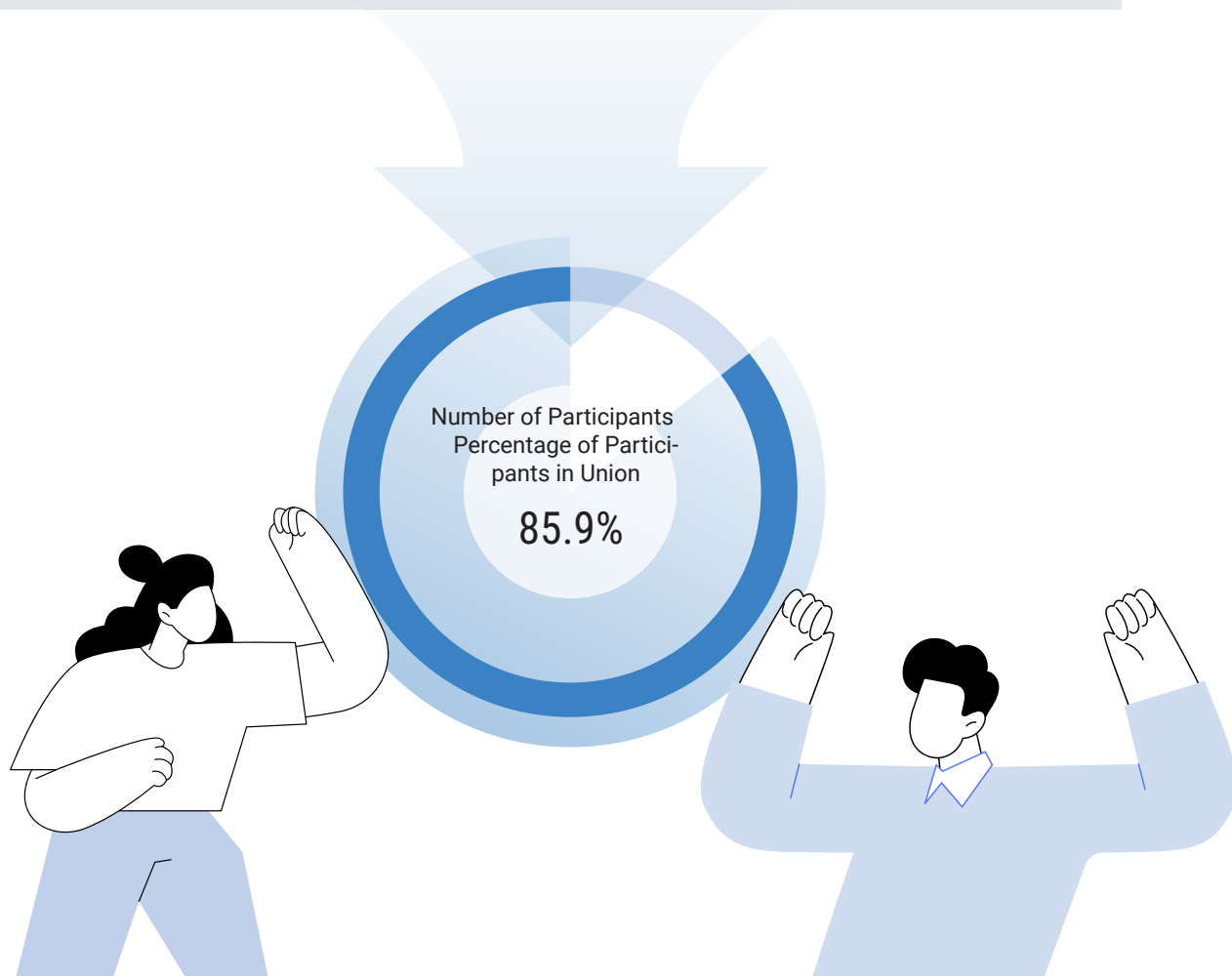
85.9% of all employees of HNCB have joined the enterprise union. In addition to employees who are eligible for enterprise union membership being subject to the collective agreement, other employees are also subject to it by analogy.



Participation in Union at Hua Nan Bank in 2023

Number of Employees	Number of Participants
8,179	7,029

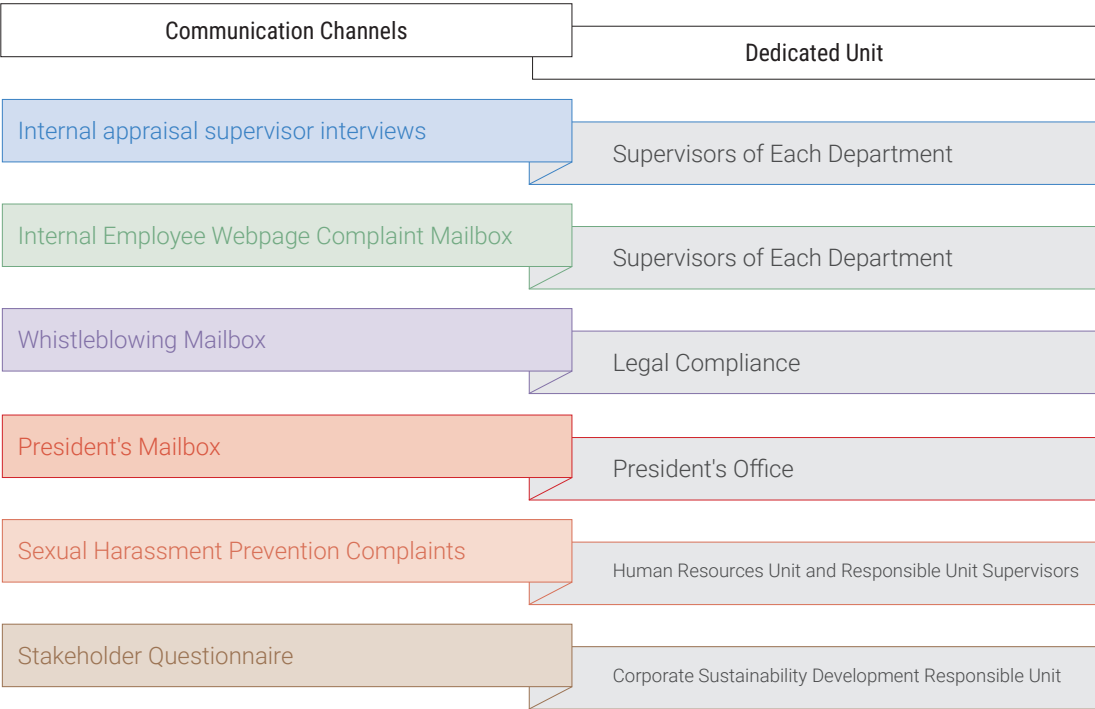
Note: The percentage of union participation is the number of union members / total number of employees (excluding overseas local employees and temporary personnel).





Employee Communication Channels

To establish harmonious labor-management relations and understand employee needs, smooth communication channels are established. Employees can express their opinions from various aspects through performance appraisals and interviews with supervisors. Additionally, each company within the Group has set up dedicated phone lines and email addresses (including for employee sexual harassment complaints) to protect personal rights and interests, ensuring that colleagues can work in a safe and harassment-free environment.



Labor-Management Meeting Convening at Hua Nan Financial Group in 2023

Company Name	Number of Labor-Management Meetings Held	Total Number of Issues
Hua Nan Financial Holdings (HNFHC)	4	11
Hua Nan Commercial Bank (HNCB)	4	17
Hua Nan Securities (HNSC)	4	14
South China Insurance (SCIC)	4	14
Hua Nan Investment Trust (HNIT)	4	18
Hua Nan Venture Capital (HNVC)	4	9
Hua Nan Assets Management (HNAMC)	4	15

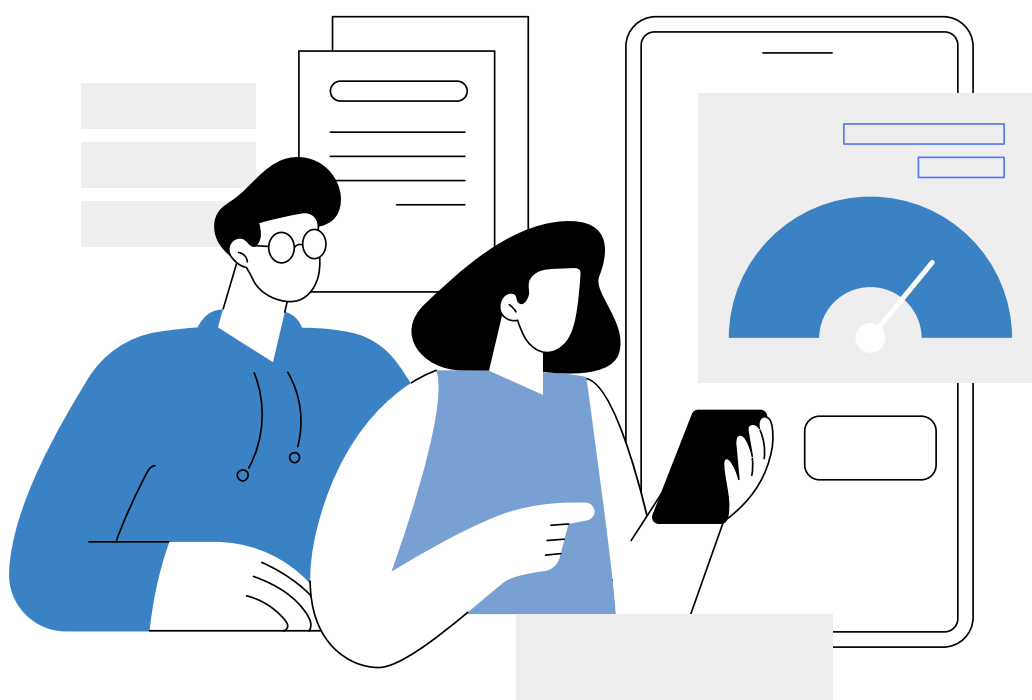
Satisfaction Survey

As the subsidiary with the largest number of employees within the Group, HNCB conducts an employee satisfaction survey every December to effectively understand the situation of each branch and employees' recognition of the company's core values, overall system, work environment, organizational culture, and leadership of supervisors. The "Employee Satisfaction Survey Report" is compiled and reported to senior management as a reference for improvement and continuous refinement of the next year's business plan.

In 2023, HNCB's employee satisfaction exceeded the set target of 85%, indicating that employees recognize the bank's adjustments and culture.

	Item		2023	2022	2021	2020	2019
Satisfaction of Each Item (%)	Core Values, Overall System		89%	90%	92%	90%	89%
	Work Environment, Organizational Culture		93%	93%	94%	94%	94%
	Supervisor Relationship	Personnel Management Officer (Current)	93%	93%	-	-	-
		Direct Supervisor (Current)	94%	94%	94%	94%	94%
		Unit Manager (Current)	94%	94%	95%	95%	95%
Average Satisfaction (%)			92%	93%	94%	93%	93%
Coverage Rate			100%	100%	100%	100%	100%

Note: Coverage rate is defined as the survey target of this survey; the survey is sent to all bank employees, so it is 100%.





Highlights and Awards 1:

The Group has participated in the Carbon Disclosure Project (CDP) questionnaire since 2020 and has consistently received a "B" rating, which is on par with the international financial industry average in 2023.

Highlights and Awards 2:

HNCB received a letter of appreciation for outstanding performance in "Green Procurement" from the Environmental Protection Administration for 8 consecutive years from 2015 to 2022.

Highlights and Awards 3:

HNCB once again won the Bronze Award in the "5th National Enterprise Environmental Protection Award" from the Environmental Protection Administration in 2023.

Highlights and Awards 4:

The standardized renovation project of HNCB's Nansongshan Branch achieved energy savings of over 30% and was awarded the Excellence Award in the Industrial and Commercial Group A category at the 2023 Taipei City Net Zero Benchmarking Awards.

4 Environmental Sustainability



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4.1 Environmental Policy

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Board of Directors Report

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To achieve the goal of net zero emissions by 2050, HNFHC has been reporting the Group's greenhouse gas inventory to the Board of Directors since June 2022, tracking the implementation status on a quarterly basis and regularly reporting to the Board of Directors, demonstrating the Group's execution power in achieving the net zero emissions target.

4

Environmental Sustainability

Sustainable Development Committee Report

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Hua Nan Financial Group holds a "Group Sustainable Development Committee" meeting once every six months, with the Chairman serving as the convener. In 2023, the reported topics include the Group's greenhouse gas inventory using international ISO standards, improving energy use efficiency, promoting green procurement, promoting green energy investment, and encouraging Hua Nan employees to implement environmental protection through personal actions. Short-, medium-, and long-term sustainable development goals for the Group are also set for the "Environmental Sustainability" issue to continue implementing the government's policy of net zero emissions by 2050.

Goal

Vision

With the goal of achieving net zero emissions by 2050, actively carry out environmental and energy management and the Group's carbon reduction planning.

Strategy Planning

- Continue to promote a green office environment and green procurement, actively replace equipment with energy-saving equipment
- Actively improve energy use efficiency
- Work hand in hand with various stakeholders to jointly reduce environmental impact
- Participate in activities related to environmental issues and respond to the challenges of climate change



Hua Nan Financial Groups' **Carbon Emissions** Management Target

Hua Nan Financial Group's Scope 1 and 2 carbon emissions are ▼ **2%** compared to the previous year
Achieving the **net zero** target by 2050

Note: The coverage rate of the Group's Scope 1 and 2 greenhouse gas inventory in 2023 is 100%.

Hua Nan Financial Group's **Electricity Consumption** Management Target

Hua Nan Financial Group's electricity consumption is ▼ **2.5%** compared to the previous year

Note: It is expected to reach the limit of electricity consumption reduction by 2041. After 2041, the management target will be to expand the proportion of green electricity use to reduce the carbon emissions from electricity consumption.

Management Policy

- Comply with environmental protection, energy, and other relevant laws and regulations
- Utilize resources and continuously improve the management performance of energy and water resources
- Prevent pollution and reduce environmental load
- Continue to communicate with various stakeholders
- Strengthen employees' awareness and responsibility for environmental protection and create environmental sustainability
- Promote green financial products and facilitate the green transformation of industries (see Chapter 2 Financial Services for details)

Environmental Management Situation

All companies in the Group comply with government environmental policies and regulatory requirements. In 2023, there were no violations of environmental regulations or related penalties.

Hua Nan Financial Group's **Water Consumption Density** Management Target

Hua Nan Financial Group's water consumption density is ▼ **0.5%** compared to the previous year

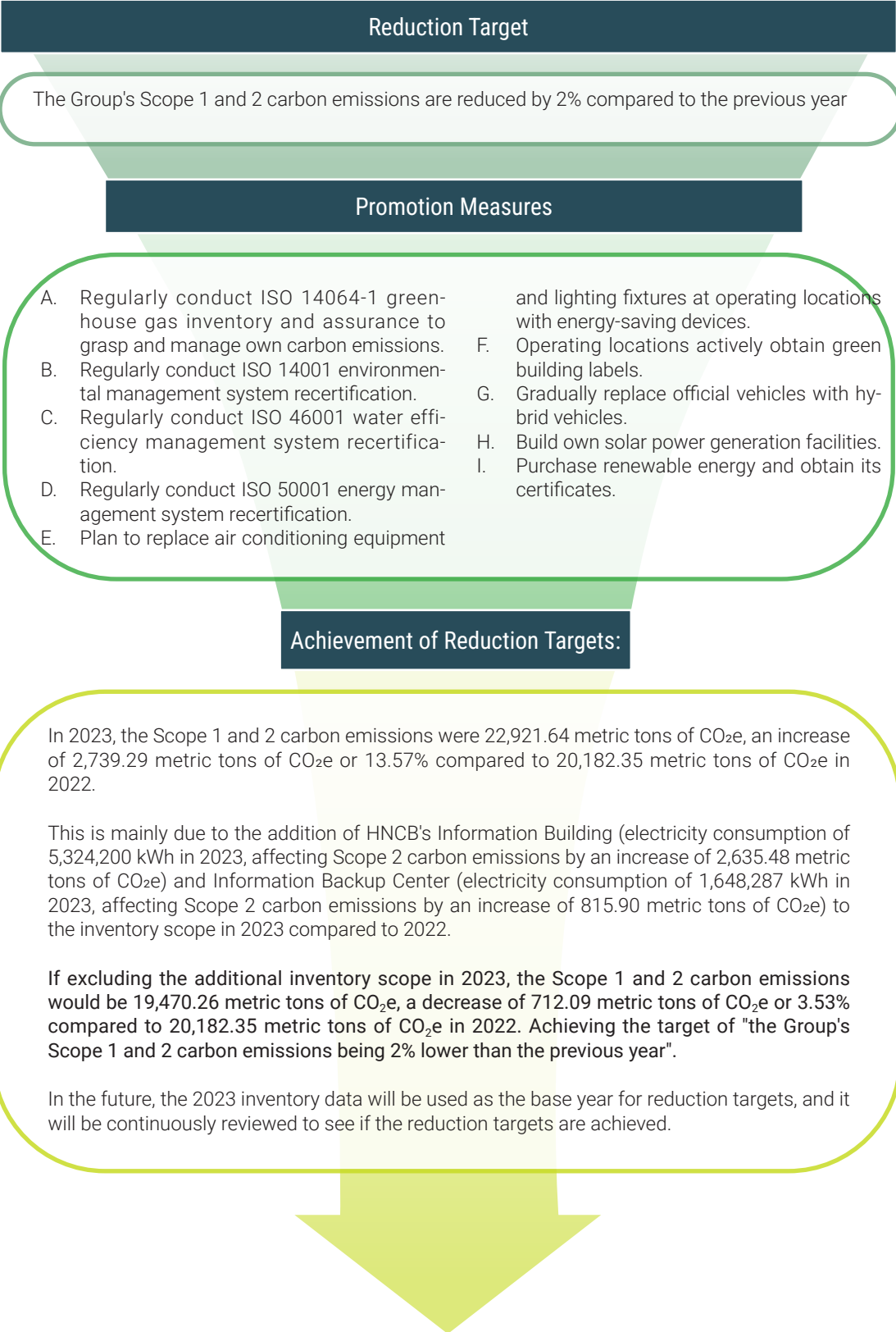
Note: The Group's water consumption is a necessity for daily life. It is expected to reach the limit of reduction by 2030. The management target after 2031 is planned to maintain no growth in water consumption.



4.2 Greenhouse Gas Management

Greenhouse Gas Management Situation

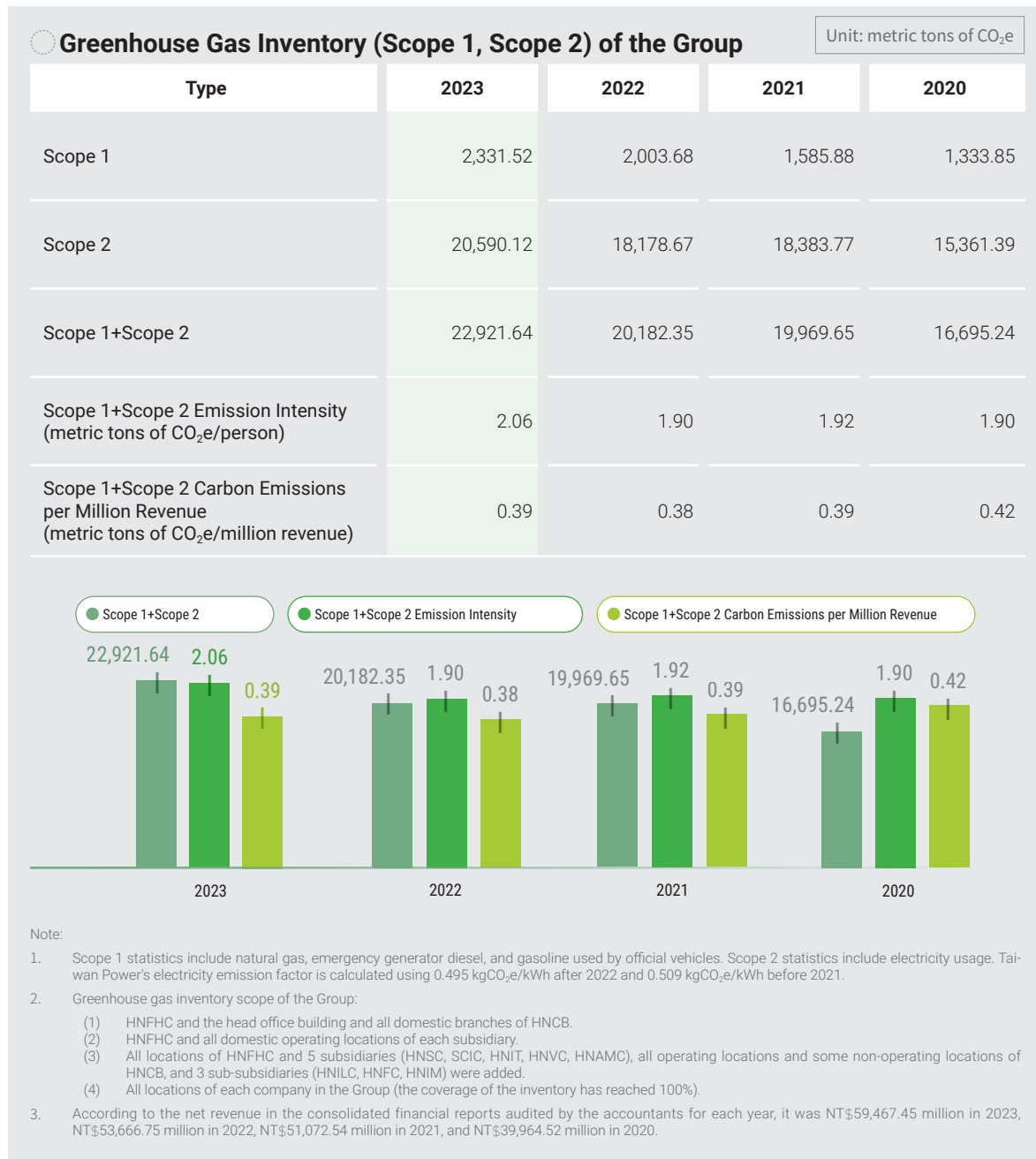
To achieve the goal of net zero emissions by 2050, the Group has set the greenhouse gas reduction management policy for 2023, including:



Greenhouse Gas Inventory

The Group has introduced the ISO 14064-1 greenhouse gas inventory since 2016 and has expanded the data collection scope of greenhouse gas emissions since 2019. Currently, the greenhouse gas inventory of all the Group's locations has been completed and passed the assurance by a third-party organization.

In response to the government's goal of net zero emissions by 2050, the Group has set management targets for greenhouse gas emissions: Scope 1 and 2 carbon emissions in the current year are 2% lower than the previous year, and carbon neutrality will be achieved by 2050. It is expected to continuously reduce greenhouse gas emissions and more effectively reduce environmental impact.



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Environmental
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Greenhouse Gas Inventory (Scope 3) of the Group

Unit: metric tons of CO₂e

Type	2023	2022	2021	2020
Scope 3 (Category 3)	1,754.18	1,829.61	6.63	-
Scope 3 (Category 4)	5,162.28	4,131.51	4,080.57	-

Note:

- The Group did not conduct Scope 3 inventory in 2020.
- Scope 3 (Category 3): In 2021, the inventory scope was the domestic operating locations of the Company and each subsidiary (excluding HNCB), and the inventory content was business travel; in 2022 and 2023, the inventory scope was the domestic and overseas locations of the Company and each sub-subsidiary (excluding HNCB), and the inventory content was employee commuting and business travel.
- Scope 3 (Category 4): In 2021, the inventory scope was the domestic operating locations of the Company and each subsidiary; in 2022 and 2023, the inventory scope was the domestic and overseas locations of the Company and each sub-subsidiary; the inventory content from 2021 to 2023 was all upstream energy resources, product procurement, and waste.

2023 Greenhouse Gas Inventory of the Group (by Company)

Unit: metric tons of CO₂e

Type	Scope 1	Scope 2	Scope 1+Scope 2	Scope 3 (Category 3)	Scope 3 (Category 4)
Hua Nan Financial Holdings (HNFHC)	23.33	283.37	306.70	43.93	68.44
Hua Nan Commercial Bank (HNCB)	1,980.52	16,225.68	18,206.20	-	4,094.22
Hua Nan Securities (HNSC)	183.24	2,620.63	2,803.87	868.59	604.31
South China Insurance (SCIC)	113.68	1,173.84	1,287.52	673.55	321.20
Hua Nan Investment Trust (HNIT)	7.00	57.92	64.92	31.47	16.88
Hua Nan Venture Capital (HNVC)	0.59	17.10	17.69	8.31	4.51
Hua Nan Assets Management (HNAMC)	6.64	68.07	74.71	28.74	17.80
Hua Nan International Leasing (HNILC)	5.11	39.55	44.66	19.71	8.06
Hua Nan Futures (HNFC)	7.82	81.38	89.20	69.67	20.76
Hua Nan Securities Investment Management (HNIM)	3.59	22.58	26.17	10.21	6.10
Total Emissions	2,331.52	20,590.12	22,921.64	1,754.18	5,162.28

Environment-Related Certifications

The Group deeply realizes the importance of environmental management. The head office building of the subsidiary HNCB introduced the "ISO 14001 Environmental Management System" and "ISO 14064-1 Organizational Greenhouse Gas Inventory" in 2016 to voluntarily improve environmental management quality and reduce potential environmental impacts, as well as grasp the amount of greenhouse gas emissions.

On this basis, it further introduced the "ISO 50001 Energy Management System" in 2018. Through energy review, baseline establishment, and energy performance indicator review, potential energy-saving points are identified, and colleagues are encouraged to continuously improve energy use. The effectiveness of energy-saving improvements can be confirmed by subsequent greenhouse gas inventory results.

In 2022, the "ISO 46001 Water Efficiency Management System" was also introduced and certified, strengthening water resource management through the implementation and optimization of daily management of major water-using equipment, as well as water-use review and performance review.

The above inventory and management were completed again in 2023 and have obtained certification, serving as the foundation for actively promoting environmental sustainability management and continuing to move towards the goal of net zero emissions in own operations.

ISO 14001 Environmental Management System		ISO 14064-1 Organizational Greenhouse Gas Inventory		ISO 50001 Energy Management System			
2016	HNFHC, HNCB Head Office Building	1. HNFHC 2. Bank: Head Office		HNFHC, HNCB Head Office Building			
2017							
2018		1. HNFHC 2. Bank: Head Office + Domestic Branches (30)					
2019		1. HNFHC 2. Bank: Head Office + All Do- mestic Branches (186)					
2020	HNFHC, HNCB Head Office Building and its domestic branch operating locations	1. HNFHC 2. Subsidiaries: Domestic operating locations of the HNCB, HNSC, SCIC, HNIT, HNAMEC, HNVC		HNFHC, HNCB Head Office Building and its domestic branch operating locations		ISO 46001 Water Efficiency Management System	
2021							
2022	HNFHC, HNCB Head Office Building and its domestic branch operating locations	1. HNFHC 2. Subsidiary: (1) HNCB: All operating locations and some non-operating locations (2) HNSC, SCIC, HNIT, HNVC, HNAMEC: All locations 3. Sub-subsidiaries: All locations of HNILC, HNFC, HNIM		HNFHC, HNCB Head Office Building and its domestic branch operating locations			HNFHC, HNCB Head Office Building
2023		All locations of each company in the Group					

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Environmental Sustainability

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4.3 Energy and Resource Management

Management Approach

With the goal of achieving net zero emissions by 2050, actively promote relevant measures for energy and resource management.

Policy



Commit to various low-carbon actions to improve energy and resource use efficiency, effectively reduce operating costs and reduce the environmental impact of financial activities and services, in order to achieve the vision of environmental sustainability.

Commitment



1. The Group's Scope 1 and 2 carbon emissions are reduced by 2% compared to the previous year
2. The Group's electricity consumption is reduced by 2.5% compared to the previous year
3. The Group's water consumption density is reduced by 0.5% compared to the previous year

Goal



The ESG Team (Environmental Sustainability) under the Group Sustainable Development Committee.

Dedicated Unit



1. Regularly conduct ISO 14064-1 greenhouse gas inventory to grasp and manage own carbon emissions
2. Regularly conduct ISO 14001 environmental management system recertification
3. Regularly conduct ISO 46001 water efficiency management system recertification.
4. Regularly conduct ISO 50001 energy management system recertification.
5. Plan to replace air conditioning equipment and lighting fixtures at operating locations with energy-saving devices.
6. Operating locations actively obtain green building labels.
7. Gradually replace official vehicles with hybrid vehicles.
8. Build own solar power generation facilities
9. Purchase renewable energy and obtain its certificates.

Concrete Actions



The Group Sustainable Development Committee

Communication System



1. The Group Sustainable Development Committee conducts supervision
2. The ESG Team (Environmental Sustainability) under the Group Sustainable Development Committee tracks and controls each target

Self-Evaluation System



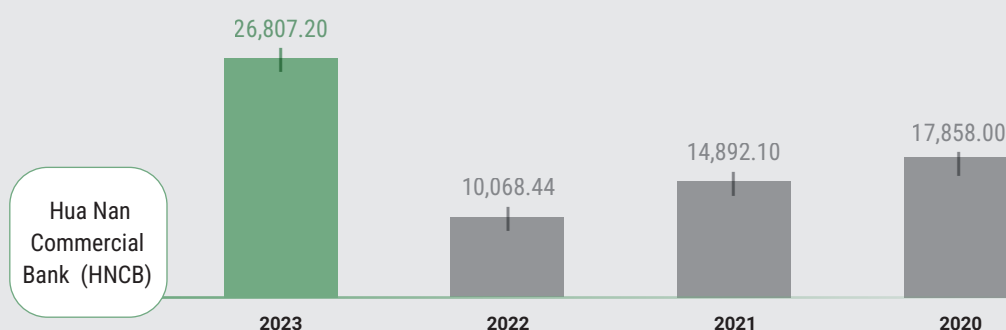
Energy Use Situation

The Group pays attention to energy use. The main energy sources used are natural gas, generator diesel, gasoline for official vehicles, and electricity.

Natural Gas Usage Statistics

Unit: cubic meters

Statistical Scope	2023	2022	2021	2020
Hua Nan Commercial Bank (HNCB)	26,807.20	10,068.44	14,892.10	17,858.00

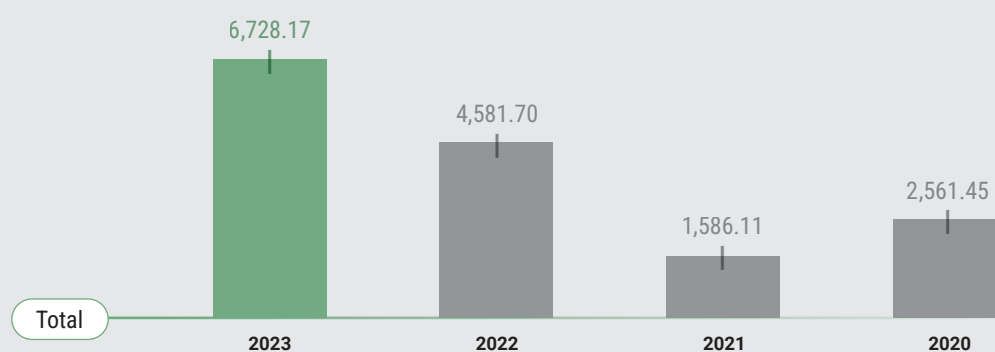


Note: Only HNCB in the Group uses natural gas, mainly because HNCB has facilities such as employee dormitories and employee cafeterias. In 2023, it increased by 16,738.76 cubic meters or 166.25% compared to 2022, mainly due to the easing of the COVID-19 pandemic in 2023, and HNCB's head office building reopened employee cafeterias and held year-end banquets and other dining events.

Generator Fuel Usage Statistics

Unit: liters

Statistical Scope	2023	2022	2021	2020
Hua Nan Commercial Bank (HNCB)	6,633.20	4,074.40	1,486.11	2,442.45
Hua Nan Securities (HNSC)	94.97	507.30	0	0
South China Insurance (SCIC)	0	0	100.00	119.00
Total	6,728.17	4,581.70	1,586.11	2,561.45

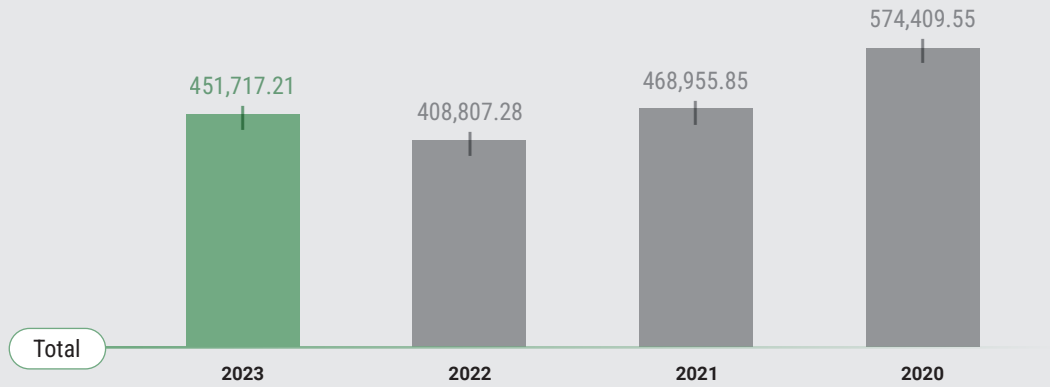


Note: Only HNCB, HNSC, and SCIC in the Group own their own generator facilities. In 2023, it increased by 2,146.47 liters of diesel or 46.85% compared to 2022, mainly due to the addition of HNCB's Information Building to the inventory scope in 2023 compared to 2022, and its backup power system consumed 3,800 liters of diesel in 2023.

Official Vehicle Gasoline and Diesel Usage Statistics

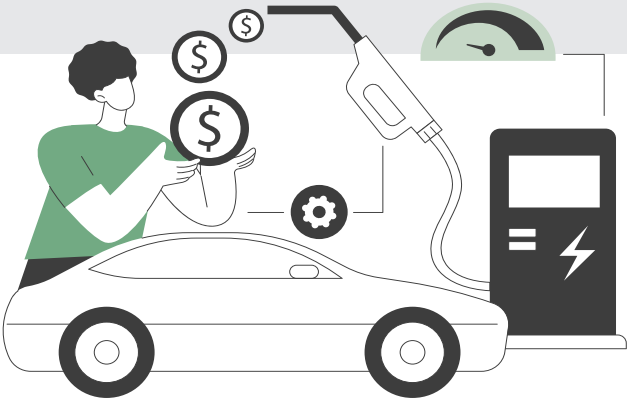
Unit: liters

Statistical Scope	2023	2022	2021	2020
Hua Nan Financial Holdings (HNFHC)	9,901.11	11,703.74	13,284.00	17,528.94
Hua Nan Commercial Bank (HNCB)	400,117.50	353,240.40	439,039.89	539,566.06
Hua Nan Securities (HNSC)	19,155.00	22,163.41	2,886.00	4,449.97
South China Insurance (SCIC)	11,427.64	10,996.10	8,835.00	6,644.00
Hua Nan Investment Trust (HNIT)	2,620.06	1,938.66	1,875.70	2,797.26
Hua Nan Venture Capital (HNVC)	249.75	403.16	404.19	732.31
Hua Nan Assets Management (HNAMC)	2,604.70	3,398.17	2,631.07	2,691.01
Hua Nan International Leasing (HNILC)	1,773.79	1,663.14	-	-
Hua Nan Futures (HNFC)	2,342.71	2,101.00	-	-
Hua Nan Securities Investment Management (HNIM)	1,524.95	1,199.50	-	-
Total	451,717.21	408,807.28	468,955.85	574,409.55



Note:

- The inventory scope includes the sub-subsidiaries HNILC, HNIM, and HNFC starting from 1.2022.
- In 2023, the fuel consumption was 451,717.21 liters, an increase of 42,909.93 liters or 10.50% compared to 408,807.28 liters in 2022, mainly due to the lifting of pandemic restrictions in 2023, and the increase in business travel due to the growth of operating volume, resulting in increased fuel consumption of official vehicles.



Electricity Consumption Management of Hua Nan Financial Group

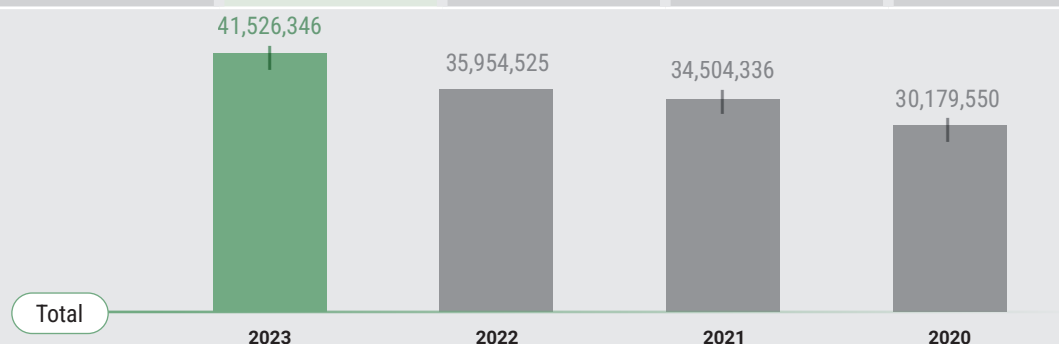
In 2023, the Group's electricity consumption was 41,526,346 kWh, an increase of 5,571,821 kWh or 15.5% compared to 35,954,525 kWh in 2022.

This is mainly due to the addition of HNCB's Information Building (electricity consumption of 5,324,200 kWh in 2023) and Information Backup Center (electricity consumption of 1,648,287 kWh in 2023) to the inventory scope in 2023 compared to 2022.

If excluding the additional inventory scope in 2023, the Group's electricity consumption would be 34,553,859 kWh/, a decrease of 1,400,666 kWh or 3.89% compared to 35,954,525 kWh in 2022,. Achieving the target of "the Group's electricity consumption being 2.5% lower than the previous year".

In the future, the 2023 inventory data will be used as the base year for reduction targets, and it will be continuously reviewed to see if the reduction targets are achieved.

Electricity Usage Statistics				Unit: cubic meters
Statistical Scope	2023	2022	2021	2020
Hua Nan Financial Holdings (HNFHC)	572,456	574,223	559,612	576,848
Hua Nan Commercial Bank (HNCB)	32,713,238	27,092,539	25,504,939	26,037,464
Hua Nan Securities (HNSC)	5,294,199	5,477,704	6,146,940	2,423,273
South China Insurance (SCIC)	2,371,387	2,266,013	2,046,249	882,410
Hua Nan Investment Trust (HNIT)	117,010	119,522	91,238	162,497
Hua Nan Venture Capital (HNVC)	34,552	31,500	36,473	37,428
Hua Nan Assets Management (HNAMC)	137,506	116,588	118,885	59,630
Hua Nan International Leasing (HNILC)	75,975	67,021	-	-
Hua Nan Futures (HNFC)	164,401	164,632	-	-
Hua Nan Securities Investment Management (HNIM)	45,622	44,783	-	-
Total	41,526,346	35,954,525	34,504,336	30,179,550



Note 1: In 2020, the inventory scope was HNFHC, the head office buildings of each subsidiary, and domestic branches HNCB.

Note 2: In 2021, the inventory scope was HNFHC and the domestic operating locations of each subsidiary, with the addition of domestic branches and service centers of HNSC and SCIC companies compared to the previous year.

Note 3: In 2022, the inventory scope was the domestic and overseas locations of each company in the Group, with the addition of warehouses and dormitories of each company, overseas branches and representative offices HNCB, and locations of sub-subsidiaries compared to the previous year.

Note 4: In 2023, the inventory scope includes the addition of HNCB's Information Building (electricity consumption of 5,324,200 kWh in 2023) and Information Backup Center (electricity consumption of 1,648,287 kWh in 2023), covering all locations of each company in the Group, with the coverage of the inventory reaching 100%.

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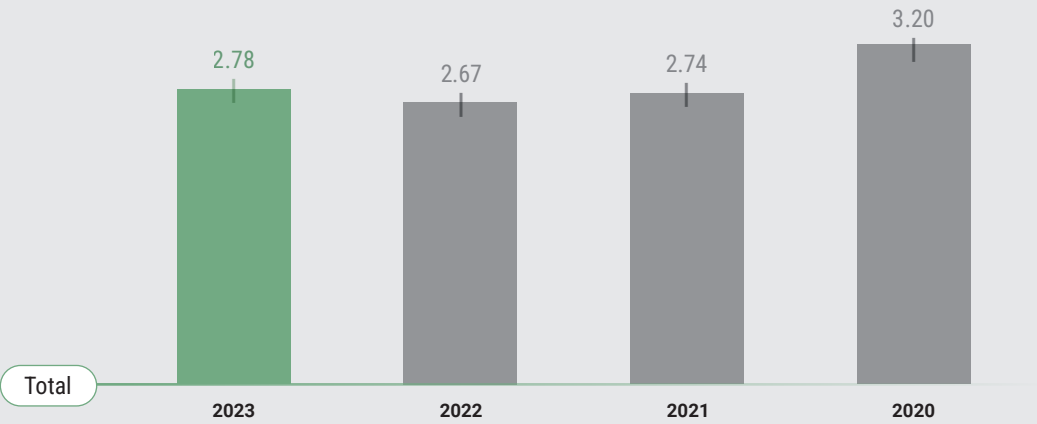
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Environmental
Sustainability

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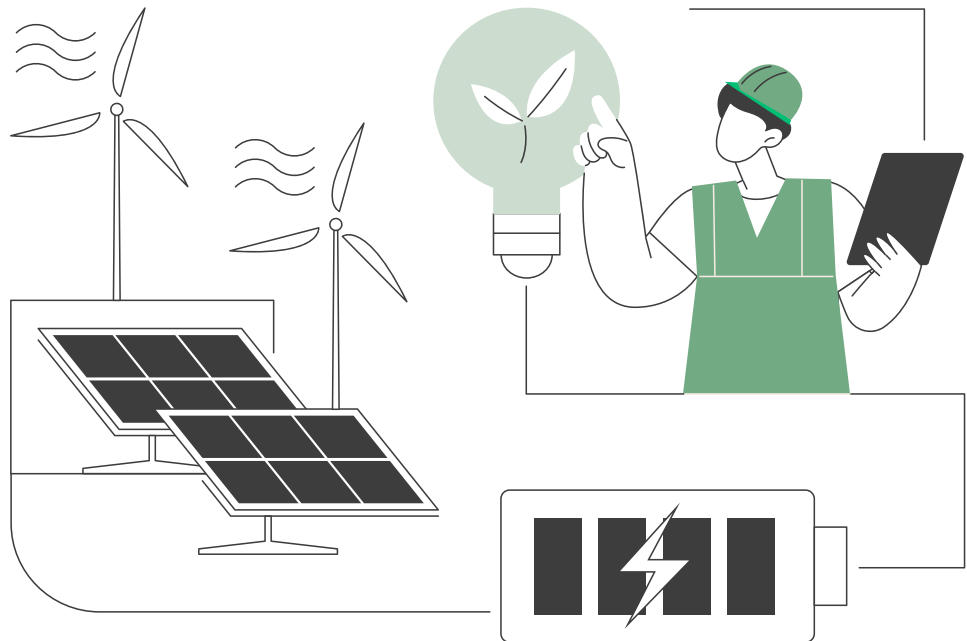
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Energy Usage and Energy Consumption Intensity Statistics

	2023	2022	2021	2020
Total Energy Usage (GJ)	165,376	143,254	140,015	128,010
Energy Consumption per Person (GJ/person)	14.85	13.48	13.49	14.58
Energy Intensity (Total Calorific Value (GJ)/ Net Revenue in Millions)	2.78	2.67	2.74	3.20



- Note:
1. In 2023, the inventory scope includes the addition of HNCB's Information Building and Information Backup Center, resulting in an increase in total energy usage compared to 2022. Although the number of employees and net revenue both grew, the energy consumption per person and energy intensity still increased compared to 2022.
 2. The energy consumption calculation coefficient (calorific value) is based on the "Unit Calorific Value Table of Energy Products (2018 Edition)" published by the Bureau of Energy, Ministry of Economic Affairs: 7,800 kcal/liter for gasoline, 8,000 kcal/cubic meter for natural gas, 8,400 kcal/liter for diesel, and 860 kcal/kWh for purchased electricity; each kcal is calculated as 4.186 joules.
 3. According to the net revenue in the consolidated financial reports audited by the accountants for each year, it was NT\$59,467.45 million in 2023, NT\$53,666.75 million in 2022, NT\$51,072.54 million in 2021, and NT\$39,964.52 million in 2020.



Energy Management Situation

To achieve the policy goal of net zero emissions by 2050, the Group has been actively promoting relevant measures for operational environment management.

Establishing an Intelligent Energy-Saving Management Platform

HNCB collaborated with the Green Energy and Environment Research Laboratories of the Industrial Technology Research Institute to establish an "Intelligent Energy Management platform", which is an initiative among domestic financial institutions. The applications of this system are as follows:

1. Using the electricity consumption curve to determine whether air conditioning or water pumps are forgotten to be turned off after work, and reminding branches to improve
2. Using environmental temperature to understand whether the temperature of air conditioning equipment is set too low or not turned off
3. Using CO₂ data to remind branches to turn on ventilation equipment to maintain the office quality of employees
4. Using electricity consumption data to determine equipment efficiency

In 2023, the management platform saved 453,097 kWh of electricity, reducing electricity expenses by approximately NT\$1.72 million. HNCB will continue to use and optimize this intelligent energy-saving management platform to achieve the purpose of energy conservation and carbon reduction.

Branch Management Homepage



Notification for abnormal equipment maintenance



Green Buildings, Establishing Solar-Powered Branches

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The Group is gradually promoting operating locations to obtain green building certifications, starting from the four aspects of health, energy conservation, carbon reduction, and ecology. Green sustainability concepts are incorporated into the building planning stage, including ecological greening, permeable pavement, indoor ventilation, and retaining large areas of natural lighting, which can effectively reduce lighting and air conditioning electricity consumption during the usage stage and effectively utilize water resources through water recycling. HNCB's future management goal is to gradually replace energy-consuming equipment in its own buildings and obtain green building labels.

In addition to the existing three diamond-grade green building headquarters building, Songjiang Training Center, and Yuanlin Branch, HNCB's green buildings also obtained the gold-grade green building label certification for the newly built Information Building in 2023. Old buildings that have undergone full-scale renovations, such as the Kaohsiung Branch Building, Nan Songshan Building, and Taipei Nanmen Branch, as well as old buildings that have undergone partial renovations for energy-saving optimization, such as the Lugang Branch, Qianzhen Branch, and Jisui Branch, have all reached green building standards and will actively apply for certification in 2024.

Regarding HNCB's solar power generation facilities, following the completion of installations at the Yuanlin Building and Kaohsiung Building in 2022, the solar power generation facilities at the new Information Building were also completed in 2023. The installations at the Nan Songshan Branch and Xinying Branch buildings are also being contracted. In 2024, there are plans for the rooftops of the Zhongli Branch Building, Miaoli Branch Building, East Kaohsiung Branch Building, and other own buildings, with an estimated 150KW~200KW of renewable energy power generation facilities to be installed each year in the future.

Health



Water Resource

Fully adopt water-saving certified equipment and set up rainwater recycling for irrigation

Indoor Environment

Use green building materials indoors to avoid formaldehyde volatilization, and set up sky gardens to maintain indoor air quality

Sewage and Garbage Improvement

All domestic wastewater from this building is connected to the public sewage system, and sealed garbage bins and resource recycling systems are installed

Seminars



Daily Energy Saving

Use structural frames as sun shading, set up sky gardens to block sunlight, and use fans to promote ventilation and heat dissipation; also have large windows to reduce lighting electricity consumption

Green Building Benchmarks

The head office building of HNCB was completed on December 27, 2014. In addition to obtaining the "Leadership in Energy and Environmental Design (LEED)" Gold certification from the U.S. Green Building Council, it also obtained the highest domestic green building diamond-grade label and was selected as an excellent green building case in 2017. From 2018 to 2021, it was designated as a green building education demonstration base, providing visits and observations for students of architecture departments and architecture-related practitioners. The Group hopes that through demonstration and observation, the concept of green building will be deeply rooted in the minds of participants, expanding the development of green buildings and raising more people's attention to environmental sustainability issues.

HNCB Headquarters Building

A LEED "Gold" and Taiwan Green Building "Diamond" certified environmentally friendly green building by the U.S. Green Building Council

Carbon



Carbon Dioxide Reduction

The entire building adopts steel frame and fully lightweight partition walls to reduce the carbon footprint of building materials

Waste Reduction

During construction, dedicated vehicle washing areas and sludge sedimentation pools were set up to reduce construction waste and dust

Reduction



Greening Amount

Plant tall trees outdoors and set up high-ceiling sky gardens indoors to provide an excellent photosynthesis environment

Site Water Retention

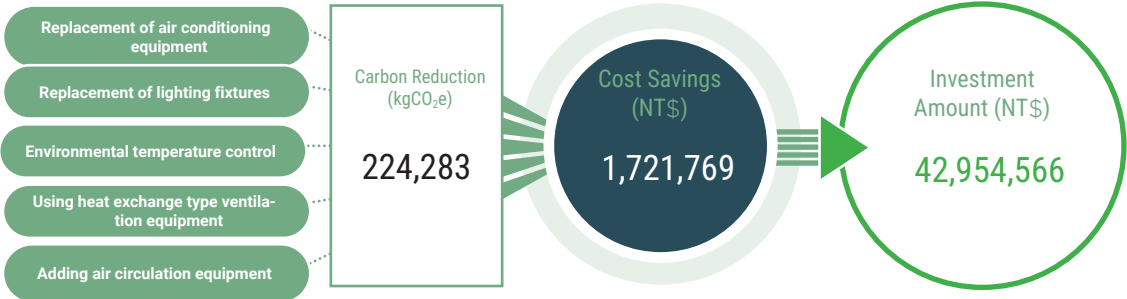
Use permeable pavements in open spaces to return water to the earth

This building faces east to west and has a severe west-facing sun exposure problem. Therefore, there are many ingenious designs, including setting up sky gardens on the west-facing elevation. It not only makes full use of the natural sunlight for the healthy growth of trees but also utilizes large windows to reduce lighting usage. The space serves as a small park for colleagues to relax, achieving a win-win situation for people and the environment.



The new Information Building of HNCB was completed in 2022. The building is located in New Taipei City and is under the jurisdiction of the Ministry of Economic Affairs' industrial zones. It is the first example of urban renewal construction in a national industrial zone. It was also designated by the New Taipei City Government as a demonstration base for urban renewal in industrial zones. The construction design concept is to create a convenient and valuable factory office building in the old industrial zone, setting back the building to increase greenways and plazas, providing a comfortable park connecting space. In May 19 2023, it obtained the domestic green building gold-grade label and passed the excellent green building shortlist certificate issued by the Ministry of the Interior. It was also awarded as one of the national greening outstanding units in the industrial zones of the Ministry of Economic Affairs. This project has achieved relatively high effectiveness in greening volume, site water retention, daily energy conservation, and waste reduction, making it a rare gold-grade or higher green building case among traditional industrial zone factory buildings.

HNCB's Energy-Saving and Environmental Optimization Projects in 2023



Official Vehicle Replacement

To reduce the carbon emissions generated by the Group's business travel, each company of the Group has successively replaced fuel-powered official vehicles with hybrid vehicles. In 2023, the entire Group has replaced 90 official vehicles. In the future, each company will gradually evaluate the full replacement with hybrid vehicles based on the expiration of official vehicle leases.

● Use of Renewable Energy

Green Electricity Procurement

HNCB has externally procured 6 million kWh of green electricity. Starting from June 2023, it will supply 1.5 million kWh of green electricity (no carbon emissions during power generation) to the head office building each year for 4 years, which is expected to reduce 742.5 metric tons of CO₂ per year (calculated based on 0.495 kg of CO₂ emissions per kWh).

Expected to reduce **742.5** metric tons of CO₂ per year

Solar Power Generation

As of the end of 2023, the Group's own solar power generation was 81,554 kWh, which is expected to reduce 40.37 metric tons of CO₂ per year (calculated based on 0.495 kg of CO₂ emissions per kWh).

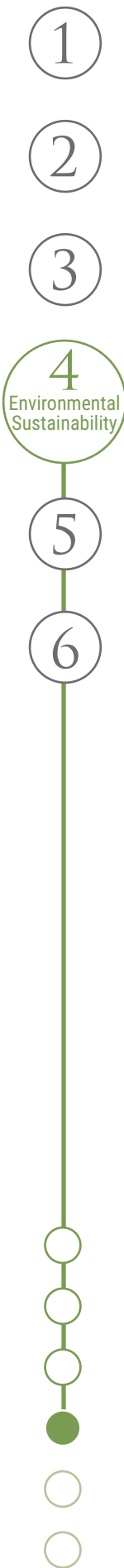
Expected to reduce **40.37** metric tons of CO₂ per year

Carbon credits Procurement

Taiwan Carbon Solution Exchange Corporation was officially launched on August 7, 2023, and the "The TCX International Carbon Credit Trading Platform" was officially launched on December 22, 2023. HNFHC demonstrated its determination and practical actions for "net zero" by becoming one of the first carbon rights trading purchasers.

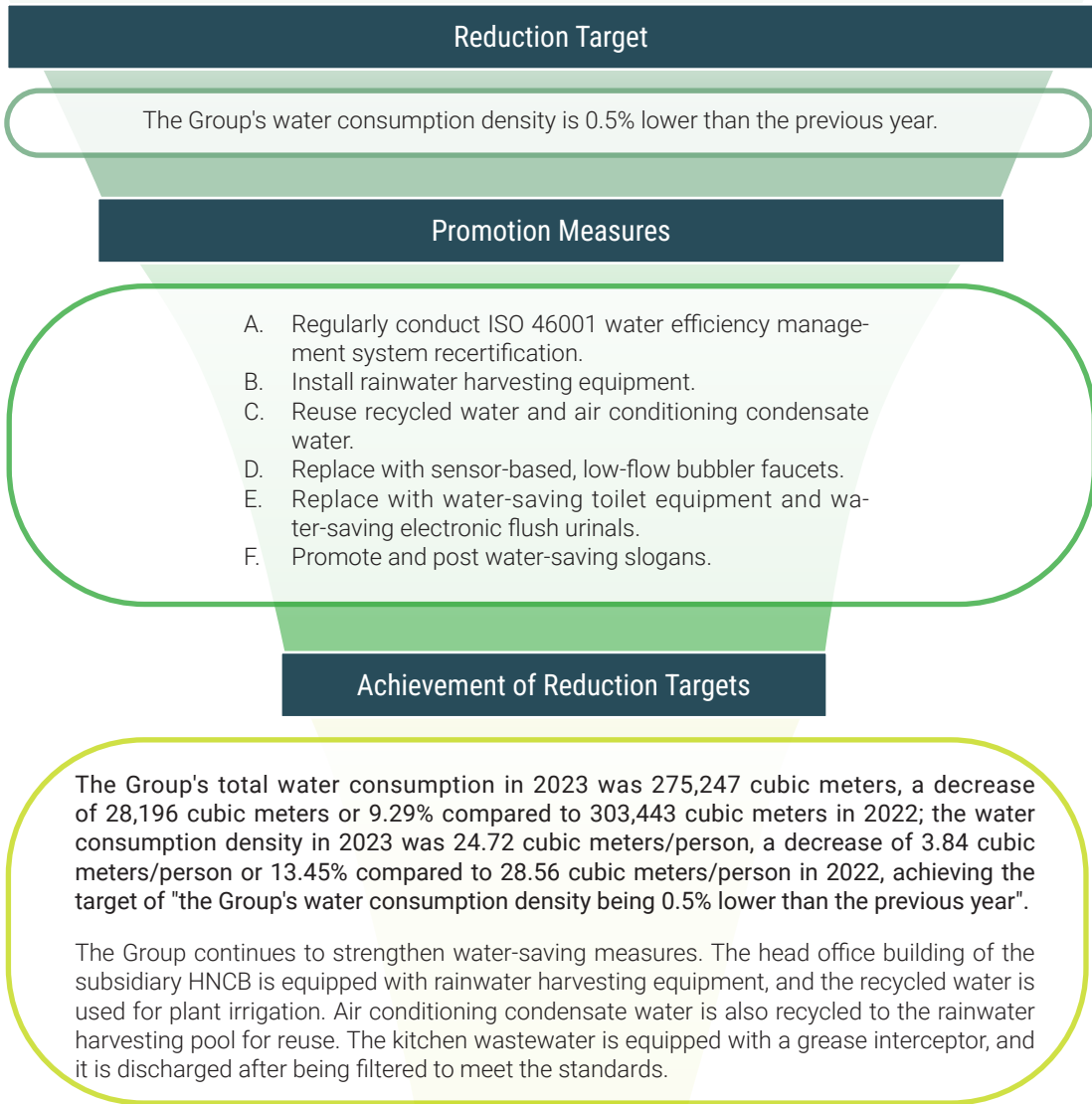


Mei-Hua Wang, the then Minister of Economic Affairs (left), presents the first corporate carbon credit trading certificate to Yao-Ching Li, President of Hua Nan Financial Holdings Co., Ltd. (right).



Water Resource Management

The Group has set the water resource reduction management policy for 2023, including:



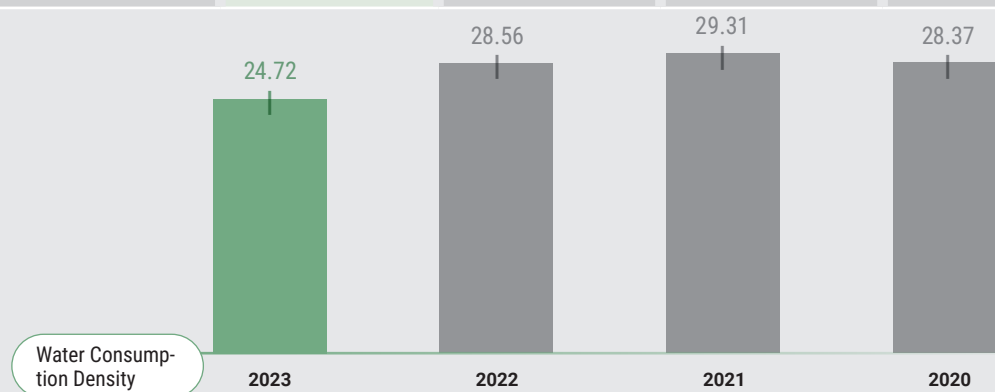
	Water-Saving Equipment	Water-Saving Measures
	Water-Saving Inspection	
	Education and Promotion	

- Install low-flow bubbler faucets on faucets, which can save about 20% of water consumption for that faucet
- Use sensor-based faucets, which can save up to 60% of water compared to other types of faucets
- Replace with water-saving toilet equipment and water-saving electronic flush urinals, saving 30% ~ 65% of water
- Before leaving work, check if the faucets are tightly closed
- When leaks are found in bathroom and water supply equipment, they should be repaired as soon as possible
- When the water supply is cut off, the faucets should also be tightly closed to prevent a large amount of water loss when the water comes back
- Promote and post water-saving slogans during internal meetings

Water Resource Consumption Situation

Unit: cubic meters

	2023	2022	2021	2020
Hua Nan Financial Holdings (HNFHC)	2,507	2,156	2,054	2,512
Hua Nan Commercial Bank (HNCB)	238,057	270,183	271,508	280,253
Hua Nan Securities (HNSC)	21,841	19,866	22,332	8,138
South China Insurance (SCIC)	8,502	7,435	6,680	2,182
Hua Nan Investment Trust (HNIT)	1,251	1,067	884	363
Hua Nan Venture Capital (HNVC)	122	72	77	142
Hua Nan Assets Management (HNAMC)	898	718	677	698
Hua Nan International Leasing (HNILC)	599	529	-	-
Hua Nan Futures (HNFC)	1,366	1,324	-	-
Hua Nan Securities Investment Management (HNIM)	104	93	-	-
Total Water Consumption	275,247	303,443	304,212	294,288
Water Consumption Density (cubic meters/person)	24.72	28.56	29.31	28.37



Note: The inventory scope includes the sub-subsidiaries HNILC, HNIM, and HNFC starting from 2022.

* Water intake is all from the water company.

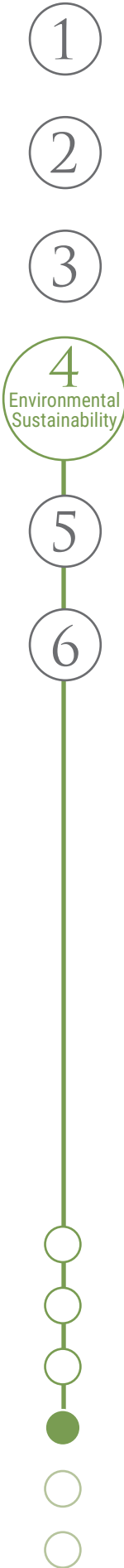
Rainwater and Air Conditioning Condensate Water Recovery

Unit: cubic meters

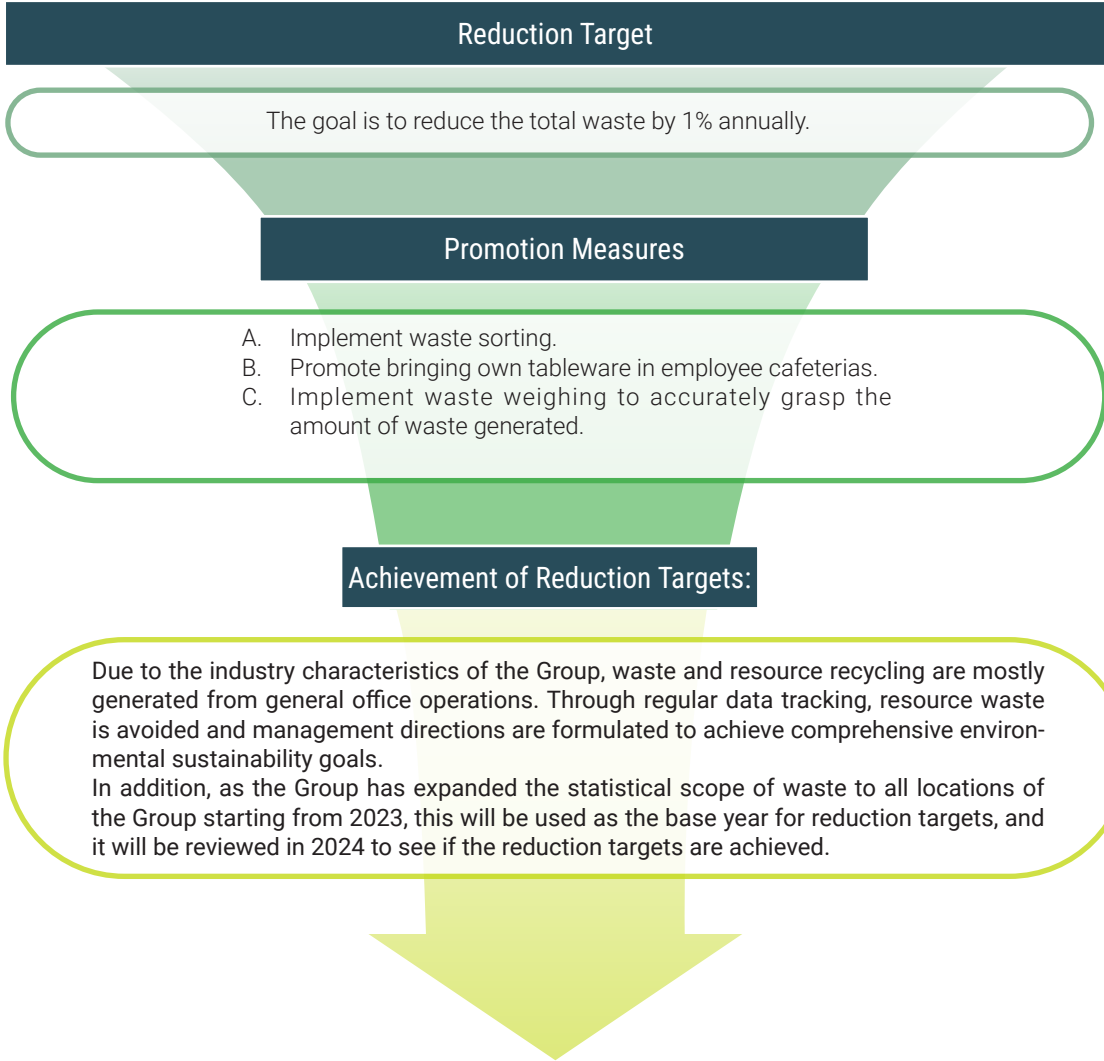
	2023	2022	2021	2020
Cubic Meters	669	1,458	2,494	2,184

Note: Head office building of HNFHC and HNCB.

Waste and Resource Recycling Management



The Group has set the waste and resource recycling management policy for 2023, including:



Waste Statistics					Unit: kg
Year	2023	2022	2021	2020	
Recyclable	320,515	54,870	82,515	35,974	
Non-Recyclable	526,944	140,060	186,090	144,380	

Note:

- Only the head office of f HNCB was counted before 2022.
- Starting from 2023, the statistical scope includes all locations of the Group.

Paperless Operation Carbon Reduction Results

The Group continues to promote paperless operations in various processes, such as electronic official documents, sending statements and DMs by email, conducting education and training through online teaching, and promoting electronic transactions such as ATMs and internet banking, to reduce the possibility of resource waste and provide customers with faster and more convenient digital services. Considering the carbon emissions from the paper manufacturing process, the electronic statement carbon reduction benefits in 2023 can reduce approximately 3,462 metric tons of CO₂e greenhouse gas emissions. From the perspective of forest protection, producing 1 box of paper requires cutting down about 0.6 trees. The Group's paperless operations can reduce the cutting of 61,090 trees. The results are as follows:

Item		2023	2022	2021
Electronic Official Documents	Number	1,284,116	1,274,740	1,241,870
	Carbon Reduction(metric tons of CO ₂ e)	57	56	55
	Number of Trees Reduced from Cutting (trees)	1,002	994	969
Electronic Statements and DMs	Number of cases	173,487,930	159,232,323	31,760,935
	Carbon Reduction(metric tons of CO ₂ e)	2,359	2,166	432
	Number of Trees Reduced from Cutting (trees)	41,637	38,216	7,623
Online Teaching	Hours	428,160	444,707	380,938
	Carbon Reduction(metric tons of CO ₂ e)	58	60	52
	Number of Trees Reduced from Cutting (trees)	1,028	1,067	914
Electronic Automated Transactions	Number	193,596,386	159,099,316	181,599,836
	Carbon Reduction(metric tons of CO ₂ e)	987	811	926
	Number of Trees Reduced from Cutting (trees)	17,424	14,319	16,344
Total Carbon Reduction		3,462	3,094	1,465
Total Number of Trees Reduced from Cutting (trees)		61,090	54,596	25,850

Note:

- Each electronic official document uses an average of 3~8 A4 sheets, and the calculation method here is an average of 6.5 A4 sheets per electronic official document.
- Each electronic statement (including mailing envelope) uses an average of 1.5~3 A4 sheets, and the calculation method here is an average of 2 A4 sheets per electronic statement.
- The handouts used for each hour of online teaching range from 10~30 A4 sheets, and the calculation method here is an average of 20 A4 sheets per hour of online teaching.
- Each electronic automated transaction uses an average of 0.25~1.25 A4 sheets, and the calculation method here is an average of 0.75 A4 sheets per electronic automated transaction.
- The carbon emission of each A4 sheet is 0.0068 kgCO₂e (data source: Taiwan Carbon Footprint Information Platform).
- Each A4 sheet weighs about 4 grams ~ 6 grams, and each box of A4 paper weighs about 25 kilograms (5,000 sheets). Each ton of pulp requires cutting down about 24 trees with an average height of 12 meters and a diameter of 15 to 20 centimeters. Each ton of pulp can produce 40 boxes of paper, so producing 1 box of paper requires cutting down about 24 / 40 = 0.6 trees. (Data source: Construction and Planning Agency, Ministry of the Interior - Reduce Paper, Protect Trees, Love the Earth).
- The bank's electronic statement system data is only kept for one year, so the 2021 data is no longer available for statistics.

2023 Paperless Operation Carbon Reduction Results of the Group (by Company)

Company Name	Number of Electronic Official Documents	Number of Electronic Statements and DMs	Hours of Online Teaching	Number of Electronic Automated Transactions
Hua Nan Financial Holdings (HNFHC)	7,986	-	-	-
Hua Nan Commercial Bank (HNCB)	1,256,025	134,967,353	356,266	121,176,543
Hua Nan Securities (HNSC)	9,008	36,750,784	41,212	65,258,821
South China Insurance (SCIC)	2,928	950,326	29,598	604,492
Hua Nan Investment Trust (HNIT)	2,797	74,539	948	53,066
Hua Nan Venture Capital (HNVC)	427	-	-	-
Hua Nan Assets Management (HNAMC)	1,775	-	-	-
Hua Nan International Leasing (HNILC)	-	-	-	-
Hua Nan Futures (HNFC)	2,302	744,928	4	6,503,464
Hua Nan Securities Investment Management (HNIM)	868	-	132	-
Total	1,284,116	173,487,930	428,160	193,596,386

Note: The blank fields are due to the business characteristics of the company not having related paperless operations.

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Environmental Sustainability

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4.4 Green Procurement and Supply Chain Management

Energy-Saving Environmental Optimization Projects and Green Procurement Policy

To achieve the goals of environmental protection and carbon emission reduction, Hua Nan Financial Group purchases products with environmental protection labels, energy-saving labels, water-saving labels, green building material labels, and uses environmentally friendly copy paper. Since 2016, HNCB has started to encourage branches to voluntarily improve the office environment and update various energy-consuming equipment such as air conditioning and lighting, implementing bank-wide energy-saving and environmental optimization projects with partial subsidies from the head office. Every year, approximately NT\$20 million to NT\$35 million is invested in energy-saving improvement funds, with an annual energy-saving effectiveness of about 1.5%~2.5%. Starting from 2023, it has been changed to a full subsidy method, greatly increasing the willingness of branches to make improvements, with an investment amount reaching approximately NT\$43 million. In 2023, it was also recognized by the Environmental Protection Administration of the Executive Yuan for outstanding green procurement performance, being a benchmark unit of the "Private Enterprise and Organization Green Procurement Plan". The total investment amount in environmentally friendly consumables, environmentally friendly equipment, and green building materials was NT\$152.65 million (the main reason for the decrease compared to 2022 was the impact of large-scale procurement such as interior decoration and computer room equipment for the Tucheng Information Building that year, but it still continued to grow compared to 2020 and 2021).

Green Procurement Policy of Hua Nan Financial Group

Hua Nan Financial Holdings (HNFHC)

Hua Nan Commercial Bank (HNCB)

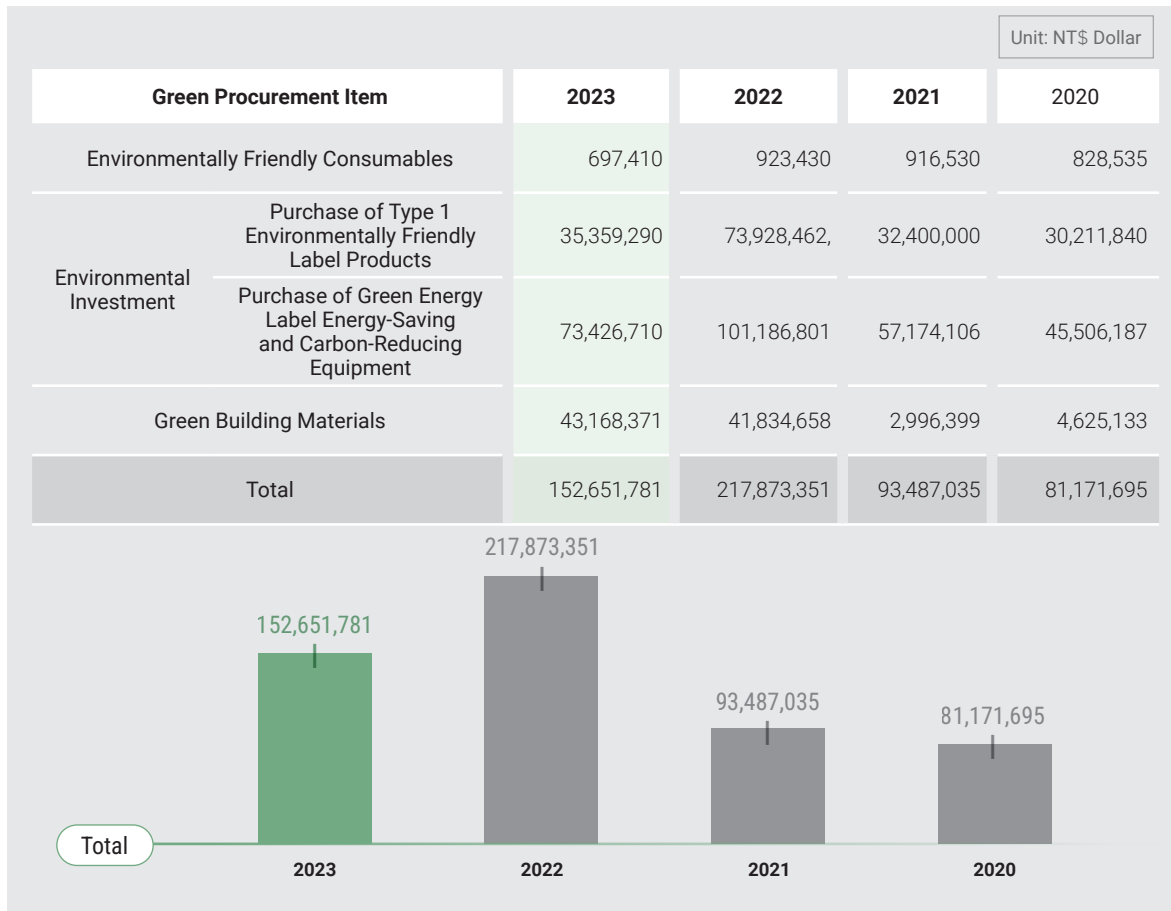
- Choose products with lower energy consumption or that meet energy-saving standards
- Choose environmentally friendly products and reduce the use of toxic and harmful chemicals
- Assess the necessity of products before purchasing to avoid wasting the earth's resources
- Prioritize products with lower total of "purchase cost" + "operating cost within the life cycle"
- Prioritize suppliers that care for the environment
- Purchase goods or services that comply with various environmental laws and regulations

- System hosts, server hosts, personal computer hosts, monitors, laptops, and mobile phones all comply with the U.S. Energy Star standards
- The manufacturing process of leased copiers and toner cartridges must not use toxic chemicals announced and managed by the Environmental Protection Administration of the Executive Yuan
- Copy paper and toilet paper all meet FSC standards

Hua Nan Securities (HNSC)

Hua Nan Investment Trust (HNIT)





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Joint Promotion of Corporate Social Responsibility with Suppliers

The Group's suppliers are mainly equipment suppliers, construction contractors, and office supplies suppliers. Before establishing a cooperative relationship, a careful assessment is conducted to determine whether the supplier has the potential to impact the environment and society, which serves as a consideration for signing contracts.

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Environmental Sustainability

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When signing contracts with suppliers, they are required to sign a supplier commitment letter. In 2023, 100% of suppliers have been required to sign it. In addition to emphasizing the need for integrity management, suppliers should also comply with internationally recognized human rights provisions and strive to protect the environment and avoid pollution. If a supplier violates the requirements of the supplier commitment letter and has a significant impact on the environment and society, it will be listed as a situation where the contract can be terminated or rescinded at any time.

Integrity Management

1. Integrity Management
2. Must Not Violate Ethical Business Conduct

Environmental Sustainable development and Protection of Basic Human Rights

1. Comply with relevant domestic environmental laws, international related standards, and corporate social responsibility policies of both parties
2. Corporate operations should protect the environment and avoid pollution
3. Comply with the "Labor Standards Act" and other relevant laws and regulations, and respect the internationally recognized basic principles of labor human rights



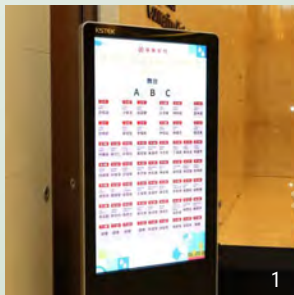
Joint Supplier Conference of Public Financial Institutions

The Company has held the third Joint Supplier Conference of Public Financial Institutions in September 2023, echoing the conference theme of "Implementing Sustainable Transformation, Moving Towards Net Zero Goals". The venue decoration reduces one-time large-scale production items and uses digital billboards instead. The invitation and check-in process are digitized to reduce paper usage, and the VIP badges use environmentally friendly materials that can be recycled and are plastic-free.

In the future, it will continue to actively participate in the "Joint Supplier Conference of Public Financial Institutions" guided by the Ministry of Finance. In addition to continuing to promote sustainable transformation, it will also share sustainable development-related information with the Company's suppliers and credit customers, jointly moving towards sustainable development.



Caption: The launching ceremony of the third Joint Supplier Conference of Public Financial Institutions. Ching-hua Juan, Political Deputy Minister of the Ministry of Finance (5th from left), Yun-Peng Chang, Chairman of HNFHC (5th from right), and distinguished guests from public financial institutions take a group photo.



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1. Digital billboards and VIP badges with reduced plastic materials
2. Using local ingredients to reduce the carbon footprint of meals
3. Yao-Ching Li, President of HNFHC (left), passes the spirit of practicing sustainability to Mei-tsu Chen, President of the next hosting unit, Taiwan Cooperative Financial Holdings (right).

4.5 Green Finance Initiatives

Please refer to the section "Green Finance" on page 130 of Chapter 2 Financial Services.



Highlights and Awards 1:

Has held the "Hua Nan Cares, Forever Young" event to care for disadvantaged elderly living alone for 12 consecutive years.

Highlights and Awards 2:

Has sponsored the "Face-to-face Forum between President Tsai Ing-wen and High School Students" for 8 consecutive years to enhance communication and exchange with the new generation.

Highlights and Awards 3:

Has donated to the General Association of Chinese Culture (GACC) for 7 consecutive years to support the development of the domestic cultural and creative industry and promote local culture.

Highlights and Awards 4:

Received the Sports Activist Award from the Ministry of Education for 12 consecutive years, and has simultaneously won the Gold Award in the Sponsorship category, the Long-term Sponsorship Award, and the Bronze Award in the Promotion category for 7 consecutive years.

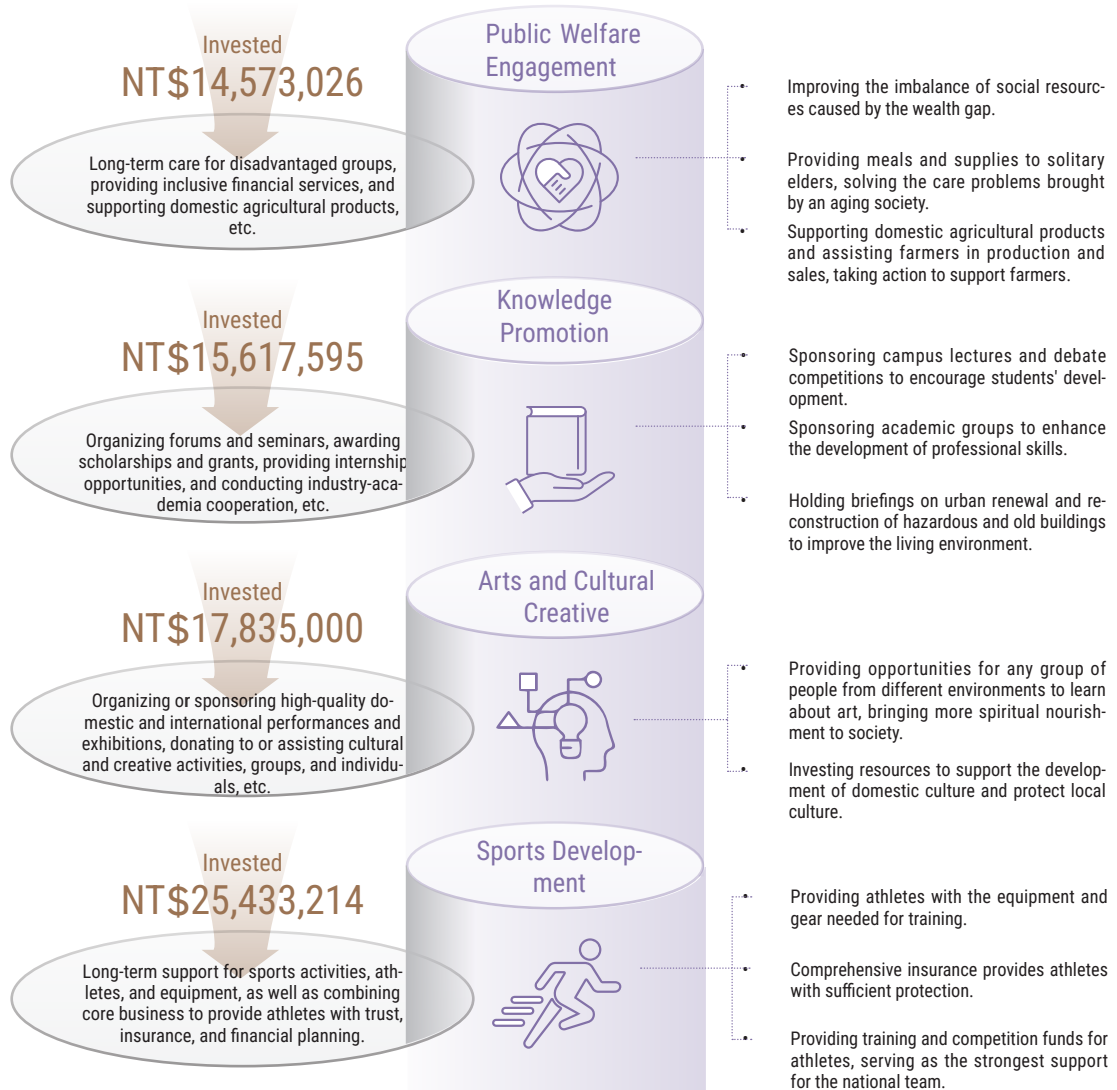
5 Social Co-prosperity





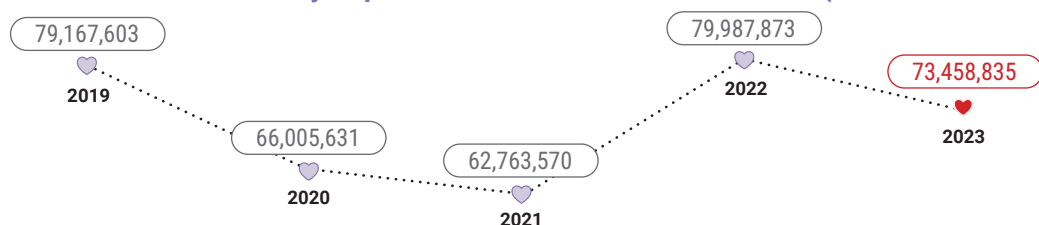
5.1 Hua Nan's Co-prosperity with You

Hua Nan Financial Group deeply understands that sustainable development can only be achieved through mutual prosperity with society. To realize this concept of mutual prosperity, the Group integrates all its resources and promotes its charitable strategy with a focus on "Public Welfare Engagement, Knowledge Promotion, Arts and Cultural Creative, and Sports Development" to assist in the stable development of society and fulfill its corporate social responsibility.



In 2023, the Group invested a total of **NT\$73,458,835** in public welfare activities.

Public Welfare Activity Expenditure over the Past Five Years (Unit: NT\$ Dollar)



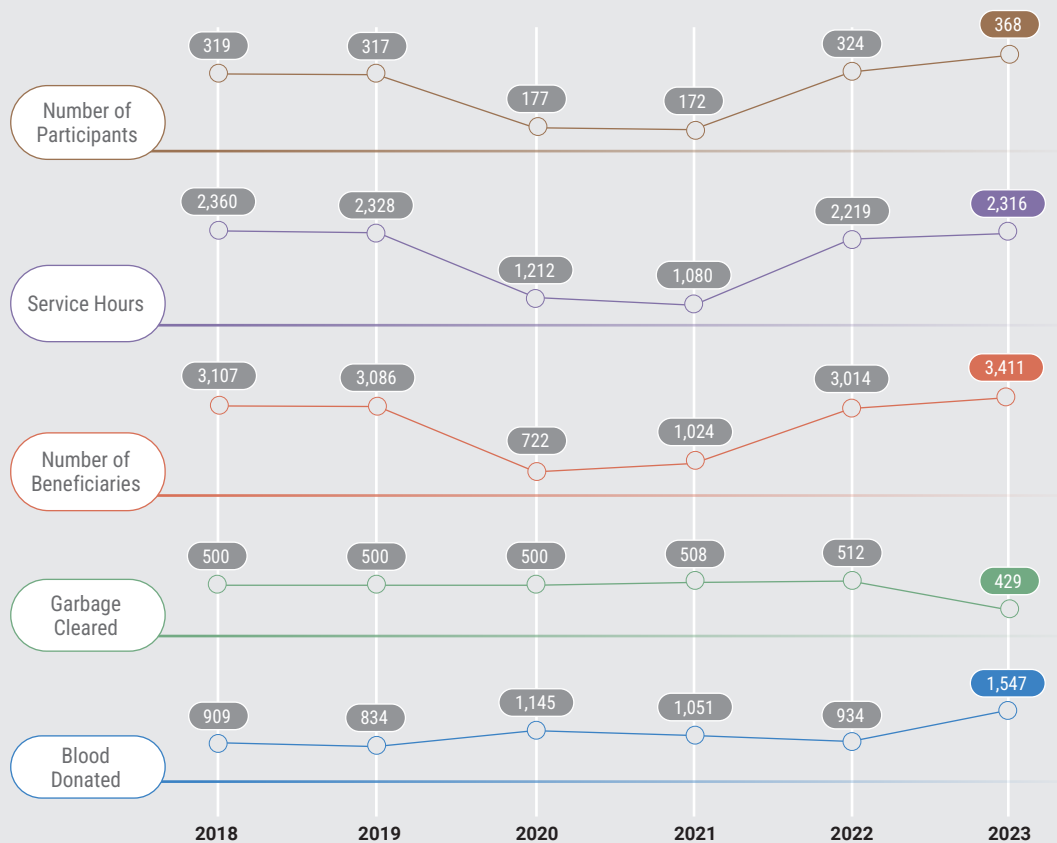
Volunteer Services

The social participation responsible unit of the Group is the Group's volunteer team, composed of HNFHC, HNCB, HNSC, SCIC, HNIT, HNVC, and HNAMC. The team leader of the Group's volunteer team is the President of HNFHC, and the Presidents of each subsidiary serve as the team leaders of their respective volunteer teams. The relevant operating procedures are stipulated in the Group's volunteer team guidelines to continue and actively carry out public welfare activities. In 2023, the number of volunteers participating in public welfare activities was 368, with 2,316 hours of participation, 3,411 beneficiaries, 429 kilograms of garbage cleaned up, and 1,547 bags of blood donated (250cc per bag).

From 2018 to 2023, the number of volunteers participating in public welfare activities was 1,677, with 11,515 hours of participation, 14,364 beneficiaries, 2,949 kilograms of garbage cleaned up, and 6,420 bags of blood donated.

Hua Nan Financial Group Volunteer Team Service Statistics over the Past Six Years

Year	Number of Participants	Service Hours	Number of Beneficiaries	Garbage Cleared	Blood Donated
2018	319 Participants	2,360 Hours	3,107 Participants	About 500 kilograms	909 bags
2019	317 Participants	2,328 Hours	3,086 Participants	About 500 kilograms	834 bags
2020	177 Participants	1,212 Hours	722 Participants	About 500 kilograms	1,145 bags
2021	172 Participants	1,080 Hours	1,024 Participants	About 508 kilograms	1,051 bags
2022	324 Participants	2,219 Hours	3,014 Participants	About 512 kilograms	934 bags
2023	368 Participants	2,316 Hours	3,411 Participants	About 429 kilograms	1,547 bags
Total	1,677 Participants	11,515 Hours	14,364 Participants	About 2,949 kilograms	6,420 bags



Note: The number of participants, service hours, and beneficiaries in 2020 and 2021 were lower due to the impact of the COVID-19 pandemic, reducing volunteer activities to avoid cluster infections.

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Social
Co-prosperity

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2023 Volunteer Activity Photos



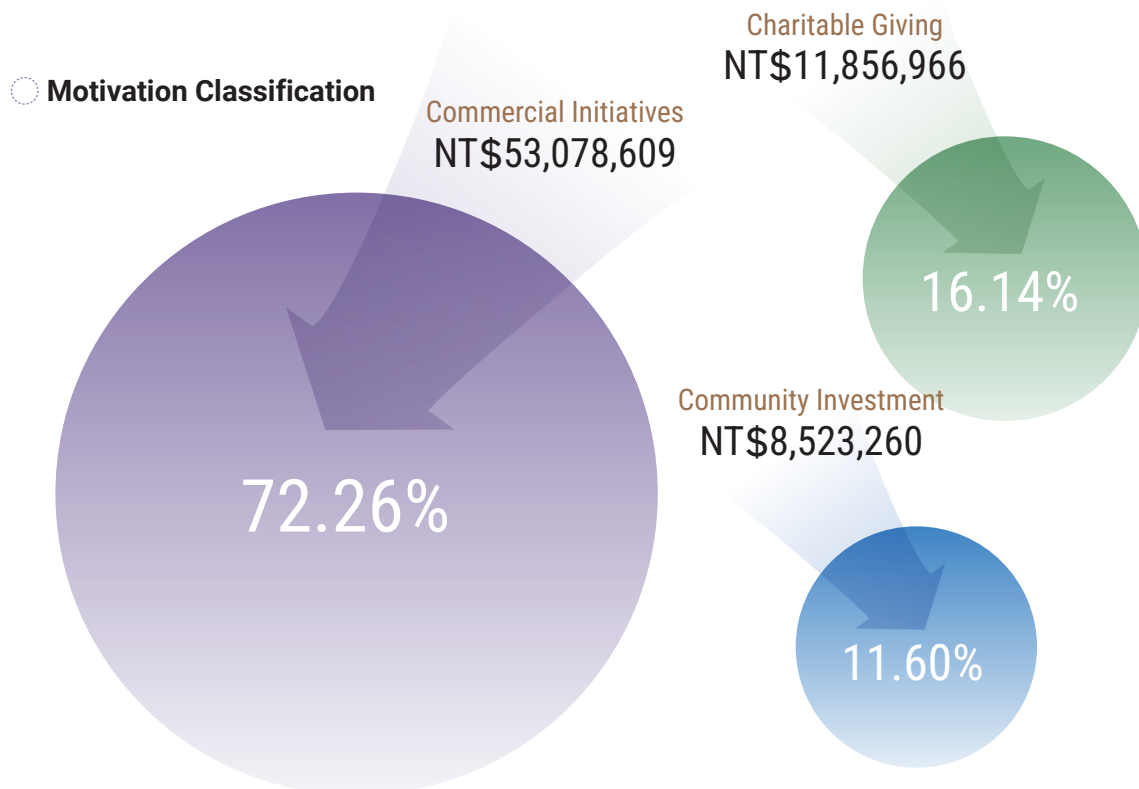
1. Collaborating with Hondao Senior Citizens Welfare Foundation to hold the "Hua Nan Cares, Forever Young" elderly care activity, with dialogues between different generations warming each other's heart
2. Colleagues donate shoes they no longer need at home to the STEP30 International Ministries to help African children
3. Cooperating with the Taiwan U-Life Association to hold the "Love Inheritance Care Concert" and accompany social welfare groups on a one-day trip to Yilan Park of National Center for Traditional Arts.



4. Sponsoring Genesis Social Welfare Foundation's "Craftsmen Help Disabled People" charity bazaar, with volunteers participating in the charity sale
5. Hua Nan volunteers respond to the blood donation activity, rolling up their sleeves to donate blood
6. Joining hands with Andrew Charity Association to prepare "Chinese New Year Food Boxes" to help disadvantaged children have a good New Year
7. Cooperating with the Raising Children Medical Foundation to hold the "Christmas Happy Train Activity" and send love to the wards

Classified Review

To continuously and effectively manage project resource investment, the Group refers to the Business for Social Impact Framework (B4SI Framework) and uses quantitative data to review the invested resources. In 2023, the total investment in social well-being was NT\$73,458,835, analyzed as follows:

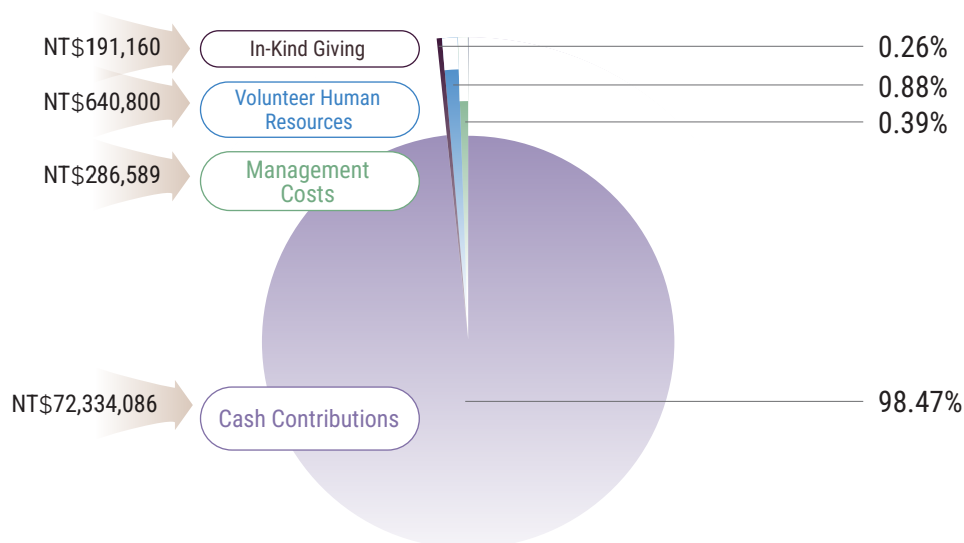


Note: Charitable Giving: Responding to the needs and appeals of charitable and community organizations, providing intermittent support for a wide range of public welfare undertakings.

Community Investment: Long-term involvement in community partnerships to address a limited range of social issues chosen by the company in order to protect its long-term corporate interests and enhance its reputation.

Commercial Initiatives: Business-related commercial activities that support the Company's success and enhance its brand, usually involving partnerships with non-profit organizations.

Resource Classification



Note: Cash Contributions: Cash expenditures invested in public welfare activities.

In-Kind Giving: The equivalent cost of materials and supplies invested in public welfare activities.

Volunteer Human Resources: The equivalent cost of human resources for volunteers attending public welfare activities.

Management Costs: The equivalent cost of human resources for executives and managers attending public welfare activities.

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5.2 Public Welfare Engagement

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When pursuing sustainable development goals, enterprises must not forget the society that nurtured them in order to grow together with society and achieve sustainability. Hua Nan Financial Group helps groups with relatively scarce resources in society through public welfare engagement. In addition to launching financial services that align with the connotation of finance inclusion, emphasizing the Fair Treatment of Customers Principles, and providing more accessible financial services, it also organizes volunteer activities to interact and grow together with various groups in society.

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Public Welfare Engagement Activities

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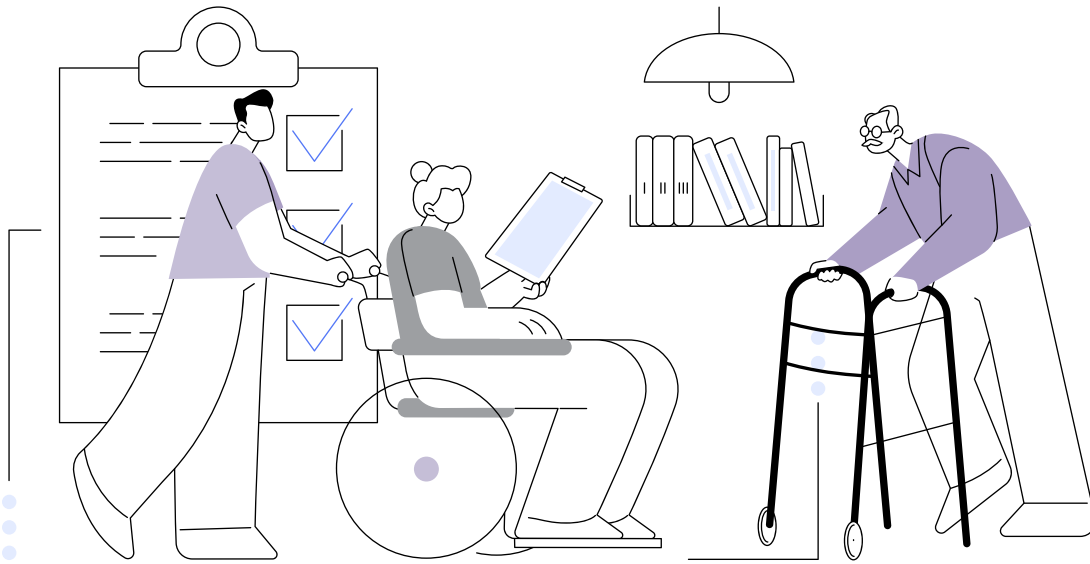
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Care for the Elderly and Children

Helping the Weak and Disadvantaged

Social Care

- To care for the physical and mental health and daily life of solitary elders, Hua Nan Financial Group has been collaborating with the Hondao Senior Citizens Welfare Foundation to hold the "Hua Nan Cares, Forever Young" elderly care activity for 12 consecutive years since 2012. In 2023, a visit to the elderly activity was held in Sanxia District, New Taipei City, where colleagues transformed into one-day children to accompany and care for the needs of the elderly. Before the Mid-Autumn Festival and Double Ninth Festival, an elderly care banquet was held, inviting a total of 107 elders from New Taipei City, Taoyuan City, and Kaohsiung City to participate. In addition, breakfast meal services and daily care visits were provided to 55 disadvantaged elders in New Taipei City and Taoyuan City for a whole year, as well as diverse companionship services to 120 mobility-impaired elders in Taichung City for a whole year.
- HNCB values the medical rights of pregnant migrant workers and children who are not ROC nationals. In 2023, it supported the Harmony Home Foundation Taiwan's full-day care service expenses for non-ROC national children, jointly protecting the non-ROC national babies born and temporarily staying in Taiwan.
- To promote elderly services and community integration, HNSC donated to the Eden Social Welfare Foundation to hold the "Barrier-Free Outdoor Trip, Loving the Elderly Together" public welfare activity, with approximately 30 participants.
- To help children from poor families with unstable meals, HNSC donated 500 meal vouchers to World Peace Organization's "Summer Vacation Meal" service activity in 2023. Each voucher, with a face value of NT\$100, can be exchanged for 2 meals at cooperating vendors, totaling 1,000 meals, helping children from poor families not worry about not having nutritious lunches during summer vacation.
- SCIC has long cared for children from disadvantaged families. Since 2017, it has responded to the "Chinese New Year Food Boxes" and "Summer Life Growth Camp" of Andrew Charity Association for 7 consecutive years. In 2023, it continued to donate 100 boxes of Chinese New Year dishes, allowing disadvantaged children and their families to have a good New Year. It also continued to hold summer camp activities, becoming abundant nourishment for outstanding students from low-income families during their growth process.
- SCIC values the physical and mental health of sick children and their family members. Since 2021, it has cooperated with the Raising Children Medical Foundation for 3 consecutive years on the "Christmas Happy Train" activity. In 2023, Christmas gifts were given to 384 sick children at China Medical University Children's Hospital, and a parent-child trip in Taipei City was arranged, inviting 15 groups of families with sick children, a total of 60 people, to take the Taipei Sightseeing Bus and experience the city's charm.



Care for the Elderly and Children

Helping the Weak and Disadvantaged

Social Care

- Hua Nan Financial Group actively participates in international disaster relief actions. In 2023, a severe earthquake disaster occurred in the southern part of Turkey near the Syrian border. The Group donated NT\$4 million to assist the disaster area in Turkey to recover as soon as possible.
- Since 2012, HNCB has been collaborating with the Taiwan U-Life Association to hold the "Love Inheritance Care Concert" every year. In 2023, 5 activities were held in Yilan, Taipei, New Taipei City, and Taichung, with approximately 3,568 participants.
- Since 2013, HNCB has been cooperating with the First Social Welfare Foundation to hold the "Healthy Walk, Love Forever" public welfare walking activity, assisting people with intellectual disabilities to go outdoors and interact with the public. 2023 marks the tenth time of jointly holding the public welfare walking activity, which was held on the Democracy Boulevard of Chiang Kai-shek Memorial Hall, with approximately 2,000 participants.
- For 2 consecutive years, HNSC has called on colleagues to donate shoes they no longer need to the STEP30 International Ministries, allowing African children to keep their feet away from sand fleas. In 2023, 11 boxes of materials were collected.
- Since 2017, SCIC has been collaborating with the Chensenmei Social Welfare Foundation for 7 consecutive years to plan the "Elderly Mentally Disabled Life Experience Activity". In 2023, the activity was held at the New Taipei City Yingge Ceramics Museum, accompanying 60 elderly mentally disabled individuals to chat, assist with DIY activities, and gain emotional support through interaction and care from volunteers.
- SCIC joins hands with colleagues to pay attention to the issues of poverty and hunger. Since 2015, it has responded to World Vision Taiwan's "Famine Experience DIY Activity" for 9 consecutive years. In 2023, in coordination with the "Famine Events-30 Hour Famine" activity, an internal "Group Weight Loss for Public Welfare" activity was held, where colleagues donated NT\$100 for every 1 kilogram lost, with a total weight loss of 204 kilograms. SCIC additionally donated up to NT\$30,000.
- To help friends with disabilities move towards the goal of independent living, SCIC has supported the disability services of the Eden Social Welfare Foundation for 6 consecutive years since 2018, helping 235 small workshop trainees to train their self-care abilities and acquire skills during this period. In 2023, it provided NT\$340,000 in disability service funding to Eden Tamsui Zhongzheng, Xizhi Nanxing, Xizhi Datong, Shulin Pengfu Small Workshops, and Shalun Day Care Center, and donated hand slapping cognitive training machines to Xindian Disability Day Care Center and community-based long-term care institutions to help people with disabilities with attention and short-term memory training.
- To provide basic personal insurance protection for economically disadvantaged individuals, SCIC assisted in insuring a total of 44 policies for major foundations and social welfare organizations in 2023, providing micro-insurance protection to 10,864 people.

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Care for the Elderly
and Children

Helping the Weak
and Disadvantaged

Social Care

- To assist in the production and sales of excellent domestic agricultural products, HNCB purchased 226 boxes of Atemoya and 125 boxes of golden diamond pineapples from the Agricultural Technology Research Institute in 2023, as well as 400 boxes of Irwin mangoes from Tainan Guantian Farmers' Association and 400 boxes of pomelos from Tainan small farmers, which were given to public welfare organizations. Additionally, approximately 930 kilograms of organic white rice produced by the Yilan County Xingjian Organic Production Cooperative were purchased to protect the sustainable ecology of Taiwan's agricultural land.
- HNCB spares no effort in promoting environmental protection work. In 2023, it sponsored the "Fan-shaped Salt Field Adoption Project" of the Taiwan Environmental Information Association, assisting environmental protection groups in conducting ecological surveys and environmental maintenance, and successively organizing citizen science activities. It also held 2 ecological protection education activities with the Society of Wilderness, with approximately 70 participants.
- HNCB sponsored the Yang Ming Marine Transport Cultural Foundation to hold the "2023 K-Harbour Life Festival" activity, promoting marine culture education work.
- Following the sponsorship of the Genesis Social Welfare Foundation's "Double Love - Charity Flora Expo Fun Fair" in 2022, HNSC once again sponsored the foundation to hold the "Craftsmen Help Disabled People" charity fair in 2023 and arranged for volunteers to participate in the charity sale. The fair had approximately 8,000 participants, and the total charity sale amount was approximately NT\$300,000.
- In response to sustainable environmental protection, SCIC has been calling on volunteers to engage in environmental protection for 6 consecutive years since 2018, conducting the "Public Welfare Beach Cleanup Volunteer Activity". Over the past 6 years, a total of 239 volunteer participants have cleared nearly 3,000 kilograms of garbage.
- Hua Nan Financial Group responds to blood donation activities, demonstrating the spirit of loving and helping others. In 2023, HNCB organized the "Hua Nan Passionate Blood, Let Love Flow" activity, holding 4 blood donation events at the Hua Nan Bank Headquarters Building, and colleagues responded at various local blood donation centers (vehicles), donating 587 bags of blood. HNSC invited neighboring community residents of the headquarters to respond to the blood donation public welfare activity, donating 117 bags of blood. SCIC joined hands with the Taiwan Blood Services Foundation to hold 5 blood donation activities, inviting the public to participate together, donating 843 bags of blood. HNAMC sponsored 600 food storage bowls to the Tucheng Manufacturers Association as gifts for holding blood donation activities. The Group collected a total of 1,547 bags of blood in 2023.

Practice Sharing

Period	
since 2012	Hua Nan Cares, Forever Young

HNFHC has been collaborating with the Hondao Senior Citizens Welfare Foundation on the "Hua Nan Cares, Forever Young" elderly care activity, holding elderly care banquets and donating supplies, and responding to the loving meal delivery and breakfast subsidy program to care for disadvantaged solitary elders. It encourages employees to engage in social care services outside of work, hoping to convey the company's concern and care for the current aging society through its modest efforts.



Group photo of the "Hua Nan Cares, Forever Young" (Kaohsiung) elderly care activity, with Hua Nan accompanying the elderly to celebrate the Double Ninth Festival in advance.

Period	
since 2012	Love Inheritance Care Concert

HNCB has been collaborating with the Taiwan U-Life Association to hold the "Love Inheritance Care Concert" in various parts of the country, inviting disadvantaged groups and social welfare units to participate.



HNCB joins hands with the Taiwan U-Life Association to grandly hold the "2023 Love Inheritance Care Concert", with HNCB volunteers warmly accompanying social welfare groups to spend the weekend together.

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Period

since 2018

Supporting Eden Social Welfare Foundation

HNSC and the Eden Social Welfare Foundation jointly held the "Barrier-Free Outdoor Trip, Loving the Elderly Together" activity, providing opportunities for the elderly who are limited by mobility and external environmental barriers to go out with their families and enjoy a worry-free outing. Since 2018, SCIC has been supporting the disability services of the Eden Social Welfare Foundation. In 2023, SCIC donated NT\$340,000 in disability service funding to be used by Eden Tamsui Zhongzheng, Xizhi Nanxing, Shulin Pengfu, Xizhi Datong Small Workshops, and Shalun Day Care Center, becoming the most reliable support for friends with disabilities.



HNSC and the Eden Social Welfare Foundation jointly held the "Barrier-Free Outdoor Trip."



SCIC and the Eden Social Welfare Foundation hold the "Small Workshop for People with Disabilities" activity.

Period

since 2018

Responding to Blood Donation Activities

Hua Nan Financial Group responds to blood donation activities, demonstrating the spirit of loving and helping others, encouraging colleagues and the public to donate blood, while promoting their own metabolism and replenishing vitality, jointly maintaining the stability of Taiwan's blood bank supply. In 2023, a total of 1,547 bags of blood were collected, allowing love to flow with passionate blood.



HNFHC and HNCB Chairman Yun-Peng Chang (2nd row, 4th from left), along with Hua Nan Bank Vice Chairman T. Lin (2nd row, 4th from right), lead a group of senior executives to call on colleagues to roll up their sleeves and donate blood for public welfare.

5.3 Knowledge Promotion

Hua Nan Financial Group firmly believes that the competitiveness of the country and society comes from the popularization of knowledge. Therefore, through organizing forums and seminars, awarding scholarships and grants, providing internship opportunities, and conducting industry-academia cooperation, it promotes knowledge to various sectors, hoping to integrate financial knowledge into corporate and public life.

Knowledge Promotion Activities

- Since 2014, HNFHC has been sponsoring the "Influence Forum" organized by Wealth Magazine, long-term inviting Richard C. Koo, Chief Economist of Nomura Research Institute, Ltd., Japan, to give lectures. In 2023, the forum theme was "Heading into the Wind, the Global Economy Wins Towards a New Future", with 314 on-site participants.
- To encourage research on economic theories and practical issues, HNFHC sponsored the annual conference of the Taiwan Economic Association in 2023, promoting the development of humanities and social sciences.
- To communicate and exchange with the new generation, HNFHC has been sponsoring the "President Tsai Ing-wen Face-to-Face Forum with High School Students" organized by Business Today for 8 consecutive years since 2016. The forum theme in 2023 was "Our Generation, Taiwan's Future", inviting President Tsai Ing-wen to give a speech and interact face-to-face with representatives of high school students nationwide. Over the past 8 years, 142 schools have participated in the forum, with a total of 1,824 students participating.
- HNFHC has been sponsoring the debate competitions and activities held by the Accounting Research and Development Foundation for 10 consecutive years since 2014, long-term encouraging the development of Taiwan's accounting profession.
- HNFHC donated annual operating funds to the Chinese National Association of Industry and Commerce in 2023.
- HNCB has long organized various financial forums. In 2023, it sponsored the "2023 Taiwan Capital Market Forum" held by the Liberty Times, co-organized the "Green Finance Drives Net Zero Carbon Reduction" forum and the "Secure Living and Disability Trust" financial protection forum with the Economic Daily News, and held the "Anti-Fraud Forum - Eliminating Fraud, Building a Trusted Society" and the "Hua-Fu Life: The Second Half, A New Life of Happy Retirement" forum with the Commercial Times, enhancing the public's knowledge of financial management and fraud prevention.
- Since 2015, HNCB has been donating to the "Financial Services Industry Education Public Welfare Fund" of the Taiwan Financial Services Roundtable for 9 consecutive years. In 2023, the donation amount provided a grant of NT\$50,000 per student, benefiting 50 people.
- Since 2016, HNCB has been donating funds to NTU's "Hope Admission Scholarship" program and "Student Club Activities" every year. Starting from 2021, the "Hope Set Sail Scholarship" program was added to encourage students to participate in club activities and study abroad. In 2023, it supported the "Top Law Research Center and Offering Financial Courses" to enhance academic research strength.
- HNCB sponsored the 2023 annual conference of the Taiwan Institute of Directors, with the core value of comprehensively improving the domestic director system, including corporate competitiveness, shareholder wealth, social responsibility, and corporate governance, to achieve the concept of sustainable development. Approximately 150 people participated.

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- HNSC and HNIM jointly held the "2024 Investment Trend Outlook Conference" to share the global macroeconomic outlook with investors.
- HNAMC sponsored the publication of the book "Land Administration Career Sharing and Outlook Seminar" by National Chengchi University to promote business items and facilitate the exchange of outstanding talents.
- HNAMC held 2 real estate inheritance and wealth management seminars to provide high-net-worth individuals with options for early wealth inheritance planning while enjoying a happy retirement life, with 70 participants.
- HNAMC received a visit from a professor from National Taipei University, leading more than 20 students to visit the "New Taipei City Industrial Zone Urban Renewal Demonstration Base" to observe the sustainable development achievements of urban renewal and witness the implementation of ESG concepts.
- In 2023, 14 seminars on urban renewal and reconstruction of dangerous and old buildings were held by the HNAMC to assist owners in understanding the relevant operating procedures, cooperation plans, case drawings, and answering related questions

Practice Sharing

Period

since 2016

President Tsai Ing-wen Face-to-Face Forum with High School Students

HNHFHC continues to cooperate with Business Today to hold the "President Tsai Ing-wen Face-to-Face Forum with High School Students". Through face-to-face interaction between the President and students, communication and exchange with the new generation are enhanced, conveying HNAMC' concept of caring for the new generation.



"Face-to-Face Forum with High School Students", former President Tsai Ing-wen (center) happily takes a photo with high school students.

Period

since 2014

Wealth Influence Forum

To promote the exchange of economic issues among industry, government, and academia, and provide suggestions for the government's economic countermeasures, HNFMC has long sponsored the "Wealth Influence Forum" organized by Wealth Magazine, inviting Richard C. Koo, Chief Economist of Nomura Research Institute, Japan, to give lectures. The forum theme in 2023 was "Heading into the Wind, the Global Economy Wins Towards a New Future".



Group photo of distinguished guests at the "2023 Wealth Influence Forum", Deputy Prime Minister Wen-tsan Cheng (4th from left), Richard C. Koo, Chief Economist of Nomura Research Institute, Japan (3rd from left), Chin-ho Hsieh, President of Wealth Magazine (4th from right), Yun-Peng Chang, Chairman of HNFMC and HNCB (2nd from left), and other distinguished guests.

Period

2023

Green Finance Drives Net Zero Carbon Reduction Forum

HNCB joined hands with the Economic Daily News to hold the "Green Finance Drives Net Zero Carbon Reduction" forum, actively responding to government policies and sparing no effort in promoting green finance. In terms of net zero transition, it also actively responds to various initiatives, providing enterprises with the necessary funds for establishing renewable energy and net zero transition through green financing and sustainable performance-linked loans.



The Economic Daily News and HNCB jointly held the "Green Finance Drives Net Zero Carbon Reduction" forum. Sui-Ling Hsiao, the then Vice Chairperson of the Financial Supervisory Commission (6th from left), Yun-Peng Chang, Chairman of HNFMC and HNCB (5th from left), T. Lin, Vice Chairman of HNCB (4th from left), Chun-Chih Huang, President of HNCB (4th from right), and other distinguished guests took a group photo.

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Period

2023

Investment Trend Outlook Conference

HNSC and HNIM jointly held the investment trend outlook conference, analyzing the global macroeconomic outlook and suggesting that investors can deploy in batches and carefully evaluate the growth potential targets of future industries.



HNSC and HNIM held the "2024 Investment Trend Outlook Conference". Chang-Ching Lin, President of HNSC (2nd from right), Hsiang-Sheng Chu, Chairman of HNIM (1st from left), and other distinguished guests took a group photo.

Period

2023

Real Estate Inheritance and Wealth Management Seminar

HNAMC held the "Real Estate Inheritance and Wealth Management Seminar" to provide high-net-worth individuals with early wealth inheritance planning.



The "Real Estate Inheritance and Wealth Management Seminar" provides retirement financial planning for high-net-worth individuals. Yao-Hsien Wang, President of HNAMC (3rd from left), and other distinguished guests took a group photo.

5.4 Arts and Cultural Creative

Hua Nan Financial Group supports the cultural and creative industry by organizing or sponsoring high-quality domestic and international performances and exhibitions, donating to or assisting cultural and creative activities, groups, and individuals. In addition to responding to government policies and promoting local culture, it also sponsors many national and community cultural and artistic projects, hoping to promote the development of national art and culture to create job opportunities, contribute to the overall economic growth of the country, and enrich the spiritual life of the people.

Arts and Cultural Creative Activities

- HNFMC supports the holding of high-quality international music concerts in Taiwan. In 2023, it supported the "The 5 Browns" and the "United Ballet of Ukraine" performances in Taiwan.
- HNCB has been donating to the General Association of Chinese Culture (GACC) for 7 consecutive years since 2017 to organize cultural innovation activities, responding to the government's policy of promoting local culture. In 2023, it sponsored the GACC to produce the "Artisan Soul" series of videos and hold the "Presidential Cultural Awards" ceremony.
- HNCB joined hands with conductor Irene Huang and the domestic Eurasia Chamber Orchestra to hold the "HNCB Classic Feast - Eurasia Chamber Orchestra" concert, and sponsored cellist Chen-Chieh Chang to hold concerts in Taipei, Taichung, and Kaohsiung, enriching the cultural connotation of the people.
- HNCB sponsored the Taichung City Government's "2023 National Day Fireworks in Taichung" activity. The fireworks display was combined with jazz-style music and drone performances, which were highly popular among the public.
- HNCB sponsored the "2023 National Day Evening Party in Tainan" activity broadcast by Sanlih Television. The performance was closely linked to Tainan's local connections, including Chinese music, independent music, pop music, etc., jointly interpreting the love for the homeland.
- HNCB sponsored the Tainan City Government Tourism Bureau's "2024 Taiwan Lantern Festival in Tainan" activity, lighting up the 400-year history and sustainable spirit of the ancient city of Tainan.
- HNCB sponsored the "Golden Years" concert held by Formosa Television, reproducing the classic luxurious song and dance show.
- HNCB sponsored the "BTS Exhibition: Proof in Taipei" organized by IME Taiwan Co., Ltd., exhibiting photos, videos, and installation art of BTS from various periods, creating new memories with BTS together.
- HNSC donated to World Vision Taiwan to hold the 2023 Children's Drama Charity Performance - "The Boy Who Painted Cats" activity, allowing children to appreciate high-quality art and culture, and conveying positive educational meanings through the entertaining way of drama.

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Practice Sharing

Period

2023

Supporting Domestic Arts and Culture Development

Hua Nan Financial Group actively participates in the development of domestic arts and culture. In 2023, HNCB sponsored performances by domestic musicians and performance groups, and invested in the production costs of domestic documentaries, with a total investment of NT\$7.2 million.

HNCB supports performances by domestic musicians and performance groups, joining hands with conductor Irene Huang and the domestic Eurasia Chamber Orchestra to hold the "HNCB Classic Feast - Eurasia Chamber Orchestra" concert, and sponsoring cellist Chen-Chieh Chang to hold concerts in Taipei, Taichung, and Kaohsiung, enriching the cultural connotation of the people.

HNCB supports the filming of domestic documentaries, sponsoring the General Association of Chinese Culture to produce the "Artisan Soul" series of videos - Postmen of Chunghwa Post and Book Restoration Specialists of Taiwan Libraries, using videos to record the mental journey of Taiwanese artisans who have devoted their lives to their professions, protecting local culture.



HNCB's "Summer Night Classics" Eurasia Chamber Orchestra Xylophone and Marimba Duo Salon Concert invites the public to listen and appreciate together.



HNCB joins hands with musician Chen-Chieh Chang to hold a Christmas concert, inviting the public to listen and appreciate together.

5.5 Sports Development

Hua Nan Financial Group has long been concerned about the development of sports in Taiwan. In addition to supporting sports activities, athletes, and equipment, it also combines its core business to provide athletes with trust, insurance, and financial planning, using its own influence to allow outstanding Taiwanese athletes to shine on domestic and international stages, and take care of athletes who fight for Taiwan's honor both on and off the sports field.

Sports Development Activities

- Since 2007, HNFHC has been promoting the "One Ball, One Dream" grassroots baseball cultivation program for 17 consecutive years, supporting the development of grassroots baseball and various baseball competitions. In 2023, activities held include the "HNFHC Youth Baseball Catcher Strengthening Training Camp", "2023 HNFHC Cup National Little League and Junior High School Baseball Championship", "2023 National Community Student Baseball Tournament", "2023 7th WBSC U-12 Baseball World Cup", and "Dream Baseball Camp", and donations were made to the "Grassroots Baseball Cultivation Fund".
- Since 2017, Hua Nan Financial Group has been cultivating gymnastics talents. In addition to helping Lee Chih-Kai win an Olympic silver medal, it has successively sponsored many new gymnastics stars since 2022, allowing them to fully compete in international competitions. The gymnastics athletes sponsored by Hua Nan Financial Group represented our country in the Hangzhou 2022 Asian Games. Under the leadership of the national team coach, our country's gymnastics team won the bronze medal in the men's team event at the Asian Games, which is the first team medal in gymnastics in our country's Asian Games history. HNCB has also held 4 sessions of the "Hua Nan Little Gymnastics Camp", allowing elementary school students interested in gymnastics to learn more about this sport and providing a platform for the national team to discover talents.
- HNFHC co-organized the "Ministry of Finance 2023 Uniform Invoice Cup Road Running" to promote sports for all.
- To help the development of soccer in Taiwan's rural areas, HNFHC donated the "2023 Rural Soccer Development Fund".
- HNCB donated annual funds to the Chinese Taipei Formosa Football Supporting Association.
- Since 2018, HNCB has been sponsoring the activity funds, competition funds, and incentives for the Jingmei Girls' High School tug-of-war team every year, allowing team members from Taichung, Nantou, and other places to strive for their dreams without worries and compete abroad to win honors for our country.
- HNCB sponsored the participation funds of the Chinese Taipei team in the "2023 Asian Open Figure Skating Trophy" of the Chinese Taipei Skating Union, helping our country's figure skating national team to participate in the "2023 Asian Open Figure Skating Trophy" in Bangkok, Thailand, and winning 2 gold and 1 silver medals.
- HNCB sponsored the participation funds of the Chinese Taipei team in the "2023 Sumo Championships" of the Taiwan Sumo Association.
- HNCB sponsored the "32nd New Park Cup Basketball Championship in Keelung" to promote the basketball sports atmosphere in Taiwan.
- Since 2012, HNSC has been sponsoring the Sunshine Social Welfare Foundation. Since 2018, it has participated in and sponsored the "Face Equality Taipei Freeway Marathon" event held by the foundation. In 2023, approximately 7,000 people registered to participate in the road running, jointly creating a friendly and respectful atmosphere of equality through the road running activity.

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Practice Sharing

Period	
Since 2007	"One Ball, One Dream" Grassroots Baseball Cultivation Program

Since 2007, HNFHC has collaborated with the Chinese Taipei Baseball Association to launch the "One Ball, One Dream" grassroots baseball cultivation program. During this period, multiple grassroots baseball training camps have been held, donating funds and equipment to grassroots baseball teams across Taiwan, and title-sponsoring national little league and junior baseball championships and other sports events. The Chinese Taipei teams selected in previous sessions have all performed well in international competitions. HNFHC also long-term supports the holding of various levels of international baseball competitions in Taiwan and provides participation funds and resources for the Chinese Taipei team.



Shih-Chiang Chao, Vice President of the Chinese Taipei Baseball Association (3rd from left), presents a certificate of appreciation to Hua Nan Financial Group, represented by Yun-Peng Chang, Chairman of HNFHC and HNCB (2nd from left), T. Lin, Vice Chairman of HNCB (2nd from right), Chin-Ming Huang, Chairman of HNSC (1st from left), and Chih-Chi Tu, Chairman of SCIC (1st from right).

Period	
Since 2017	Sponsoring Gymnastics Athletes and Coaches

Since 2017, Hua Nan Financial Group has been sponsoring gymnastics athletes and coaches until they participate in the 2020 Tokyo Olympics. Due to the impact of the pandemic, the Tokyo Olympics were postponed for one year, so the sponsorship was extended for one year. Ultimately, at the 2020 Tokyo Olympics, the Taiwan gymnastics team achieved its best-ever performance, including a silver medal on the pommel horse and a team ranking of 10th.

To continue supporting gymnastics, HNFHC and HNCB have successively sponsored gymnastics athletes and coaches since 2022, providing training funds, trust and financial planning services, and subsidizing athletes to be insured with SCIC's NT\$10 million personal accident insurance, allowing them to fully compete in international competitions.



Hua Nan Financial Group cheers for the Taiwan gymnastics team competing in the Hangzhou 2022 Asian Games. Chairman Yun-Peng Chang (3rd from left) takes a photo with the coach and athletes.

Period	
Since 2018	Jingmei Girls' High School Tug-of-War Team Activity Funds

HNCB has been continuously sponsoring the activity funds of the Jingmei Girls' High School tug-of-war team for 6 consecutive years since 2018, helping Jingmei Girls' High School win many international competition trophies, such as 6 gold and 1 bronze medals at the "Tug-of-War World Outdoor Championships" in 2018, 5 gold, 3 silver, and 1 bronze medals at the "TWIF World and European Outdoor Championship" in 2019, 3 gold and 2 silver medals at the "Tug-of-War World Indoor Championships" in 2020, 1 gold medal at the "Tug-of-War World Outdoor Championships" in 2021, winning gold at the "Birmingham 2022 World Games", and 5 gold, 1 silver, and 1 bronze medals at the "Ireland Tug-of-War World Outdoor Championships" and "Switzerland Tug-of-War World Outdoor Championships" in 2023.



HNCB has sponsored the Jingmei Girls' High School tug-of-war team for 6 consecutive years. T. Lin, Vice Chairman of HNCB (2nd from left), and the Jingmei Girls' High School tug-of-war team let the world see the strength of Taiwan together.

Period	
2023	First-Time Sponsoring Figure Skating

HNCB sponsored the Chinese Taipei Skating Union to lead the figure skating national team to participate in the "2023 Asian Open Figure Skating Trophy" in Bangkok, Thailand. To show its support for the skating sport, in addition to providing venue support for the association to hold a pre-competition briefing, HNCB also greatly sponsored the participation funds, demonstrating its determination to support the skating sport and creating a new milestone in supporting grassroots sports.



Chun-Chih Huang, President of HNCB (back row, 4th from left), and Tiao-Chin Hung, President of the Chinese Taipei Skating Union (back row, 3rd from left), appeared at the "2023 Asian Figure Skating Championships" pre-competition briefing to cheer and bless the Chinese Taipei team.

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Appendices

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Item Topics	Item Topics	Chapters of Report	Page Number
2-19	Remuneration Policies	1.2 Corporate Governance	065
2-20	Process to determine remuneration	1.2 Corporate Governance	065
2-21	Annual Total Compensation Ratio	Considering salary confidentiality, disclosure is temporarily withheld	-
2-22	Statement on sustainable development strategy	Preface - Message from the Chairman Preface - The Group's Sustainable Development Goals	002 014
2-23	Policy Commitments	Preface - The Group's Sustainable Development Goals 3.1 Core Values 3.6 Communication and Interaction	014 152 176
2-24	Embedding policy commitments	Preface - The Group's Sustainable Development Goals 1.3 Integrity Management 3.1 Core Values	014 077 152
2-25	Processes to remediate negative impacts	2.1 Protecting Customer Rights 3.1 Core Values	104 152
2-26	Mechanisms for seeking advice and raising concerns	1.3 Integrity Management	077
2-27	Compliance with Laws and Regulations	1.4 Internal Control System- Three Lines of Defense	082
2-28	Membership associations	1.1 About HNFHC	058
2-29	Approach to stakeholder engagement	Preface - Stakeholder engagement	050
2-30	Collective bargaining agreements	3.6 Communication and Interaction	176
GRI 3: Material Topics 2021			
Item Number	Item Topics	Chapters of Report	Page Number
3-1	Process to determine material topics	Preface - Material Topics	046
3-2	List of Material Topics	Preface - Material Topics	049
3-3	Management of material topics	Preface - Material Topics Preface - Stakeholder engagement	049 050
GRI 201Economic Performance 2016			
Item Number	Item Topics	Chapters of Report	Page Number
201-1	Direct economic value generated and distributed	1.1 About HNFHC	058
GRI 202: Market Presence 2016			
Item Number	Item Topics	Chapters of Report	Page Number
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.4 Employee Compensation and Benefits	167

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GRI 205: Anti-Corruption 2016

Item Number	Item Topics	Chapters of Report	Page Number
205-3	Confirmed incidents of corruption and actions taken	1.3 Integrity Management	079

GRI 302: Energy 2016

Item Number	Item Topics	Chapters of Report	Page Number
302-1	Energy consumption within the organization	4.3 Energy and Resource Management	192
302-4	Reduction of energy consumption	4.3 Energy and Resource Management	192

GRI 305: Emissions 2016

Item Number	Item Topics	Chapters of Report	Page Number
305-1	Direct (Scope 1) GHG emissions	4.2 Greenhouse Gas Management	185
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Greenhouse Gas Management	185
305-5	Greenhouse gas emissions reduction	4.2 Greenhouse Gas Management	185

GRI 306: Waste 2020

Item Number	Item Topics	Chapters of Report	Page Number
306-3	Waste generated	4.3 Energy and Resource Management	200

GRI 401: Employment 2016

Item Number	Item Topics	Chapters of Report	Page Number
401-1	New employee hires and employee turnover	3.2 Employee Composition	159
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	3.4 Employee Compensation and Benefits	168

GRI 403: Occupational Health and Safety 2018

Item Number	Item Topics	Chapters of Report	Page Number
403-1	Occupational Safety And Health Management System	3.5 Workplace Safety	173
403-5	Worker training on occupational health and safety	3.5 Workplace Safety	173
403-6	Promotion of worker health	3.5 Workplace Safety	173

GRI 404: Training and Education 2016

Item Number	Item Topics	Chapters of Report	Page Number
404-1	Average hours of training per year per employee	3.3 Talent Management	162
404-2	Programs for upgrading employee skills and transition assistance programs	3.3 Talent Management	162
404-3	Percentage of employees receiving regular performance and career development reviews	3.3 Talent Management	167

GRI 405: Diversity and Equal Opportunity 2016			
Item Number	Item Topics	Chapters of Report	Page Number
405-1	Diversity of governance bodies and employees	3.2 Employee Composition	156
GRI 418: Customer Privacy 2016			
Item Number	Item Topics	Chapters of Report	Page Number
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Information Security and Customer Privacy	098

Appendix 2: Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Applicable Provision	Provision Content	Chapters of Report	Page Number
Appendix 1-3 No.1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	1.5 Information Security and Customer Privacy	099
Appendix 1-3 No.2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	2.6 Financial Inclusion 2.7 Social Care	138 148
Appendix 1-3 No.3	Number of participants in financial literacy initiatives provided to minority groups without adequate banking services	2.6 Financial Inclusion	138
Appendix 1-3 No.4	Products and services designed by individual operating units to create benefits for the environment or society.	2.5 Sustainable Finance 2.6 Financial Inclusion 2.7 Social Care	131 138 148

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Appendix 3: Comparison Table of Sustainability Accounting Standards Board (SASB) Commercial Bank Metrics

Metric Number	Metrics Description	Chapters of Report	Page Number
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	2.5 Sustainable Finance	139
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	2.5 Sustainable Finance	139
FN-CB-230 a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	1.5 Information Security and Customer Privacy	099
FN-CB-230 a.2	Description of approach to identifying and addressing data security risks	1.5 Information Security and Customer Privacy	098
FN-CB-240 a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	2.5 Sustainable Finance	138
FN-CB-240 a.2	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	Relevant information will be disclosed and explained in the future.	-
FN-CB-240 a.3	Number of no-cost retail banking accounts provided to previously unbanked or underbanked customers	2.4 Digital Channel Services	117
FN-CB-240 a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	2.5 Sustainable Finance	144
FN-CB-410 a.1	Commercial and industrial credit exposure, by industry	Relevant information will be disclosed and explained in the future.	-
FN-CB-410 a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	2.5 Sustainable Finance	129
FN-CB-510 a.1	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	1.3 Integrity Management	079
FN-CB-510 a.2	Description of whistleblower policies and procedures	Relevant information will be disclosed and explained in the future.	-
FN-CB-550 a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	The relevant information is disclosed in Section V, 11, Key Indicators of the Group, and Section VI, 4, 5-3, Capital Management and Capital Adequacy Ratio of the 2023 Annual Report.	-

Appendix 4: General Requirements for Disclosure of Sustainability-related Financial Information

Disclosure Item Name		Chapters of Report	Page Number
Governance	Governance	1.2 Corporate Governance	065
		Climate Change Risks and Opportunities	091
Strategies	Sustainability-Related Risks And Opportunities	The Group's Sustainable Development Goals	014
		Material Topics	046
		Climate Change Risks and Opportunities	091
	Business Model and Value Chain	Material Topics	049
	Strategy and Decision-Making	The Group's Sustainable Development Goals	014
		Climate Change Risks and Opportunities	091
		2.5 Sustainable Finance	123
	Financial Position, Financial Performance and Cash Flows	1.1 About HNFHC	058
		2.5 Sustainable Finance	123
		Climate Change Risks and Opportunities	091
Risk Management	Risk Management	Climate Change Risks and Opportunities	091
Metrics and Targets Aspect	Metrics and Targets Aspect	The Group's Sustainable Development Goals	014
		Climate Change Risks and Opportunities	091
		2.5 Sustainable Finance	131
		4.2 Greenhouse Gas Management	184

Appendix 5: Climate-related Disclosures

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	Disclosure Item Name	Chapters of Report	Page Number
Governance	Governance	Climate Change Risks and Opportunities	091
	Climate Change Risks and Opportunities	Climate Change Risks and Opportunities	091
Strategies	Business Model and Value Chain	Climate Change Risks and Opportunities	091
	Strategy and Decision-Making	Climate Change Risks and Opportunities	091
	Financial Position, Financial Performance and Cash Flows	Climate Change Risks and Opportunities	091
	Climate Resilience	Climate Change Risks and Opportunities	091
Risk Management	Risk Management	Climate Change Risks and Opportunities	091
Metrics and Targets Aspect	Metrics and Targets Aspect	The Group's Sustainable Development Goals	014
		Climate Change Risks and Opportunities	091
		2.5 Sustainable Finance	131
		4.2 Greenhouse Gas Management	184

Appendix 6: Industry-based Disclosure Requirements- Commercial Banks

Sustainability Disclosure Topic	Code	Metrics Description	Chapters of Report	Page Number
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of how environmental, social, and governance (ESG) factors are incorporated into credit analysis	2.5 Sustainable Finance	129
Transition Risk Exposure	FN-CB-1	(1) Total exposure to carbon-related industries, by industry, (2) total exposure across all industries, and (3) percentage of total exposure represented by each carbon-related industry	Please refer to TCFD's Task Force on Climate-related Financial Disclosures (TCFD) Report of HNCB	
	FN-CB-2	Percentage of total exposure encompassed in the financial carbon emissions calculation		
	FN-CB-3	For each industry, by asset class: (1) (a) Scope 1 emissions, (b) Scope 2 emissions, and (c) Scope 3 emissions, in absolute terms and (2) total exposure (i.e., financial carbon emissions)		
	FN-CB-4	For each industry, by asset class: (1) total emissions intensity, by (a) Scope 1 emissions, (b) Scope 2 emissions, and (c) Scope 3 emissions, and (2) total exposure (i.e., financial carbon emissions)		
	FN-CB-5	Description of the methodology used to calculate financial carbon emissions		
Activity Metric Code	Metrics Description		Chapters of Report	Page Number
FN-CB-000.A	Number and (2) value of (1) checking and savings accounts by (1) personal and (2) small business		2.5 Sustainable Finance	139
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate		2.5 Sustainable Finance	139

Appendix 7: Climate-related Information of Financial Holding Companies

Number	Item	Corresponding Report Page Number	Corresponding Paragraph Keywords
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities The Group's Sustainable Development Goals	014 042 091 182	The Group's Sustainable Development Goals The Group's Sustainable Development Committee Governance Aspect Environmental Policy
2	Describe how identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term)	091	Climate Change Risks and Opportunities
3	Describe the financial impact of extreme climate events and transition actions	092	Climate Change Risks and Opportunities
4	Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system	014 089	The Group's Sustainable Development Goals Risk Management Policies and Procedures
5	If scenario analysis is used to assess resilience against climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used	095	Please refer to the TCFD reports of HNCB, SCIC, and the announcements on the website of HNSC
6	If there are transition plans for managing climate-related risks, describe the plan content and the indicators and targets used to identify and manage physical risks and transition risks	014 092 131 184	The Group's Sustainable Development Goals Climate Change Risks and Opportunities 2023 Green Finance Initiatives Greenhouse Gas Management
7	If internal carbon pricing is used as a planning tool, explain the basis for pricing	The Group plans to complete internal carbon pricing planning in 2024	-
8	If climate-related targets have been set, provide information on the covered activities, greenhouse gas emission scopes, planning period, annual progress, etc. If carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, state the source and quantity of the offset emissions or the number of RECs	014 092 182 184 188	The Group's Sustainable Development Goals Climate Change Risks and Opportunities Environmental Policy Greenhouse Gas Management Energy and Resource Management
9	Greenhouse gas inventory and assurance	014 184	The Group's Sustainable Development Goals Greenhouse Gas Management

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Appendix 8: Independent Limited Assurance Report



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Independent Limited Assurance Report

To Hua Nan Financial Holdings Co., LTD.:

We were engaged by Hua Nan Financial Holdings Co., LTD. (“HNFHC”) to provide limited assurance over the selected information (“the Subject Matter Information”) on the 2023 Sustainability Report of HNFHC (“the Report”) for the year ended December 31, 2023.

Applicable Criteria of the Subject Matter Information

HNFHC shall prepare the Subject Matter Information in accordance with applicable criteria required by Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (“the Regulation”) and Global Reporting Initiative Standards (“GRI Standards”) issued by Global Sustainability Standards Board as set forth in Appendix I.

Management’s Responsibilities

HNFHC is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the applicable criteria to fairly prepare and present the Subject Matter Information. HNFHC is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.



Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of HNFHC;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above is based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Subject Matter Information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2023 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of HNFHC. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the assurance resulting in this independent auditors' report is Huang, Yu-Ting.

KPMG

Taipei, Taiwan (Republic of China)
May 27, 2024

Notes to readers

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.



Appendix I : Summary of the Subject Matter Information

No.	Corresponding Section	Subject Matter Information	Applicable Criteria
1	2.6 Financial Inclusion	■ As of December 31, 2023, a total of 49 loans were disbursed under the Assisting SMEs to Take Root Special Loan, SME Innovation Development Special Loan, Promoting Industrial Innovation or R&D Loan, and the Enhancement of Culture and Creativity Industry Upgrading and Strengthening Cultural and Creative Industry Upgrade and Transformation Loan. The outstanding balance is 13,687 (NT\$ 10 thousands). - Strengthening Cultural and Creative Industry Upgrade and Transformation Loan : Number of approved Loans: 10 ; outstanding balance: 3,017 (NT\$ 10 thousands) - Assisting SMEs to Take Root Special Loan : Number of approved Loans: 27; outstanding balance: 10,134 (NT\$ 10 thousands) - SME Innovation Development Special Loan : Number of approved Loans: 10; outstanding balance: 492 (NT\$ 10 thousands) - Promoting Industrial Innovation or R&D Loan : Number of approved Loans: 2; outstanding balance: 44 (NT\$ 10 thousands)	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.2 Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.
2	2.7 Social Care	■ According to the statistics of the Trust Association for the fourth quarter of 2023, HNCB currently serves as the trustee for a total of 33 cases. In 2023, a total of 871 disadvantaged groups (including individuals, foundations, and schools) were cared for through charitable trust donations, with donation amounts reaching NT\$347 million.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.
3	2.5 Sustainable Finance	■ As of December 31, 2023, total lending balance of green power and renewable energy industry: 2,639 (NT\$ 100 millions)	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.



No.	Corresponding Section	Subject Matter Information	Applicable Criteria
4	1.5 Information Security and Customer Privacy	- In 2023, HNSC had one incident of leaking customer order data. They have reiterated personal data protection and incorporated it into legal compliance education and training to strengthen promotion. There were no other incidents of customer data leakage, demonstrating the effectiveness of the Group's promotion of information security. - Number of information leakage incidents in 2023: 1; Percentage of information leakage incidents related to personal data: 100%; Number of customers affected by information leakage incidents: 1	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.1 Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
5	2.7 Social Care	In 2023, there were 92 newly approved urban renewal and dangerous and old building reconstruction cases, with a total approved credit limit of NT\$69.4 billion and a total outstanding loan balance of NT\$12.4 billion.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.2 Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.
6	2.6 Financial Inclusion	According to the "Property Trust for the Elderly and People with Disabilities" statistics of the Trust Association of R.O.C for the fourth quarter of 2023, the cumulative number of beneficiaries of HNCB's business volume in 2023 was 27,285, and the principal of trust property was NT\$6.71 billion. Compared with 2022, the number of beneficiaries increased by 4,367 and the principal of trust property increased by NT\$1.97 billion.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.
7	2.6 Financial Inclusion	HNCB held trust promotion courses for the elderly and disadvantaged groups in cooperation with the New Taipei City Government's Senior Citizen University (New Taipei City Qi-Guang Association and New Taipei City Sanzhong Ximei Public Elderly Care Center), Taipei City Wanhua District Xinhe Borough, Taipei City Shilin District Fushun Borough and Chengde Borough, Syin-Lu Social Welfare Foundation, The Foundation for Childless Aging People, Taipei Parents Association of Autism, Chang Gung University, Shih Chien University, Oriental Institute of Technology, Taipei University of Business, Shih Hsin University, and other agencies, organizations, and schools. In 2023, a total of 13 sessions were held, with 720 participants.	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.3 Number of participants in financial literacy initiatives provided to minority groups without adequate banking services.

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No.	Corresponding Section	Subject Matter Information	Applicable Criteria
8	2.6 Financial Inclusion	- As of December 31, 2023, SCIC had a total of 10,864 insured persons under valid micro-insurance contracts. - Number of Insured Persons: 10,864 - Number of Policies: 44 - Total Premium (NT\$): 1,467,535	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.
9	2.5 Sustainable Finance	- Taiwan Sustainability Index investment amount: 251.59 (NT\$ 100 millions) (accounting for 75.17% of the overall portfolio). Note: The "Investment amount in energy-saving and environmental protection-related industries" is only disclosed until 2021, considering that the "Taiwan Sustainability Index" is jointly compiled by Taiwan Index Co., Ltd. and FTSE International Limited. It is the first ESG index in Taiwan that comprehensively combines E (environment), S (social), G (corporate governance), and financial indicators screening. The recognition of its constituent stocks is fair, so the recognition scope of green investment has been changed to be based on the "Taiwan Sustainability Index." - Green bond investment face value: 139.70 (NT\$ 100 millions)	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.
10	2.6 Financial Inclusion	- As of December 31, 2023, a total of 27,222 loans were disbursed under the Youth Entrepreneurship and Startup Loan, Micro Entrepreneurship Phoenix Loan, Employment Insurance Unemployed Entrepreneurship Loan, and Youth First-Time Home Purchase Loan. The outstanding balance is 5,863,072 (NT\$ 10 thousands). - Youth Entrepreneurship and Startup Loan: Number of approved Loans: 11,612 ; outstanding balance: 689,613 (NT\$ 10 thousands) - Micro Entrepreneurship Phoenix Loan: Number of approved Loans: 153 ; outstanding balance: 6,173 (NT\$ 10 thousands) - Employment Insurance Unemployed Entrepreneurship Loan: Number of approved Loans: 19 ; outstanding balance: 1,041 (NT\$ 10 thousands) - Youth First-Time Home Purchase Loan : Number of approved Loans: 15,438 ; outstanding balance: 5,166,245 (NT\$ 10 thousands)	Taiwan Stock Exchange Corporation Rules Appendix 1-3 No.4 Products and services designed by individual operating units to create benefits for the environment or society.



No.	Corresponding Section	Subject Matter Information	Applicable Criteria
11	1.3 Integrity Management	■ In 2023, the Company did not incur any financial losses due to legal proceedings related to fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other financial industry laws or regulations. ■ In 2023, the Group had no employee corruption incidents, and no employees were dismissed or disciplined or legally sanctioned due to corruption incidents. ■ In 2023, the Company had no incidents of terminating contracts or not renewing contracts with suppliers due to corruption violations.	GRI Standards 205-3 Confirmed incidents of corruption and actions taken